HIRE / Technologies™

Condensed Consolidated
Interim Financial Statements
September 30, 2020 (Unaudited)

/

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/ Condensed Consolidated Interim Statement of Financial Position (unaudited)

Period ended >>	September 30, 2020	December 31, 2019
	$	$
Assets:		
Current Assets		
Cash	1,059,890	2,304,024
Trade & other receivables (Note 3)	2,143,669	1,681,267
Prepaid expenses	300,236	314,127
	3,503,795	**4,299,418**
Non-current Assets		
Property & equipment (Note 5)	385,190	420,510
Other receivables (Note 3)	-	32,084
Financial assets at fair value through profit or loss (Note 6)	268,400	-
Intangible assets (Notes 2(e) & 7)	1,226,789	771,250
Goodwill (Note 2(e))	1,326,562	909,548
	3,206,941	**2,133,392**
TOTAL ASSETS	**6,710,736**	**6,432,810**
Liabilities & Equity:		
Current Liabilities		
Trade & other payables (Note 8)	1,807,707	1,727,627
Lease liability (Note 4)	144,936	157,221
	1,952,643	**1,884,848**
Long-term Liabilities		
Bank indebtedness (Note 9)	120,000	-
Lease liability (Note 4)	201,098	313,173
Long-term payables (Note 10)	619,439	202,096
Convertible debentures (Note 12)	4,103,567	-
Derivatives (Note 12)	3,024,476	-
Deferred tax liabilities (Note 2(e))	174,868	122,695
	8,243,448	**637,964**
TOTAL LIABILITIES	**10,196,091**	**2,522,812**
Shareholders' Equity:		
Share capital (Note 13)	12,599,942	12,561,500
Reserves	1,147,565	827,314
Deficit	(17,232,862)	(9,478,816)
	(3,485,355)	**3,909,998**
TOTAL LIABILITIES & EQUITY	**6,710,736**	**6,432,810**

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements, specifically note 2(b).

Approved by the Board of Directors:

"Sean Cleary" — Director

"Jonson Sun" — Director

/ Condensed Consolidated Interim Statement of Loss & Comprehensive Loss (unaudited)

Period ended >>	3 Months Ended Sept. 30, 2020	3 Months Ended Sept. 30, 2019	9 Months Ended Sept. 30, 2020	9 Months Ended Sept. 30, 2019
	$	$	$	$
Revenue (Note 15)	2,549,339	3,040,243	8,049,617	9,005,156
Cost of services	1,666,022	2,303,785	5,927,283	6,828,319
GROSS MARGIN	**883,317**	**736,458**	**2,122,334**	**2,176,837**
Selling, general & administrative (Notes 11 & 16)	1,888,434	1,618,892	4,880,773	4,697,108
Amortization of intangible assets (Note 7)	28,404	22,650	73,704	67,950
Interest	37,753	23,085	61,979	190,632
OPERATING EXPENSES	**1,954,591**	**1,664,627**	**5,016,456**	**4,955,690**
Loss from operations before income taxes	(1,071,274)	(928,169)	(2,894,122)	(2,778,853)
Convertible debentures - unrealized loss on fair value (Note 12)	(4,908,443)	-	(4,908,443)	-
LOSS BEFORE INCOME TAXES	**(5,979,717)**	**(928,169)**	**(7,802,565)**	**(2,778,853)**
Income tax recovery	(37,184)	(4,373)	(48,519)	(13,119)
NET LOSS & COMPREHENSIVE LOSS	**(5,942,533)**	**(923,796)**	**(7,754,046)**	**(2,765,734)**
Basic & diluted loss per share	(0.12)	(0.02)	(0.16)	(0.08)
	#	#	#	#
Weighted number of shares (Note 13)	48,097,746	38,712,581	48,090,829	34,932,444

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

/ Condensed Consolidated Interim Statement of Changes in Equity (unaudited)

	Common Shares	Amount	Reserves	Deficit	**Total**
	#	$	$	$	$
Balance, January 1, 2019	**32,387,955**	**2,798,544**	**187,940**	**(2,289,764)**	696,720
Issuance of common shares	6,065,163	1,756,670	-	-	**1,756,670**
Subscription for common shares	-	-	190,000	-	**190,000**
Share based compensation expense	1,497,000	416,238	195,790	-	**612,028**
Net loss & comprehensive loss	-	-	-	(2,765,734)	**(2,765,734)**
BALANCE, SEPTEMBER 30, 2019	**39,950,118**	**4,971,452**	**573,730**	**(5,055,498)**	**489,684**
Balance, January 1, 2020	**48,087,333**	**12,561,500**	**827,314**	**(9,478,816)**	3,909,998
Issuance of common shares from warrants (Note 13)	86,862	28,442	(28,442)	-	**-**
Issuance of common shares from options (Note 13)	50,000	10,000	(10,000)	-	**-**
Share based compensation expense (Note 14)	-	-	257,700	-	**257,700**
Issuance of warrants related to convertible debentures (Note 14)	-	-	100,993	-	**100,993**
Net Loss	-	-	-	(7,754,046)	**(7,754,046)**
BALANCE, SEPTEMBER 30, 2020	**48,224,195**	**12,599,942**	**1,147,565**	**(17,232,862)**	**(3,485,355)**

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

/ Condensed Consolidated Interim Statement of Cash Flows (unaudited)

Period ended >>	9 Months Ended Sept. 30, 2020	9 Months Ended Sept. 30, 2019
	$	$
Cash provided by (Used in):		
Operating activities		
Net loss for the period	(7,754,046)	(2,765,734)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation (Note 5)	147,335	135,898
Amortization of intangible assets (Note 7)	73,704	67,950
Loss on disposal	-	(3,211)
Income tax recovery	(48,519)	(13,119)
Share based compensation & issuance of warrants	257,700	567,829
Interest expense	61,979	190,632
Convertible debentures - unrealized loss on fair value (Note 12)	4,908,443	-
Transaction costs, net	(76,586)	-
Changes in non-cash working capital balances		
Trade & other receivables	75,869	(498,295)
Prepaid expenses	70,628	(273,708)
Trade & other payables	(564,701)	(216,651)
Interest paid	(21,686)	(152,506)
NET CASH FROM OPERATING ACTIVITIES	**(2,869,880)**	**(2,960,915)**
Investing activities		
Purchase of property & equipment	-	(4,614)
Investments in financial assets at fair value through profit or loss (Note 6)	(268,400)	-
Acquisition of the Headhunters, net of cash acquired (Note 2(e))	(239,232)	-
Funds in escrow account	-	(3,599,703)
NET CASH FROM INVESTING ACTIVITIES	**(507,632)**	**(3,604,317)**
Financing activities		
Increase (decrease) in bank indebtedness	80,000	1,000,000
Lease payments	(210,259)	(127,926)
Earn-out payments	(41,114)	(47,023)
Proceeds from issuance of convertible debentures net of financing fees	2,266,309	-
Proceeds from issuance of common shares	38,442	1,841,550
Proceeds from share subscribers	-	190,000
Payments to agents	-	(75,000)
Proceeds from investors (escrow account)	-	3,906,500
Repayment of agent fees (escrow account)	-	(306,797)
NET CASH FROM FINANCING ACTIVITIES	**2,133,378**	**6,381,304**
Net change in cash during the period	**(1,244,134)**	**(183,928)**
Cash, beginning of period	**2,304,024**	**373,400**
Cash, end of period	**1,059,890**	**189,472**

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

1. Nature of Business

HIRE Technologies Inc. (the "Company" or "HIRE Technologies") was incorporated under the Business Corporations Act (British Columbia) on January 10, 2018. The Company's registered office is 595 Howe St 10th floor, Vancouver, BC V6C 2T5. On December 17, 2019, the Company, formerly known as Danacore Industries Inc., acquired Bay Talent Group Inc., a corporation incorporated under the Business Corporations Act (Ontario) through a reverse takeover. On December 23, 2019 the Company's shares began trading on the TSX Venture Exchange as a Tier 2 Industrial Issuer under the ticker symbol "HIRE."

The Company, through its indirect, material wholly owned subsidiaries, PTC Accounting and Finance Inc. ("PTC"), ProVision IT Resources Ltd. ("ProVision"), and The Headhunters Recruitment Inc. ("The "Headhunters") (together the "Group") provide human resources services, which are comprised of temporary and permanent placements services.

2. Basis of Preparation and Going Concern

(a) Statement of Compliance

These unaudited condensed consolidated interim financial statements were prepared by management in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Certain information, in particular the accompanying notes normally included in the audited annual consolidated financial statements prepared in accordance with IFRS, have been omitted or condensed. Accordingly, these unaudited condensed consolidated interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual consolidated financial statements and the notes thereto for the year ended December 31, 2019.

These unaudited condensed consolidated interim financial statements have been approved for issue by the Board of Directors on November 30, 2020.

(b) Basis of Measurement and Going Concern

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis under the historical cost convention, except for certain financial instruments, which are recorded at fair value. The going concern basis assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. For the nine months ended September 30, 2020, the Company incurred negative cash flows from operations of $2,869,880, recorded net losses of $7,754,046 and has an accumulated deficit of $17,232,862.

The Company's ability to continue as a going concern is dependent upon the achievement of a profitable level of operations and may require the Company to raise additional funds. See note 20 – Subsequent Events for details of the Company's most recent financing. Although the Company has been successful in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. Furthermore, the outbreak of the novel strain of coronavirus specifically identified as COVID-19 was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the Company's ability to achieve revenue growth organically, or through the completion of acquisitions as has been done previously, is unknown. These conditions result in material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These unaudited condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments would be material.

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is also the Group's functional currency.

(d) Use of Estimates

The preparation of unaudited condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the unaudited condensed consolidated interim financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future, which may have an impact on future periods.

In preparing these unaudited condensed consolidated interim financial statements, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty were the same as those applied in the annual consolidated financial statements and described in the notes to the audited consolidated financial statements for the year ended December 31, 2019, except as noted below.

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. The Company assessed its non-financial assets for indicators of impairment and determined that no indications existed. The Company also tested cash generating units ("CGUs") and allocated goodwill and noted that the units' recoverable amounts exceeded the carrying amounts.

Carrying Value of Indefinite Life Intangible Assets by CGU

Period ended >>	Sept. 30, 2020	Dec. 31, 2019
	$	$
PTC Accounting and Finance Inc.	83,000	83,000
Provision IT Resources Ltd.	380,000	380,000
The Headhunters Recruitment Inc.	184,000	-
TOTAL	**647,000**	**463,000**

Carrying Value of Goodwill by CGU

Period ended >>	Sept. 30, 2020	Dec. 31, 2019
	$	$
PTC Accounting and Finance Inc.	297,625	297,625
Provision IT Resources Ltd.	611,923	611,923
The Headhunters Recruitment Inc.	417,014	-
TOTAL	**1,326,562**	**909,548**

The Company changed its impairment testing date to September 30 from December 31. The company identified PTC, ProVision, and The Headhunters as three separate CGUs which are considered the smallest identifiable group of assets that generates cash flows that are largely independent of the cash flows from other assets in the group.

The Company tested the CGUs for impairment by comparing the carrying amounts to the recoverable amounts. The recoverable amounts were determined based on their value in use, calculated using discounted cash flows based on a ten-year management prepared financial model for each entity. The key inputs used in the discounted cash flow model were the weighted average cost of capital of 15%, average annual growth rates of between 2% and 3% and terminal period EBITDA multiples of between 4.0x and 6.0x. There were no material changes in key assumptions on which management has based the recoverable amounts. The estimated recoverable amounts of goodwill and intangible assets with indefinite useful lives exceeded the current carrying values and therefore no impairment was recognized.

If the future were to adversely differ from management's best estimate of key assumptions, the Company could potentially experience future material impairment charges in respect of its goodwill and intangible assets.

(e) Acquisition of The Headhunters and Provisional Purchase Price Allocation

On September 1, 2020, the Company acquired 100% of the issued and outstanding shares of The Headhunters for total consideration of $955,036, consisting of $400,000 in cash, $64,062 to be paid in cash as a working capital adjustment and $490,974 in contingent consideration payable. The Headhunters is a recruitment firm with a presence in Toronto, Winnipeg, Regina, Edmonton, and Vancouver and adds scale and geographic reach to the Company's operations.

The acquisition of The Headhunters was accounted for as a business combination under IFRS 3 and the results of the operations have been included in these consolidated financial statements from September 2, 2020.

The Company incurred approximately $76,586 in transaction costs related to the acquisition of The Headhunters. These costs are included in selling, general and administrative expenses on the consolidated statement of loss and comprehensive loss for the period ended September 30, 2020.

Upon acquisition, a deferred tax liability of $140,249 was recognized due to the temporary differences on the intangible assets acquired. A deferred tax asset of $39,557 was recognized for unused tax loss carry forwards. A net deferred tax liability was recognized on the balance sheet.

The goodwill arising from the acquisition is attributable to the skilled recruiters acquired upon acquisition. Goodwill is not deductible for income tax purposes.

The contingent consideration payable is based on meeting specific conditions within the share purchase agreement. The fair value of the contingent consideration payable was calculated using management's forecast for earnings before income taxes, depreciation, and amortization and a discount rate of 15%.

Since September 1, 2020, the acquisition of The Headhunters added $372,272 in revenue and $44,023 in net income to the consolidated revenue and net income (loss) of HIRE Technologies. If The Headhunters was acquired on December 31, 2019, and for the period starting January 1, 2020 and ended September 30, 2020, The Headhunters would have added $2,347,122 in revenue and would have contributed $138,817 in income.

The provisional fair value of the assets acquired and liabilities assumed were as follows and will be finalized within one year:

Assets:	**$**
Cash acquired in business combination	160,768
Trade & other receivables	506,185
Prepaid expenses	56,738
Property & equipment	6,362
Deferred tax asset	39,557
Intangible assets - Brand	184,000
Intangible assets - Customer relationships	345,243
Goodwill	417,014
	1,715,867

Liabilities:	**$**
Bank indebtedness	40,000
Trade & other payables	580,582
Deferred tax liabilities	140,249
	760,831
Net	**955,036**

Consideration:	**$**
Cash	400,000
Working capital adjustment	64,062
Contingent consideration payable	490,974
Total	**955,036**

3. Trade & Other Receivables

Period ended >>	**September 30, 2020**	**December 31, 2019**
	$	$
Trade & other receivables	2,194,801	1,776,580
Allowance for credit losses	(51,132)	(63,229)
TOTAL	**2,143,669**	**1,713,351**
Current portion	2,143,669	1,681,267
Long-term portion	-	$32,084

The Group measures the allowance for credit losses on its trade receivables using a simplified approach, where the allowance is measured at an amount equal to the lifetime expected credit losses.

Period ended >>	September 30, 2020	December 31, 2019
	$	$
Balance, beginning of period	63,229	36,334
Provision for credit losses	7,235	92,944
Write-offs	(19,332)	(66,049)
TOTAL	**51,132**	**63,229**

4. Lease Liability

The following table presents the lease liability for the Company:

	Office Premises	Office Equipment	Total
	$	$	$
At December 31, 2019	460,841	9,553	**470,394**
Additions	309,160	-	**309,160**
Principal Payments	(209,261)	(998)	**(210,259)**
Terminations	(214,706)	(8,555)	**(223,261)**
AT SEPTEMBER 30, 2020	**346,034**	**-**	**346,034**

Interest expense on the lease liability for the three and nine months ended September 30, 2020 was $4,276 and $19,825 respectively (September 30, 2019 - $6,439 and $20,696 respectively). The total cash outflow for the three and nine months ended September 30, 2020 was $43,029 and $229,087 respectively, including interest (September 30, 2019 - $42,642 and $127,926 respectively).

The minimum lease payments under the current lease agreements are as follows:

2020	44,148
2021	138,639
2022	104,044
2023	80,550
	$367,381
Less: imputed interest at average 5.1%	21,347
TOTAL	**$346,034**

Current portion	**$144,936**
Long-term portion	**$201,098**

5. Property & Equipment

	Right-of-Use Assets	Computer Equipment	Furniture & Equipment	**Total**
Cost:	$	$	$	$
At December 31, 2019	434,202	67,958	54,917	**557,077**
Additions including from business combinations (Note 2(e))	309,160	6,164	198	**315,522**
Terminations	(203,507)			**(203,507)**
AT SEPTEMBER 30, 2020	**539,855**	**74,122**	**55,115**	**669,092**
Accumulated Depreciation:				
At December 31, 2019	91,411	30,513	14,643	**136,567**
Depreciation	130,296	10,950	6,089	**147,335**
AT SEPTEMBER 30, 2020	**221,707**	**41,463**	**20,732**	**283,902**
Net Book Value:				
AT DECEMBER 31, 2019	**342,791**	**37,445**	**40,274**	**420,510**
AT SEPTEMBER 30, 2020	**318,148**	**32,659**	**34,383**	**385,190**

6. Financial Assets at Fair Value Through Profit or Loss ("FVTPL")

On September 29, 2020 the Company invested $200,000 USD in a convertible note maturing September 30, 2022 bearing interest at 10% with Atlas ID Systems Inc ("Atlas ID"). All outstanding principal, and, at Atlas ID's option, all accrued but unpaid interest on the convertible note, may automatically convert into equity securities of Atlas ID at a price calculated based on the future equity financing price of Atlas ID securities. The note may also convert into securities of Atlas ID at the option of the HIRE Technologies or upon an Atlas ID liquidity event. Because Atlas ID is a private company, the fair value measurement of the asset has been categorized within Level 3 of the fair value hierarchy. As at September 30, 2020, the Company determined that the fair value of the convertible note was approximately equal to its cost.

7. Intangible Assets

	Customer Relationships	Candidate Database	Brand Names	Total
	$	$	$	$
At December 31, 2019	110,000	343,000	463,000	**916,000**
Additions from business combinations (Note 2(e))	345,243	-	184,000	**529,243**
AT SEPTEMBER 30, 2020	455,243	343,000	647,000	1,445,243
Accumulated Amortization:				
At December 31, 2019	31,166	113,584	-	**144,750**
Amortization	22,254	51,450	-	**73,704**
AT SEPTEMBER 30, 2020	53,420	165,034	-	218,454
Net Book Value:				
AT DECEMBER 31, 2019	78,834	229,416	463,000	771,250
AT SEPTEMBER 30, 2020	401,823	177,966	647,000	1,226,789

8. Trade & Other Payables

Period ended >>	September 30, 2020	December 31, 2019
	$	$
Trade payables	172,751	230,259
Other payables	848,970	196,730
Severance	100,000	26,780
Payable to former owner of ProVision	151,293	276,899
Earn-out payable	216,566	103,510
Other accrued liabilities	318,127	893,449
TOTAL	1,807,707	1,727,627

9. Bank Indebtedness

On May 12, 2020 HIRE Technologies and ProVision received Canadian Emergency Business Account loans ("CEBA loans") totaling $80,000. The acquisition of The Headhunters on September 1, 2020 added another CEBA loan in the amount of $40,000 for a total aggregate amount of $120,000 as at September 30, 2020. 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 has revolving demand operating facilities at two financial institutions with a credit limit of the lesser of an aggregate of $2,125,000 and percentages of certain qualified receivables. $425,000 of this limit is scheduled to mature on April 30, 2021. The balance outstanding on the facility was $nil as at September 30, 2020 (December 31, 2019 - $nil). The facilities bear interest at the prime rate plus 1.00% and 1.25% per annum respectively and are secured by general security agreements representing a first charge on specified assets and an assignment of a deposit certificate in the principal sum of $100,000.

10. Long-Term Payables

Period ended >>	Sept. 30, 2020	Dec. 31, 2019
	$	$
Earn-out payable to former owner of ProVision	129,365	202,096
Contingent consideration payable	490,074	-
TOTAL	**619,439**	**202,096**

11. Related Party Balances Transactions

Key Management Compensation

Key management are those persons having authority and responsibility for planning, directing and controlling activities, directly or indirectly, of the Company.

Period ended >>	3 Months Ended Sept. 30, 2020	3 Months Ended Sept. 30, 2019	9 Months Ended Sept. 30, 2020	9 Months Ended Sept. 30, 2019
	$	$	$	$
Cash compensation (1)	210,402	254,303	626,584	482,585
Stock based compensation (2)	223,204	32,492	223,204	78,692
TOTAL	**433,606**	**286,795**	**849,788**	**561,277**

1. Includes severance payments to former officers of the Company
2. Reflects the amount recorded as an expense. The fair value of stock-based compensation is measured at the grant date using the Black-Scholes option pricing model and is recognized as an expense.

Consulting Services

During the three months ending September 30, 2020 the Company received consulting services from GIC Merchant Bank Corporation, a shareholder with significant influence, and paid $113,000 for these services.

12. Convertible Debentures

On August 21 and 24, 2020, the Company closed a private placement of 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 with each unit consisting of 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 after one year should the daily volume weighted average trading price of the Company exceed $0.65 for a period of 10 consecutive trading days. The convertible debentures are a compound financial instrument under IAS 32 and have both a liability and an embedded derivative component. The convertible debentures have been recognized at their fair value on recognition of $4,281,146 less $70,695 in warrants and $106,884 in cash paid as finders fees. A day one loss of $1,983,096 was recorded upon recognition. The derivative is measured at FVTPL, and its fair value must be measured at each reporting period with subsequent changes in fair value recorded in the consolidated statement of loss & comprehensive loss. A day one loss of $1,773,178 was recorded upon recognition of the derivative. A further $1,152,170 mark-to-market loss was recorded on September 30, 2020. As at September 30, 2020, the fair value of the derivative component was determined to be $3,024,476. The derivative was valued using the Cox-Ross-Rubinstein convertible bond valuation model with a volatility input of 36.75%.

13. Share Capital

Authorized unlimited number of common shares:

	Common Shares	Amount
At December 31, 2018	32,387,955	$2,798,544
Common shares issued for cash[1]	6,065,163	$1,756,670
Common shares issued in exchange of services[1]	1,497,000	$416,238
AT SEPTEMBER 30, 2019	**39,950,118**	**$4,971,452**
At December 31, 2019	48,087,333	$12,561,500
Common shares issued to warrant holders	86,862	$28,442
Common shares issued to option holders	50,000	$10,000
AT SEPTEMBER 30, 2020	**48,224,195**	**$12,599,942**

1. Amounts reflect pre-consolidation numbers.

During the nine-month period ending September 30, 2020, the company issued 136,862 shares for proceeds of $38,442.

During the nine-month period ending September 30, 2019, the Company issued 1,497,000 common shares with a value of $416,238 in exchange for consulting services. Additionally, 5,805,166 shares were issued from gross investor proceeds for its non-brokered private placement; at $0.30 per share, these shares carry a value of $1,741,550. From August to September 2019, the Company received gross proceeds of $290,000 under a non-brokered private placement at $0.38462 per share. On September 13, 2019, 259,997 shares were issued for gross proceeds of $100,000; the remaining 493,995 shares were not issued as of the end of the period.

14. Share Based Payments

Share purchase warrants and stock option transactions are summarized as follows:

	Warrants		Stock Options	
	Number	Weighted Avg. Exercise Price	Number	Weighted Avg. Exercise Price
	#	$	#	$
Outstanding and exercisable at December 31, 2018	688,179	0.195	2,153,847	0.195
Exercised	-	-	-	-
Issued	-	-	-	-
Expired	-	-	-	-
SEPTEMBER 30, 2019	**688,179**	**0.195**	**2,153,847**	**0.195**
Outstanding and exercisable at December 31, 2019	5,938,983	0.598	2,403,847	0.196
Exercised	(86,862)	0.327	(50,000)	0.200
Issued	527,420	0.314	1,423,000	0.390
Expired	-	-	(576,923)	0.195
SEPTEMBER 30, 2020	**6,379,541**	**0.578**	**3,199,924**	**0.282**

Share based compensation expense of $257,700 was recorded for 1,423,000 options issued on August 24, 2020. A Black-Scholes option pricing model was used to estimate the option issuance expense with a market price of $0.45, risk-free rate of 2%, volatility, calculated using the weighted average of historical volatility and the S&P/TSX Small Cap Index of 36.6%, expected dividend yield of nil, and expected life of 5 years. Warrant issuance expense of $100,993 was recognized for the 508,970 warrants issued on August 20, 2020 as part of the convertible debenture issuance. A Black-Scholes option pricing model was used to estimate the warrant issuance expense with a market price of $0.34, risk-free interest rate of 2%, volatility of 85.6%, expected dividend yield of nil, and expected life of 3 years.

15. Revenue

The Group has two revenue streams as follows:

Period ended >>	3 Months Ended Sept. 30, 2020	3 Months Ended Sept. 30, 2019	9 Months Ended Sept. 30, 2020	9 Months Ended Sept. 30, 2019
	$	$	$	$
Short-term contracts	2,148,506	2,871,003	7,334,391	8,368,340
Permanent placements	400,833	169,240	715,226	636,816
TOTAL	2,549,339	3,040,243	8,049,617	9,005,156

16. Nature of Expenses

The selling, general and administrative expenses are comprised of the following:

Period ended >>	3 Months Ended Sept. 30, 2020	3 Months Ended Sept. 30, 2019	9 Months Ended Sept. 30, 2020	9 Months Ended Sept. 30, 2019
	$	$	$	$
Salaries	933,040	692,765	2,363,792	1,999,055
Professional fees	656,459	690,264	1,295,911	1,783,494
Office	145,492	91,434	443,473	252,823
Depreciation	41,279	41,363	147,335	135,898
Travel & entertainment	2,047	69,824	71,249	180,754
Marketing	57,745	27,581	140,561	162,869
Bank charges	4,056	7,278	22,256	20,771
Bad debt expense (recovery)	4,796	(1,617)	112,580	4,315
Severance	150,850	-	390,946	157,129
Government stimulus (Note 17)	(107,330)	-	(107,330)	-
TOTAL	1,888,434	1,618,892	4,880,773	4,697,108

17. Government Stimulus

The Company has participated in stimulus grants offered by the Government of Canada to help offset the negative impact of the COVID-19 pandemic. The Company applied for the Canada Emergency Wage Subsidy ("CEWS"). CEWS provides qualifying companies with a monthly financial support grant based on payroll, subject to certain limits. Eligibility is triggered by and scaled according to the reduction in year-over-year Canadian revenue on a month-by-month basis. The Company recognized government stimulus grant income as a reduction in cost of services in the amount of $140,643 and as a reduction in selling, general and administrative expenses in the amount of $107,330.

18. Financial Instrument Risks

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 a financial instrument's future cash flows will fluctuate because of changes in market interest rates. The Group's sensitivity to interest rates is currently low due to limited exposure to long-term investment grade interest-bearing debt as at September 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 and the convertible note issued to Atlas ID. 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 each customer's unique characteristics. 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 monthly and ensures a stringent policy is applied to all past due accounts. The Group establishes an allowance for expected credit losses that corresponds to the specific customers' credit risk, 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 meeting its obligations associated with its financial liabilities. As at September 30, 2020, most of the Group's liabilities are regular monthly obligations except for the earn-out consideration payable to ProVision's shareholders and contingent consideration payable to The Headhunters' shareholders (See notes 2(e) and 10)

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 market interest rate. As at September 30, 2020 and December 31, 2019 and 2018, all financial instrument carrying values approximated fair value.

19. Capital Management

The Group's management is responsible for ensuring that entities in the Group are able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of shareholders' equity, which is ($3,485,355) as at September 30, 2020 (September 30, 2019 - $489,684) and debt consisting of $2,419,000 in convertible debentures recognized at $4,103,567 (September 30, 2019, bank indebtedness of - $1,435,000).

The Group's management develops capital management policies and strategies that are reviewed by the Board of Directors on a quarterly basis. Based on recommendations of the Board of Directors, the Group balances its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issuance of new debt or the redemption of existing debt. There have been no changes in how the Group manages capital since its formation.

20. Subsequent Events

On November 24, 2020, the Company announced a private placement of up to $1,000,000 in equity units at $0.60 per unit. Each unit will include one common share and one half of one share purchase warrant with each whole warrant exercisable for one common share for a period of 24 months at $0.90 per common share. The Company will pay finders fees consisting of non-transferrable warrants entitling the holder to purchase that number of common shares as is equal to 6.5% of the units and a cash payment equal to 6.5% of the gross proceeds raised. Each finders warrant will be exercisable for one common share at a price of $0.60 until 24 months after the date of issue. The proceeds of the financing will be used for the acquisition discussed below.

On November 24, 2020, the Company announced the acquisition of Kavin Talent Management & Recruiting (the "Kavin Group") for $1,000,000 and additional cash consideration to be calculated on the second anniversary of closing based on non-IFRS financial measures. The $1,000,000 payment will be subject to closing working capital adjustment and will be satisfied via $800,000 in cash and $200,000 in common shares of the Company.

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