

# HIRE / Technologies <sup>TM</sup>

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**Management's Discussion & Analysis**  
For the Three and Six Months Ended June 30, 2020

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## / Introduction

The Management's Discussion and Analysis ("MD&A") provides a review of the financial condition and results of operations of HIRE Technologies Inc. (the "Company" or "HIRE Technologies") for the three and six months ended June 30, 2020, and should be read in conjunction with the Company's annual audited consolidated financial statements for the years ended December 31, 2019, and December 31, 2018, and the notes thereto and the Company's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2020 and the notes thereto. The Company's financial statements and financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. This MD&A has an effective date of August 31, 2020 (the "MD&A Date"). All dollar amounts in this MD&A are reported in Canadian dollars unless otherwise stated.

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*Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at [www.sedar.com](http://www.sedar.com).*

## / Cautionary Note Regarding Forward-Looking Information

This MD&A contains "forward-looking statements" or "forward-looking information" (collectively referred to hereafter as "forward-looking statements") within the meaning of applicable Canadian securities legislation.

All statements that address activities, events or developments that HIRE Technologies expects or anticipates will, or may, occur in the future, including statements about HIRE Technologies' business prospects, future trends, plans, strategies, including, in particular, HIRE Technologies' acquisition strategy and expense reductions, and the expected benefits thereof are forward-looking statements. In some cases, forward-looking statements are preceded by, followed by or include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "proposes", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Although the management of HIRE Technologies believes that the assumptions made and the expectations represented by such statements are reasonable, there can be no assurance that a forward-looking statement herein will prove to be accurate.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of HIRE Technologies to be materially different from any future results, performance or achievements expressed or implied by such forward-looking

statements. Such factors include, among others: risks related to the recent outbreak of COVID-19, which may continue to have material adverse effects on the global financial markets, and its business, financial position, financial performance, and cash flows; the impact on the business of broader economic factors; alignment of HIRE Technologies' cost structure with revenue; HIRE Technologies' limited operating history and needs for additional capital; uncertainty relating to liquidity and capital requirements; risks inherent in HIRE Technologies' acquisition strategy; HIRE Technologies may not be able to obtain financing necessary to implement HIRE Technologies' business plan; HIRE Technologies may not be able to obtain access to technology necessary to compete in the recruiting industry; HIRE Technologies operates in a highly competitive industry and may be unable to retain clients or market share; barriers to client portability are low; reliance on key management; and compliance with financial reporting and other requirements as a public company. Additional risks and uncertainties applicable to the Company, as well as trends identified by the Company affecting it and the staffing industry can be found in the Company's continuous disclosure record available on SEDAR. Although HIRE Technologies has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, or intended.

Such cautionary statements qualify all forward-looking statements made in this MD&A. HIRE Technologies undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

## / Company Overview

HIRE Technologies, through its direct and indirect material wholly-owned subsidiaries (together the "Group"), PTC Accounting and Finance Inc. ("PTC") and ProVision IT Resources Ltd. ("ProVision"), provides human resources services, which consist of temporary and permanent placement services.

## / Description of Business

### General

**HIRE Technologies is building a network of staffing, IT and HR consulting firms. HIRE Technologies helps its partners navigate the changing world through growth solutions, focusing on digital transformation. HIRE Technologies' partnership model emphasizes the identity and independence of its partners' brands and provides the resources, support and expertise to take their businesses further. HIRE Technologies offers valuable advice and insights to its clients while delivering innovative solutions, enhancing their HR teams, and connecting them with the best people for their businesses.**

HIRE Technologies has assembled an experienced management team with a track record of executing on acquisitions and managing firms for profitable growth. The Company proposes to create value by making acquisitions, realizing cross-selling synergies, selling technology solutions to existing clients, and improving the profitability of operating subsidiaries by achieving cost savings through the consolidation of back-office infrastructure.

Management expects that businesses acquired by HIRE Technologies will continue to operate as stand-alone enterprises and be held as subsidiaries of the Company. As at June 30, 2020, HIRE Technologies had acquired two businesses, ProVision and PTC, and proposes to acquire additional companies.

As stated above, a key component of the Company's business strategy is to provide acquired businesses with economies of scale by consolidating back-office operations. As such, HIRE Technologies provides financial, strategic, technological, marketing, and administrative services to its subsidiaries.

## Acquisition Strategy



Acquire staffing, HR consulting & technology assets



Integrate the companies into the HIRE model



Optimize & maximize operational efficiencies for individual firms



Scale through a network of human capital across different geographies and specialties

The core of the Company's strategy is acquisition execution. To this end, HIRE Technologies has defined acquisition parameters and targets for key markets in North America.

In assessing the suitability of target operating businesses and assets, the Company considers numerous operational and strategic factors which may include the following:

**Geography:** HIRE Technologies currently operates in Toronto with clients across Southwestern Ontario. The Company's current pipeline of prospective acquisitions includes businesses throughout Canada and the United States.

**Vertical Integration:** HIRE Technologies, through ProVision and PTC, currently services a wide range of industries, including information technology, financial services, and government. Given the cyclical nature of specific sectors and the growth potential of other areas, the Company has identified several other verticals to target to complement its existing business.

**Management & Operations:** Management is an integral part of the staffing business, and the strength of management is a crucial acquisition decision factor. HIRE Technologies seeks to identify companies with experienced management teams and viable succession plans. The staffing and recruitment industry has limited regulatory and capital barriers to entry, which increases the importance of management's ability to retain staff and clients. The Company evaluates target businesses based on many factors, including its brand reputation, client list, industry expertise, historical staff turnover, revenue growth, expense control, financial performance, innovativeness, sector specialization, and the potential to realize synergies.

**Financial Performance:** HIRE Technologies will focus on accretive acquisitions with companies that have a track record of favorable financial performance.

**Synergies:** HIRE Technologies searches for targets that present potential operational synergies. Synergies include expenses such as shared office space, marketing, information technology, and infrastructure support, integration of customer relationship management software, training, human resources, and the consolidation of contract administration. Management believes that it has the framework to integrate additional businesses into its current structure.

The Company is also evaluating other assets for acquisition that will complement existing business offerings, which may include back-end operation providers and technology solution providers. Such acquisitions, if completed, may provide economies of scale, diversify product offerings, streamline operations, and provide additional customer and client value. As of the MD&A Date, HIRE Technologies has not made any such acquisitions.

### Acquisition Consideration & Integration

The Company's acquisition model includes paying for acquisitions with a combination of cash and shares. Acquisitions may also be structured to accommodate the continued involvement of the vendor and retention of individuals key to the success and viability of the acquired firm. HIRE Technologies' business model is designed to appeal to owners seeking to leverage the benefits from a partnership with HIRE Technologies to further grow their current operations, both organically and through acquisition. The structure of the Company's acquisitions, including the proportion of cash and shares as consideration are subject to deal-specific factors including business, legal and taxation advice, and are reviewed and approved by the Company's Board of Directors.

HIRE Technologies intends to maintain the brand value created by vendors by retaining the identity, specialization, and other success factors of the target firm within its market. The Company proposes to reduce operating expenses of target businesses by adding operating efficiencies and integrating back-end processes across subsidiary operations, while also providing target businesses with additional opportunities for growth through vertical integration, broader geographic coverage, and technological solutions.

### Recruitment & Staffing Operations

HIRE Technologies provides recruitment and staffing services through its two operating subsidiaries: PTC and ProVision. PTC and ProVision work on a contingency-based fee structure and specialize in both full-time permanent placement and contract/temporary placement. The experienced teams at PTC and ProVision use a complement of traditional recruitment methods as well as technology-driven search approaches. PTC and ProVision also provide clients and candidates with market intelligence, insight into technology trends, salary surveys, and broader career counseling.

## / Non-IFRS Financial Measures

Management analyzes the Group's financial information from different perspectives including revenue, gross profit, net income (loss), adjusted net earnings (loss), EBITDA, and adjusted EBITDA.

EBITDA and adjusted EBITDA are non-IFRS financial measures that do not have standardized meanings prescribed by IFRS. EBITDA is defined as net income/loss adjusted to exclude interest, taxes, depreciation, and amortization, and provides management with insight into the operating performance of HIRE and its operating subsidiaries without the impact of significant accounting policies on depreciation and amortization, financing, and tax implications. Adjusted EBITDA is defined as EBITDA, excluding restructuring and other non-recurring items. Adjusted EBITDA is also adjusted to include rent payments, which are not accounted for in EBITDA following the adoption of IFRS 16 Leases. Management believes that EBITDA and adjusted EBITDA are useful measures in evaluating the performance of the Group.

Adjusted net earnings (loss) is a non-IFRS measure that does not have a standardized meaning prescribed by IFRS. The Company defines net earnings (loss) as net earnings (loss) excluding restructuring and other non-recurring items. Management believes that adjusted net earnings (loss) is a meaningful metric in assessing the Group's financial performance.

<i>Period ended &gt;&gt;</i>	<b>3 months ended June 30, 2020</b>	<b>3 months ended June 30, 2019</b>	<b>6 months ended June 30, 2020</b>	<b>6 months ended June 30, 2019</b>
	\$	\$	\$	\$
<b>NET LOSS FOR THE PERIOD</b>	<b>(1,066,547)</b>	<b>(992,000)</b>	<b>(1,811,513)</b>	<b>(1,841,938)</b>
Interest	7,666	109,573	24,226	167,547
Amortization	22,650	22,650	45,300	45,300
Depreciation	36,602	47,304	106,055	94,535
Tax	(6,675)	(4,373)	(11,335)	(8,746)
<b>EBITDA</b>	<b>(1,006,304)</b>	<b>(816,846)</b>	<b>(1,647,267)</b>	<b>(1,543,302)</b>
<i>Add:</i>				
Restructuring & other non-recurring items	783,611	94,622	1,501,142	180,350
Rent expense	(26,548)	(22,252)	(53,096)	(44,504)
<b>ADJUSTED EBITDA</b>	<b>(249,241)</b>	<b>(744,476)</b>	<b>(199,221)</b>	<b>(1,407,456)</b>
Adjusted EBITDA as a % of revenue	(9.6%)	(25.2%)	(3.6%)	(23.6%)

Adjusted EBITDA for the three months ended June 30, 2020 was (\$249,241), an improvement of \$495,235 over the prior year. The significant improvement in adjusted EBITDA was a result of a comprehensive reorganization initiated in the first quarter of 2020 which was further executed upon in the second quarter. The restructuring and other non-recurring items included compensation and expenses paid to employees separated from the Company of \$552,458 and \$84,084 in net expenses, including write-offs of bad debt totalling \$87,521, from exited business lines. Furthermore, there was \$147,070 in non-recurring professional fees incurred as part of the reorganization. Restructuring & other non-recurring items for the three months ended June 30, 2019 was composed of \$58,854 in severance payments and \$35,768 in non-recurring operating expenses.

Adjusted EBITDA for the six months ended June 30, 2020 was (\$199,221), an improvement of \$1,208,235 over the same period last year. Driving this improvement was \$1,501,142 in restructuring and other non-recurring items which included compensation and expenses paid to employees separated from the Company of \$1,107,370, \$241,861 in non-recurring professional fees, and \$151,911 in net expenses, including write-offs of bad debt of \$87,521, from exited business lines. Restructuring & other non-recurring items for the six months ended June 30, 2019 of \$180,350 was composed primarily of \$160,398 in severance payments.

Net loss for the three months ended June 30, 2020 was \$1,066,547 down slightly from a net loss of \$992,000 for the same period last year. Second quarter revenue in 2020 was \$2,597,492 down 12.0% versus the quarter ending June 30, 2019, while cost of services were \$2,049,212 (June 30, 2019 - \$2,178,263). Gross margin of \$548,280 for the quarter ending June 30, 2020 was lower by \$226,483 versus the \$774,763 reported in for the same period in 2019. Lower selling, general and administrative expenses of \$1,591,186 (June 30, 2019 - \$1,638,913) and lower interest expenses of \$7,667 (June 30, 2019 - \$109,573) tempered the top-line weakness indicated above.

Net loss for the six months ended June 30, 2020 was \$1,811,512 essentially flat versus \$1,841,938 for the same period last year. Year-to-date revenue was \$5,500,278 down 7.8% versus \$5,964,913 for the same period in 2019, while cost of services were \$4,261,261 (June 30, 2019 - \$4,524,534). Gross margin of \$1,239,017 was lower by \$201,362 versus 2019. Total operating expenses of \$3,061,865 were notably improved by 7.0% or \$229,198 versus the prior year, effectively offsetting the revenue decline.

Adjusted net earnings (loss) removes restructuring and other non-recurring items. The reconciliation of net loss to adjusted net earnings (loss), and the resulting adjusted net earnings (loss) per share, is presented below.

<i>Period ended &gt;&gt;</i>	3 months ended June 30, 2020	3 months ended June 30, 2019	6 months ended June 30, 2020	6 months ended June 30, 2019
	\$	\$	\$	\$
<b>NET LOSS FOR THE PERIOD</b>	<b>(1,066,547)</b>	<b>(992,000)</b>	<b>(1,811,513)</b>	<b>(1,841,938)</b>
Add:				
Restructuring & other non-recurring items	783,611	94,622	1,501,142	180,350
Non-recurring rent	67,800	-	113,000	-
<b>ADJUSTED NET LOSS</b>	<b>(215,136)</b>	<b>(897,378)</b>	<b>(197,371)</b>	<b>(1,661,588)</b>
<b>Adjusted net loss per share</b>	(0.00)	(0.03)	(0.00)	(0.05)
	#	#	#	#
<b>Weighted number of shares</b>	48,087,333	33,464,844	48,087,333	33,004,022

Adjusted net loss of (\$215,136) for the quarter ended June 30, 2020 (June 30, 2019 - \$897,378) was a result of \$783,611 in restructuring and other non-recurring items (June 30, 2019 - \$94,622) and \$67,800 in non-recurring rent, both key outcomes of management's reorganization plan. On a per share basis this was a \$0.03 improvement quarter over quarter.

For the half year ending June 30, 2020 adjusted net loss was (\$197,371) a \$1,464,217 improvement year over year and a \$0.05 improvement on a per share basis. Attributable to \$1,501,142 in restructuring & other non-recurring charges as well as \$113,000 in rent payments on a terminated lease, this marked improvement is indicative of management's measures to control costs.

## / Interim MD&A – Quarterly Highlights

- For the quarter ended June 30, 2020, revenue for the Group was \$2,597,492, 12.0% lower than \$2,953,026 for the quarter ended June 30, 2019, a difference of \$355,534 driven by lower year-over-year results on permanent placements across all verticals and lower demand for contract staffing in the accounting and finance vertical all driven by market tepidness and mandatory business closures stemming from COVID-19.
- Gross margin was 21.1% as a percentage of revenue, down from 26.2% for the quarter ended June 30, 2019. The 5.1 point decrease was due to proportionately higher cost of services of \$2,049,212 (June 30, 2019 - \$2,178,263) which was a function of the contraction of the permanent book of business which represented 4.8% of total revenue this quarter versus 9.2% for the quarter ended June 30, 2019)
- Adjusted EBITDA was (\$249,241) for the quarter ended June 30, 2020 versus (\$744,476) for the same quarter in 2019. The \$495,235 improvement was a result of the comprehensive reorganization that was initiated in the first quarter of 2020 and further executed upon in the second quarter which is expected to result in significant expense reductions going forward.
- Adjusted net loss for the quarter ended June 30, 2020 was \$215,136 or 0.00 per share, compared to an adjusted net loss of \$897,378 or 0.03 per share for the quarter ended June 30, 2019. The improvement is attributable to the reorganization discussed above.
- On June 22, 2020, the Company and RSI International Systems Inc. (NEX: RSY.H) ("RSI") mutually agreed to terminate the previously announced amalgamation transaction. The termination had no financial impact.

## / Selected Quarterly Information

### Income Statement Data

<i>Period ended &gt;&gt;</i>	3 months ended June 30, 2020	3 months ended June 30, 2019	6 months ended June 30, 2020	6 months ended June 30, 2019
	\$	\$	\$	\$
Revenue	2,597,492	2,953,026	5,500,278	5,964,913
Cost of services	2,049,212	2,178,263	4,261,261	4,524,534
<b>GROSS MARGIN</b>	<b>548,280</b>	<b>774,763</b>	<b>1,239,017</b>	<b>1,440,379</b>
Gross margin (% of revenue)	21.1%	26.2%	22.5%	24.1%
<b>Operating expenses:</b>				
Selling, general and administrative	1,591,186	1,638,913	2,992,339	3,078,216
Amortization of intangible assets	22,650	22,650	45,300	45,300
Interest	7,667	109,573	24,226	167,547
<b>OPERATING EXPENSES</b>	<b>1,621,503</b>	<b>1,771,136</b>	<b>3,061,865</b>	<b>3,291,063</b>
Loss from operations before income taxes	(1,073,223)	(996,373)	(1,822,848)	(1,850,684)
Income tax recovery	(6,675)	(4,373)	(11,335)	(8,746)
<b>NET LOSS FOR THE PERIOD</b>	<b>(1,066,547)</b>	<b>(992,000)</b>	<b>(1,811,513)</b>	<b>(1,841,938)</b>
<b>Net loss per share</b>	(0.02)	(0.03)	(0.04)	(0.05)
	#	#	#	#
<b>Weighted number of shares</b>	48,087,333	33,464,844	48,087,333	33,004,022

### Balance Sheet Data

<i>Period ended &gt;&gt;</i>	June 30, 2020	December 31, 2019
	\$	\$
Total assets	4,193,827	6,432,810
Total liabilities	2,095,342	2,522,812
Shareholders' equity	2,098,485	3,909,998

## / Discussion of Operations

Net loss for the quarter ended June 30, 2020 was \$1,066,547 (June 30, 2019- net loss of \$992,000) and net loss per share was \$0.02 (June 30, 2019 – net loss per share of \$0.03).

For the six months ended June 30, 2020, net loss was \$1,811,513 and net loss per share was \$0.04 (June 30, 2019 – net loss of \$1,841,938 and net loss per share of \$0.05). Variance attribution by line item is detailed in the following sections.

### Revenue

The following table shows the breakdown of revenues for the three months and six months ended June 30, 2020 and June 30, 2019.

<i>Period ended &gt;&gt;</i>	<b>3 months ended June 30, 2020</b>	<b>3 months ended June 30, 2019</b>	<b>6 months ended June 30, 2020</b>	<b>6 months ended June 30, 2019</b>
	\$	\$	\$	\$
Short-term contracts	2,473,127	2,682,209	5,185,885	5,497,337
Permanent placements	124,365	270,817	314,393	467,576
<b>TOTAL</b>	<b>2,597,492</b>	<b>2,953,026</b>	<b>5,500,278</b>	<b>5,964,913</b>

For the three months ended June 30, 2020, revenue was lower by \$355,534 at \$2,597,492. As expected, COVID-19 unfavourably impacted results with permanent placements down \$146,452. Of note, contract and temporary placements in our information technology vertical were up \$109,349 or 5.7%, a testament to our resilient client base and the continued need for information technology professionals in all market cycles. Permanent placements were noticeably down, as opportunities were limited during the Ontario provincial government's declared state of emergency which did not expire until after the quarter end. COVID-19 is expected to impact results into the next quarter as the impact of the pandemic alters hiring decisions in certain industries.

For the six months ended June 30, 2020 revenue was down 7.8% or \$464,635. Favourable results in our information technology vertical, across both permanent and contract placements resulted in a \$119,835 or 2.8% improvement versus the same period in 2019, but this was offset by weakness in the accounting and finance vertical which was down \$613,061 year-over year. COVID-19 has proved to be particularly challenging for permanent and contract hiring in the accounting and finance space. A key focus area for management will be to invest in business development in this space to develop relationships with clients in select industries that are well positioned for the near-term realities of the economy.

### Cost of Services

Cost of services for the three and six months ended June 30, 2020 decreased by 5.9% and 5.8% respectively, relative to the same periods in 2019. The disproportionate reduction relative to the change in revenue, of 12.0% and 7.8% respectively for the three and six months ended June 30, 2020, was due to a higher mix of contract placements relative to permanent placements. The cost of services comprises expenses directly attributable to earning revenue, which, for contract and temporary placement services, will include contractor wages, fees, and taxes. Permanent placements are higher margin services, albeit without the recurrence characteristic of contract placements. Permanent placements represented 4.8% and 5.7% of total revenues for the quarter and half-year ended June 30, 2020, whereas in the same periods in 2019 permanent placements represented 9.2% and 7.8% of the book respectively.

### Gross Margin

The Group's gross margin was \$548,280 for the quarter ended June 30, 2020, compared to \$774,763 for the same period in 2019. As a percentage of revenue, gross profit was 21.1% versus 26.2% for the same period in 2019. The lower gross profit was attributable to a lower mix of permanent placements relative to contract revenue, and weakness in the permanent placement category overall. As expected, gross margin as a percentage of revenue is trending downwards as the impact of COVID-19 shifts the Group's business mix to a proportionately higher percentage of temporary and contract placements, and lower permanent placements.

Gross margin for the six months ended June 30, 2020 was \$1,239,017 or 22.5% of revenue. This was a \$201,362 or 1.6 point decline relative to the six months ended June 30, 2019 (\$1,440,379 and 24.1%). A priority for HIRE Technologies is continued refinement of an operational structure complementary to current market conditions, where client preference leans toward temporary and contract positions.

### Operating Expenses

Selling, general and administrative expenses were \$1,591,186 for the quarter ended June 30, 2020, 2.9% lower than \$1,638,913 for the same period in 2019. The comprehensive reorganization initiated in March of this year, comprising an examination of vendors, operations, capital management, and headcount, continued into this quarter with significantly lower operating costs expected going forward. Interest expense was \$7,667 versus \$109,573 for the same period in 2019. The Company did not have any interest-bearing debt in the short term outstanding as at June 30, 2020, whereas bank indebtedness as at June 30, 2019 was \$795,000.

Selling, general and administrative expenses were \$2,992,339 for the six months ended June 30, 2020, 2.8% lower than \$3,078,216 for the same period in 2019. Included in this amount was \$1,501,142 in non-recurring expenses. Interest expenses of \$24,226 reflected the absence of interest-bearing indebtedness relative to 2019 (June 30, 2019 - \$167,547).

## / Summary of Quarterly Results

	Revenue	Gross Margin	Operating Expenses	Net Income (Loss)	Earnings (Loss) Per Share
	\$	\$	\$	\$	\$
<b>Q2 2020</b>	2,597,492	548,280	1,621,503	(1,066,547)	(0.02)
<b>Q1 2020</b>	2,902,786	690,737	1,440,362	(744,965)	(0.02)
<b>Q4 2019</b>	2,956,452	662,378	5,117,561	(4,423,318)	(0.13)
<b>Q3 2019</b>	3,040,243	736,458	1,664,627	(923,796)	(0.02)
<b>Q2 2019</b>	2,953,026	774,763	1,771,136	(992,000)	(0.04)
<b>Q1 2019</b>	3,011,887	665,616	1,519,927	(849,938)	(0.03)
<b>Q4 2018</b>	3,526,034	869,855	1,737,329	(855,148)	(0.04)
<b>Q3 2018</b>	2,775,928	779,125	1,209,919	(430,724)	(0.02)

A summary of notable events is as follows:

**Q3 2018:** The Company acquired ProVison on August 1, 2018.

**Q4 2019:** The reverse takeover transaction with Danacore Industries Inc. was completed on December 17, 2019. On December 23, 2019, the Company's shares began trading on the TSX Venture Exchange ("TSXV").

**Q1 2020:** Management initiated a comprehensive reorganization expected to yield significant cost savings while positioning operations favourably for the long-term.

## / Liquidity & Capital Resources

The Group's cash balances fluctuate significantly from period to period due to the payroll liabilities of operating subsidiaries. The Group has established a bi-weekly payment schedule to internal employees and contractors. The Group maintains its cash at a Schedule 1 Canadian Bank. Please see below for a summary of the Group's working capital balances as at June 30, 2020 and December 31, 2019.

<i>Period ended &gt;&gt;</i>	<b>June 30, 2020</b>	<b>December 31, 2019</b>
	\$	\$
Cash	140,541	2,304,024
Trade & other receivables	1,868,349	1,681,267
Prepaid expenses	193,346	314,127
<b>TOTAL CURRENT ASSETS</b>	<b>2,202,246</b>	<b>4,299,418</b>
Trade & other payables	1,391,482	1,727,627
Lease liability	161,398	157,221
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,552,880</b>	<b>1,844,848</b>
<b>Working capital</b>	<b>649,366</b>	<b>2,454,570</b>

The following table summarizes the Group's cash flows for the six months ended June 30, 2020 and 2019:

<i>Period ended &gt;&gt;</i>	<b>6 months ended June 30, 2020</b>	<b>6 months ended June 30, 2019</b>
	\$	\$
Operating activities	(2,031,861)	(1,683,001)
Investing activities	-	(2,871,315)
Financing activities	(131,622)	4,951,867
Net increase (decrease) in cash	(2,163,483)	397,551

The Group's cash flow from operations was a net cash outflow of \$2,031,861 for the six months ended June 30, 2020 (June 30, 2019 - \$1,683,001), driven by the separation of costs and non-recurring professional fees associated with the aforementioned reorganization.

The Group has a revolving demand operating facility with a credit limit of the lesser of \$1,700,000 and the percentages of certain qualified receivables. As at June 30, 2020, the balance outstanding on the facility was \$nil (June 30, 2019 - \$795,000).

HIRE Technologies and ProVision received Canadian Emergency Business Account loans ("CEBA loans") totalling \$80,000 in aggregate. The CEBA loans bear no interest until December 31, 2022 and bear interest at 5% per annum thereafter and to their December 31, 2025 maturity date. If 75% of the principal is repaid by December 31, 2022, the remaining 25% will be forgiven.

The Group believes that its working capital on hand, combined with available financing, will be sufficient to fund its planned operations and contractual obligations for the year ended December 31, 2020.

Please see the "Risks Arising from Financial Instruments - Liquidity Risk" section of this MD&A for a schedule of the Group's contractual obligations.

## / Off-Balance Sheet Arrangements

The Group has no off-balance sheet arrangements.

## / Related Party Transactions

The Group considers its related parties to consist of key members of its Board of Directors, senior officers, and companies controlled or significantly influenced by such individuals, which may exert significant influence over the Group's activities.

During the three and six months ended June 30, 2019, the Company received consulting services from Mr. Eric Loree, an officer of the Company, who was paid \$35,766 and \$72,593 respectively (June 30, 2019 - \$72,200 and \$95,300 respectively).

## / Changes in Accounting Policies

There have been no changes in accounting policies since the Company's March 31, 2020 MD&A.

## / Critical Accounting Estimates

The critical accounting estimates are substantially unchanged from those identified in the Company's March 31, 2020 MD&A except for the following:

On March 11, 2020, COVID-19 was declared a pandemic by the World Health Organization. The magnitude of the impact of the COVID-19 crisis on the economy continues to evolve. The significant response from government to support businesses and manage the transmission of the virus has impacted demand for the Company's services in different market segments to varying degrees. While restrictions have eased for parts of the economy, until the COVID-19 crisis has passed and economies fully reopen, the Company will continue to manage the impact on its business and believes that its operations are well positioned to deal with this crisis. The Company assessed its non-financial assets for indicators of impairment and determined that no indications existed.

## / Risks Arising from Financial Instruments

The Group is exposed to risks that arise from its use of financial instruments as described below. There has been no change in the way the Group manages risk during the quarter.

### **Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's sensitivity to interest rates is currently immaterial due to the absence of interest-bearing debt in the short term as at June 30, 2020.

### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk relates primarily to trade and other receivables, which are initially recognized at the stated amount of the receivable. The carrying amount of financial assets represents the maximum credit exposure.

The Group's exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. The Group does not require collateral for sales on credit. The Group does not offer significant credit terms and has not experienced significant credit losses in the past.

The Group monitors its collection experience on a monthly basis and ensures a stringent policy is applied to provide for all past due accounts. The Group establishes an allowance for expected credit losses that corresponds to the credit risk of its specific customers, historical trends, and economic circumstances. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of net loss and comprehensive loss. The Group's maximum credit risk is the carrying value of cash and trade and other receivables.

## Liquidity Risk

Liquidity risk is the risk that the Group encounters difficulty in meeting its obligations associated with its financial liabilities. As at June 30, 2020, most of the Group's liabilities are regular monthly obligations except for the earn-out consideration to ProVision's shareholders (See note 8 to the unaudited condensed consolidated interim financial statements).

## Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in the market interest rate. As at June 30, 2020, the carrying value of all financial instruments approximates fair value due to the short-term nature of the financial instruments.

## / Disclosure of Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares. As at June 30, 2020, the Company had 48,087,333 common shares issued and outstanding, as well as, a total of 5,938,983 warrants (comprised of 3,906,500 warrants issued to subscribers of subscription receipt units under the brokered private placement with the balance of 2,385,684 warrants issued as partial consideration for professional services), 2,403,847 incentive stock options, and 1,250,000 deferred share units each exercisable or convertible into one common share. An additional 353,201 warrants, issuable upon the exercise of certain broker warrants, are exercisable into one common share.

## / Risks & Uncertainties

The Group is subject to a number of risks and uncertainties, each of which could have an adverse effect on its results, business prospects, or financial position. The risks and uncertainties described herein are not the only ones the Group faces. Additional risks and uncertainties, including those that the Group does not know about now or that it currently deems immaterial, may also adversely affect the Group's business. If any of the disclosed risks actually occur, the Group's business may be harmed, and its financial condition, results of operations and prospects may suffer significantly.

The Company's securities should be considered a highly speculative investment, and investors should carefully consider all of the information disclosed in the Company's regulatory filings prior to investing in the Company.

The Company's overall performance and results of operations are subject to a number of risks and uncertainties. The Company's management believes that the risks listed below are among the most important in order to understand the issues that face its financial performance, business, and its approach to risk management.

**The Company faces various risks related to the recent outbreak of COVID-19, which may have material adverse effects on the global financial markets, and its business, financial position, financial performance, and cash flows.**

In recent years, global credit and financial markets have experienced extreme disruptions, including with respect to, at times, severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. There can be no assurance that significant deterioration in credit and financial markets and confidence in economic conditions will not occur in the future. Any such economic downturn, volatile business environment or continued unpredictable and unstable market conditions could have a material adverse effect on the Company's business, financial condition, and results of operations. Further, global credit and financial markets have displayed arguably increased volatility in response to recent global events.

COVID-19 was first identified in Wuhan, China in December 2019. The World Health Organization identified the severity of the outbreak and declared a global emergency on January 30, 2020 and declared it a pandemic on March 11, 2020. As of the date of this MD&A, the outbreak has spread to almost all major countries of the world. During the second half of March 2020, many jurisdictions in North America, including where the Group conducts its operations and derives its revenues, declared states of emergency, imposed quarantines and restrictions on travel, and shut down non-essential businesses resulting in an economic slowdown. While the direct effects of government responses to the pandemic are expected to be temporary, the duration and magnitude of such business interruptions remain difficult to estimate at this time.

Future crises may be precipitated by any number of causes, including natural disasters, public health crises, geopolitical instability, changes to energy prices or sovereign defaults. These factors may

impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, on terms favorable to the Company. Increased levels of volatility and market turmoil can adversely impact the Company's operations and the value and price of the Company common shares could be adversely affected.

In addition, there is a risk that one or more of the Group's current service providers may themselves be adversely impacted by difficult economic circumstances, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

### **HIRE Technologies' business is subject to broader economic factors.**

Changes in general economic conditions may adversely affect HIRE Technologies' business and financial condition. The demand for workforce solutions is highly dependent upon the state of the economy and upon the staffing needs of the Group's clients, which creates uncertainty and volatility. As economic activity slows, the need for temporary and new employees decreases. Significant declines in demand of any region or industry in which HIRE Technologies has a major presence may significantly decrease its revenues and profits. Deterioration in economic conditions or the financial or credit markets could also have an adverse impact on the ability of the Group to collect payment for services.

It is difficult for HIRE Technologies to forecast future demand for its services due to the inherent uncertainty in forecasting the direction and strength of economic cycles, the terms and nature of future staffing assignments and the financial viability of its clients. Additionally, HIRE Technologies may experience a decline in revenue before a decline in economic activity is seen in the broader economy. When it is difficult for HIRE Technologies to accurately forecast future demand, HIRE Technologies may not be able to determine the optimal level of personnel and investment necessary to profitably take advantage of growth opportunities.

### **Alignment of HIRE Technologies' cost structure with revenue.**

HIRE Technologies must ensure that its costs and workforce continue to be proportionate to demand for its services. Failure to align the Group's cost structure and headcount with net revenue could adversely affect the business, financial condition, and results of operations. HIRE Technologies' attempts to mitigate the risks of short-term revenue shifts by having a portion of employee compensation based on the revenue of the employee's business unit and for management to consolidate revenue and operating profit. HIRE Technologies is a growth company and in order to facilitate growth it must continually invest in resources and overhead costs ahead of planned revenue, and accordingly, HIRE Technologies may operate with substantial negative cash flow in the future.

### **HIRE Technologies has limited operating history and may require additional capital.**

HIRE Technologies has incurred operating losses and cash flow deficits since inception. HIRE Technologies is therefore subject to many of the risks common to early-stage enterprises, including undercapitalization, cash shortages, and limitations with respect to personnel, financial, and other resources. There is no assurance that HIRE Technologies will be successful and the likelihood of

success must be considered in light of its early stage of operations. To the extent HIRE Technologies has negative operating cash flow in future periods, it may need to allocate a portion of its cash reserves to fund such operating cash flow. HIRE Technologies may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that HIRE Technologies will be able to generate a positive cash flow from operations, that additional capital or other types of financing will be available when needed or that these financings will be available on favourable terms.

**There is uncertainty relating to liquidity and capital requirements.**

The future capital requirements of the Company will depend on many factors, including all matters relating to COVID-19, the number and size of acquisitions consummated (if any), rate of growth of its client base, the costs of expanding into new markets (if any), the growth of the staffing industry and the costs of administration. In order to meet such capital requirements, the Company may consider additional public or private financing (including the incurrence of debt and the issuance of additional common shares) to fund all or a part of a particular venture, which could entail dilution of current investors' interest in the Company. There can be no assurance that additional funding will be available or, if available, that it will be available on acceptable terms. If adequate funds are not available, the Company may have to reduce substantially or otherwise eliminate certain expenditures. There can be no assurance that the Company will be able to raise additional capital if its capital resources are depleted or exhausted. Further, due to regulatory impediments and lack of investor appetite, the ability of the Company to issue additional common shares or other securities exchangeable for or convertible into common shares to finance acquisitions may be restricted.

**There are risks inherent in HIRE Technologies' acquisition strategy.**

HIRE Technologies' business plan includes the active pursuit of accretive business acquisitions in Canada, the United States and/or internationally consistent with its investment strategy. Such acquisitions involve inherent risks including but not limited to: (a) unanticipated costs; (b) potential loss of key employees of the company or the business acquired; (c) unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition; and (d) decline in the value of the acquired business or assets. Further, there can be no assurance that an acquired business will achieve the desired levels of revenue, profitability or productivity or otherwise perform as expected. Any one or more of these factors could cause HIRE Technologies to fail to realize the anticipated benefits of the acquisition in question. Additionally, there can be no assurance that HIRE Technologies will be able to successfully identify suitable acquisition targets and complete acquisitions on terms beneficial to HIRE Technologies and its shareholders. HIRE Technologies' failure to successfully execute its acquisition strategy could have a material adverse effect on the HIRE Technologies business. Moreover, HIRE Technologies may be required to use available cash, incur debt, issue securities, or a combination of these in order to complete an acquisition. This could affect HIRE Technologies' future flexibility and ability to raise capital, operate or develop its business and could dilute its existing shareholders' holdings, as well as, decrease the trading price of the HIRE Technologies common shares. In addition, the process of acquiring and integrating companies into HIRE Technologies' existing business may also result in unforeseen difficulties which may absorb significant management attention, require significant financial resources and be disruptive to

operations causing the business and results of operations to suffer materially. There is no assurance that when evaluating a possible acquisition, HIRE Technologies will correctly identify and manage the risks and costs inherent in the business or asset to be acquired.

**HIRE Technologies may not be able to obtain financing necessary to implement HIRE Technologies' business plan.**

A key component of the HIRE Technologies' long-term strategy is to consolidate the highly fragmented staffing and recruiting industry. There is no guarantee that capital markets participants will support HIRE Technologies' business strategy or that required capital will be available on acceptable terms or at all. A failure to access financing to complete one or more acquisitions could have a material adverse effect on the HIRE Technologies business and the financial condition and results of HIRE Technologies. Also, while a number of business owners have shown interest in joining HIRE Technologies, there is no assurance that negotiations will result in completed acquisitions.

**HIRE Technologies may not be able to obtain access to technology necessary to compete in the recruiting industry.**

The success of the business depends on the demand for qualified employees and contractors. Technological improvement leads to automation and robotization of an increasing number of tasks each day. This trend poses a risk to the staffing industry. HIRE Technologies attempts to mitigate this risk by searching for IT focused acquisition targets to broaden its revenue streams and diversify its client base.

In addition, HIRE Technologies candidates and clients increasingly demand technological innovation to improve the access to and delivery of its services. HIRE Technologies faces extensive pressure for lower prices and new service offerings and must invest in new technology in order to remain relevant to its clients and candidates. HIRE Technologies attempts to mitigate this risk by implementing new technologies into its search and retention processes.

**HIRE Technologies operates in a highly competitive industry and may be unable to retain clients or market share.**

HIRE Technologies operates in a highly competitive business and may be unable to retain clients or market share. The staffing services industry is highly competitive and the barriers to entry are low. There are many competitors, and new competitors are entering the market constantly. Current and new competitors may be better capitalized, have a stronger operating history, have more expertise and be able to provide comparable or superior services at the same or lower cost. Also, long-term contracts form a small and declining portion of HIRE Technologies' revenue. There is no assurance that HIRE Technologies will be able to retain clients or its market share in the future, nor can there be any assurance that it will, in light of competitive pressures, be able to maintain or increase its current margins, or reach and sustain profitability.

**The barriers to client portability are low.**

HIRE Technologies' stability and growth significantly depends on client relationships. In most cases, a small number of people have primary responsibility for a client relationship. There is a risk that when an employee leaves HIRE Technologies, the clients who have established relationships with the departing employee may move the business to the employee's new employer. If HIRE Technologies is unable to retain important client relationships, the business, financial condition, and results of HIRE Technologies operations may be adversely affected.

**HIRE Technologies is reliant on key management.**

The success of HIRE Technologies is dependent upon the ability, expertise, and judgment of its senior management, and in particular Simon Dealy, Eric Loree, and Dan Teguh. Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of HIRE Technologies and results of operations of the business. The loss of any of the Company's senior management or key employees, particularly Mr. Dealy, Mr. Loree and/or Mr. Teguh could materially and adversely affect HIRE Technologies' ability to execute its business plan and strategy, and HIRE Technologies may not be able to find adequate replacements on a timely basis, or at all.

**The Company Needs to Comply with Financial Reporting and Other Requirements as a Public Company.**

The Company is subject to reporting and other obligations under applicable Canadian securities laws and TSXV rules, including National Instrument 52-109. These reporting and other obligations place significant demands on the Company's management, administrative, operational, and accounting resources. Moreover, any failure to maintain effective internal controls could cause the Company to fail to meet its reporting obligations or result in material misstatements in its consolidated financial statements. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially harmed, which could also cause investors to lose confidence in the Company's reported financial information, which could result in a lower trading price of its securities. Management does not expect that Company's internal controls will prevent all error and all fraud. Further, the controls are subject to resource constraints and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a company are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## / Events After Quarter-End

On August 14, 2020, the Company closed a private placement of 2,419 unsecured convertible debentures for gross proceeds of \$2,419,000. The convertible debentures bear interest at 9% per annum, payable semi-annually in arrears in cash or at the option of the Company in shares. The securities mature on July 31, 2023 and are convertible at \$0.30 per unit at any time prior to the maturity date and will include one common share and one common share purchase warrant with each warrant entitling the holder to purchase one common share at a price of \$0.60 at any time prior to the maturity date. The securities can also be converted at the option of the Company should the daily volume weighted average trading price of the Company exceed \$0.65 for a period of 10 consecutive trading days. The proceeds will be used to fund acquisitions and provide additional working capital. The Company paid finders' fees consisting of 508,970 non-transferable finders' warrants and a cash payment of \$152,691. Each finders' warrant is exercisable for one common share at a price of \$0.30 until 36 months after the date of issue.

On August 14, 2020, the Company announced the grant of an aggregate of 1,423,000 stock options to three directors, three officers, and fifteen employees for the purchase of up to an aggregate of 1,423,000 Common Shares. Each option is exercisable for a period of five years at an exercise price of \$0.39 per common share.

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