HIRE / Technologies™

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TSX-V: HIRE
Management's Discussion & Analysis
For the Year Ended December 31, 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 year ended December 31, 2020, and should be read in conjunction with the Company's annual audited consolidated financial statements for the years ended December 31, 2020, and December 31, 2019, and the notes thereto. The Company's financial statements and financial information contained in this MD&A, unless otherwise noted, 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 April 28, 2021 (the "MD&A Date"). All dollar amounts in this MD&A are reported in Canadian dollars unless otherwise stated.

The Company's annual audited consolidated 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.

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. Although the Company has previously 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. This 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. The Company's annual audited consolidated 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.

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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.

/ 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: The Company has limited operating history and may require additional capital; Need for Additional Capital; The Company may not be able to obtain financing necessary to implement the Company's business plan; There are risks inherent in the Company's acquisition strategy; The price of the securities of the Company may fluctuate significantly, which may make it difficult for holders of securities of the Company to sell their securities at a time or price they find attractive; The market price of the Common Shares may decline due to the large number of convertible securities issued and outstanding; The Company may issue additional equity securities, or engage in other transactions that could dilute its book value or affect the priority of Common Shares, which may adversely affect the market price of the Common Shares; The Company is reliant on key management; Conflicts of interest; The business of the Company is subject to broader economic factors; The Company may be unable to find eligible candidates to meet client needs; The Company operates in a highly competitive industry and may be unable to retain clients or market share; The barriers to client portability are low; The Company may be subject to litigation; The Company may not be able to prevent damages resulting from a cybersecurity attack; Damage to the Company's brand may harm its results; The Company may not be able to obtain access to technology necessary to compete in the recruiting industry; Alignment of the Company's cost structure with revenue; Lenders may penalize or otherwise take action against the Company if it is unable to meet its obligations under financial instruments; Management has discretion concerning unallocated funds; The Company's staffing solutions are subject to extensive government regulation and the imposition of additional regulations, which could materially harm the Company's future earnings; Impact of COVID-19; The Company does not anticipate paying dividends on the Common Shares; The Company is a holding company with its only asset being direct ownership of its subsidiaries; and The Company's business could be disrupted as a result of actions of certain shareholders or potential acquirers of the 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 wholly owned subsidiaries including PTC Accounting and Finance Inc. ("PTC"), ProVision IT Resources Ltd. ("ProVision"), The Headhunters Recruitment Inc. ("The Headhunters"), 2449983 Ontario Inc. ("The Kavin Group"), Taylor Ryan Inc. and TR Partners Inc (collectively "Taylor Ryan"), and BTG Holdco Inc. (together the "Company") provides human resources services, which consist of recurring contract and on-occurrence permanent placement services.

/ Acquisitions & Investments

The Headhunters is a recruitment firm located in Toronto, Winnipeg, Edmonton, and Vancouver. The Headhunters' areas of focus are accounting & finance, general management, office personnel, human resources, sales and marketing, customer service, operations and supply chain, and engineering. HIRE Technologies acquired The Headhunters for $400,000 and additional consideration to be calculated on September 1, 2022, at a multiple of trailing twelve-month EBITDA (as defined in the "Non-IFRS Financial Measures" section of this MD&A) at that time less $400,000 and closing working capital adjustments.

ATLAS ID

was provided with convertible notes by

HIRE / Technologies

10% Convertible Note

$200,000 USD

September 29, 2020

Atlas ID Systems Inc. ("Atlas ID") is a human resources technology company providing a private and secure COVID-19 risk mitigation platform for employers. The platform enables individuals to voluntarily self-report symptoms, receive COVID-19-related test results, and choose when and with whom to share those results with tamper-proof, fraud-resistant, and end-to-end encrypted technology. On September 29, 2020 HIRE Technologies provided financing by accepting a $200,000 USD convertible note maturing September 30, 2022 bearing interest at 10%. 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 HIRE Technologies or upon an Atlas ID liquidity event. As part of the transaction, HIRE became the exclusive distribution partner in Canada to the Atlas ID product.

KavinGroup

was acquired by

HIRE / Technologies

in a transaction valued at

$1,226,587

December 11, 2020

The Kavin Group is a Burlington, Ontario based staffing firm that provides full-time, part-time and temporary placement staffing services to prominent waste management, health care, and industrial clients throughout Southwestern Ontario. HIRE Technologies acquired The Kavin Group for $1,226,587 consisting of $800,000 in cash, $200,000 in common shares of the Company, $226,586 provisionally paid in cash as a working capital adjustment and additional consideration to be calculated on December 11, 2022, at a multiple of trailing twelve-month EBITDA (as defined in the "Non-IFRS Financial Measures" section of this MD&A) at that time less $1,000,000 and closing working capital adjustments.

TAYLOR RYAN

was acquired by

HIRE / Technologies

in a transaction valued at

$4,112,000

December 17, 2020

Taylor Ryan is a boutique executive search firm that provides retained and contingency recruitment services as well as human resource consulting to the construction and real estate industry across Canada. HIRE Technologies acquired Taylor Ryan for $4,112,000 consisting of $3,290,000 in cash and $822,000 in shares of HIRE Technologies and additional consideration to be calculated on December 17, 2022, at a multiple of trailing twelve-month EBITDA (as defined in the "Non-IFRS Financial Measures" section of this MD&A) at that time less $4,112,000 and closing working capital adjustments.

/ Description of Business

General

HIRE Technologies is building a network of staffing, information technology and human resources consulting firms. HIRE Technologies assists its partners in navigating a changing world by providing growth solutions, with a particular emphasis on digital transformation. HIRE Technologies' partnership model emphasizes its partners' brand identity and independence while providing them with the resources, support and expertise necessary to grow their businesses further. HIRE Technologies provides clients with valuable advice while delivering innovative solutions, enhancing their human resources teams, and connecting them with the best people for their businesses.

HIRE Technologies has assembled an accomplished management team with a track record of successfully completing acquisitions and growing profitable businesses. The Company creates value through acquisitions, cross-selling synergies, the sale of technology solutions to existing clients, and the improvement of operating subsidiary profitability through cost savings achieved through back-office infrastructure consolidation.

Management anticipates that acquired businesses will largely continue to operate independently and be held as direct or indirect subsidiaries of the Company. HIRE Technologies has acquired five businesses as at December 31, 2020, PTC, ProVision, The Headhunters, The Kavin Group, and Taylor Ryan.

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

Acquisition Strategy

Acquire & invest in 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

At the core of the Company's strategy is acquisition execution. In assessing the suitability of target operating businesses and assets, the Company considers numerous operational and strategic factors which may include the following:

Geography: The Company currently operates in jurisdictions throughout Canada including Vancouver, Edmonton, Winnipeg, and Toronto. The Company's current acquisition pipeline includes businesses in jurisdictions in Canada and the United States. When selecting targets, the Company evaluates the value of market entry and the complementary nature of the target's operations with those of the Company's subsidiaries operating in the same region.

Vertical Integration: The Company serves a diverse range of industries through its Subsidiaries, including information technology, financial services, real estate and construction, government, waste management, heath care, engineering, and manufacturing. Given the cyclical nature of some industries and the growth potential of other, the Company has identified several target businesses specializing in projected growth sectors and/or sectors that complement its existing business.

Management & Operations: Management is an integral part of the staffing business, and its strength is a crucial factor in acquisition decisions. The Company seeks businesses with a strong management team. Due to the low regulatory and capital barriers to entry in the staffing and recruitment industry, management's ability to retain staff and clients is critical. The Company evaluates the management and operations of target businesses based on many factors including its brand reputation, existing client list, industry expertise, historical staff turnover, revenue growth, expense management, financial performance, innovativeness, and sector specialization. Acquisitions have historically, and are expected to continue, to include a deferred compensation component that is intended to ensure continued engagement of the target management with the acquired business post-transaction.

Financial Performance: The Company will focus on accretive staffing and recruiting industry acquisitions that demonstrate a positive EBITDA with a history of financial performance and resiliency to macro-economic factors.

Growth: The Company structures long-term performance-based incentives for key individuals to maintain and accelerate organic growth.

Synergies: The Company searches for acquisition targets that present potential synergistic benefits. Synergies potentially include; expenses such as finance, shared office space, marketing, IT, and infrastructure support, integration of customer relationship management software, training, human resources, and consolidation of contract administration.

The Company evaluates technology and other assets for acquisition that complement existing business offerings, and which may include back-end operation providers and technology solution providers. In addition to the factors mentioned previously, the Company's acquisition strategy for SaaS products considers: the solution's uniqueness and the benefit it provides, the solution's marketability to and potential benefits for client businesses, stage of development and continuation of development teams, and intellectual property matters. Such acquisitions, if completed may diversify product offerings streamline operations and provide additional client value. As of the date of this MD&A, HIRE Technologies has invested in one business, Atlas ID and acquired substantially all of the asset of Pulsify, Inc.("Pulsify") (for details regarding the acquisition of the Pulsify assets, see the "Events After Year-End" section of this MD&A).

Acquisition Consideration & Integration

The Company's acquisition model includes paying for acquisitions with a combination of cash, shares, and future consideration. Acquisitions may also be structured to accommodate the vendor's continued involvement 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 of a partnership with HIRE Technologies to 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 is subject to deal-specific factors including business, legal and taxation advice, and is 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 five operating subsidiaries: PTC, ProVision, The Headhunters, The Kavin Group, and Taylor Ryan.

PTC and ProVision work on a contingency-based fee structure and specialize in both on-occurrence permanent placement and recurring contract placement. The experienced teams at PTC and ProVision use a complement of traditional recruitment methods and 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.

The Headhunters perform permanent searches on contingency and retainer fee structures. Clients choose The Headhunters because of its Talent Sourcing Team which uncovers passive and hard to find candidates using cutting-edge sourcing techniques as well as its focus on finding the right fit through its proprietary Workstyle & Performance Profile behavioural assessment tool.

The Kavin Group provides full-time, part-time, and temporary staffing solutions in the light-industrial, waste management, and health care sectors. Core to the operations are bespoke staffing programs designed for each client with The Kavin Group overseeing all aspects of the recruitment cycle from sourcing through to on location support once staff are deployed. The Kavin Group derives its revenues from continency fees.

Taylor Ryan provides executive search services to clients in the construction and real estate industries nationally. Specialized HR consulting services are also provided. Engagements are performed on a retainer fee or contingency fee basis.

/ Overall Performance and Non-IFRS Financial Measures

Management analyzes the Company'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. It provides management with insight into HIRE Technologies' operating performance without the impact of significant accounting policies related to depreciation and amortization, financing, and taxes. Adjusted EBITDA is defined as EBITDA, excluding restructuring and other non-operating items, unrealized gains and losses on derivative financial instruments recognized as part of financings, other unrealized fair value through profit or loss mark-to-market gains or losses, and share based compensation expenses. Adjusted EBITDA also includes 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 Company.

Adjusted net earnings (loss) is a non-IFRS measure that does not have a standardized meaning prescribed by IFRS. The Company defines adjusted net earnings (loss) as net earnings (loss) excluding restructuring and other non-operating items, unrealized gains and losses on derivative financial instruments recognized as part of financings, other unrealized fair value through profit or loss mark-to-market gains or losses, and share based compensation expenses. Management believes that adjusted net earnings (loss) is a meaningful metric in assessing the Company's financial performance.

Period ended >>	12 months ended December 31, 2020	12 months ended December 31, 2019
	$	$
NET LOSS FOR THE PERIOD	**(10,716,222)**	**(7,189,052)**
Interest	132,637	219,005
Amortization	126,120	90,600
Depreciation	153,222	165,559
Tax	14,955	(44,984)
EBITDA	**(10,289,288)**	**(6,758,872)**
Add:		
Restructuring & non-operating items	2,722,552	1,747,422
Unrealized loss on fair value of convertible debenture derivatives	6,784,682	-
Unrealized loss on fair value of Atlas ID	13,760	-
Share based compensation expense	296,172	-
Listing related share-based consideration	-	2,670,926
Legal and other listing expenses	-	428,937
Rent expense	(106,192)	(89,008)
ADJUSTED EBITDA	**(578,314)**	**(2,000,595)**
Adjusted EBITDA as a % of revenue	(5.1%)	(16.7%)

Net loss for the year ended December 31, 2020 was $10,716,222, higher by $3,527,170 versus $7,189,052 for the year ended December 31, 2019. Of note, $6,798,442 in non-cash mark-to-market fair value losses were reported primarily attributable to derivatives recognized as part of the $2,419,000 convertible debenture issuance in August of 2020. Excluding the non-cash mark-to-market adjustments, net loss was $3,917,780.

Gross margin improved to $3,439,384 for the year ended December 31, 2020 up $600,169 or 21.1% versus $2,839,215 for 2019. While consolidated revenue was $11,398,314 for the year, down 4.7% compared to $11,961,608 for 2019, cost of services improved to $7,958,930 from $9,122,393, a difference of $1,163,463. Higher on-occurrence permanent placement activity relative to recurring contract placements of 12.8% of total revenue in 2020 versus 6.7% in 2019 as well as government stimulus of $254,452 were the primary drivers of this improvement.

Total operating expenses of $7,342,209 for the year ended December 31, 2020 were $2,731,042 lower than the prior year ($10,073,251 - December 31, 2019) due to lower selling, general and administrative expenses of $7,083,452 and interest expenses of $132,637 as compared to $9,763,646 and $219,005 respectively as reported in 2019. Excluding restructuring & non-operating items of $2,722,552, share based compensation expense of $296,172, total operating expenses were $4,323,485, $902,481 or 17.3 % lower than 2019 operating expenses of $5,225,966, which exclude restructuring & non-operating expenses of $1,747,422, listing related share-based consideration of $2,670,926, and legal and other listing expenses of $428,937.

The Company ended the year with negative adjusted EBITDA of $578,314, an improvement of $1,422,281 over $2,000,595 for the year ended December 31, 2019. Restructuring & other non-operating items of $2,722,552 included compensation and expenses paid to employees separated from the Company of $1,492,614, $961,931 in external professional services fees, and $268,008 in net expenses, including write-offs of bad debt of $134,039, from exited business lines. Restructuring & other non-operating items for the year ended December 31, 2019 of $1,747,422 was composed of $1,466,415 in external professional services fees, $226,001 in severance payments, and $55,006 in one-time expenses.

Adjusted net loss removes restructuring & non-operating items, unrealized mark-to-market losses on derivatives recognized as part of convertible debenture financing, other unrealized fair value through profit or loss mark-to-market gains or losses, and share based compensation expenses. The reconciliation of net loss to adjusted net loss, and the resulting adjusted net loss per share, is presented below.

Period ended >>	**12 months ended December 31, 2020**	**12 months ended December 31, 2019**
	$	**$**
NET LOSS FOR THE PERIOD	**(10,716,222)**	**(7,189,052)**
Add:		
Restructuring & other non-operating items	2,722,552	1,747,422
Unrealized loss on fair value of convertible debenture derivatives	6,784,682	-
Unrealized loss on fair value of Atlas ID	13,760	-
Share based compensation expense	296,172	-
Listing related share-based consideration	-	2,670,926
Legal and other listing expenses	-	428,937
Non-recurring rent	113,000	-
ADJUSTED NET LOSS	(786,056)	(2,341,767)
Adjusted net loss per share	(0.02)	(0.08)
	#	#
Weighted number of shares	48,591,463	28,593,548

For the year ended December 31, 2020 adjusted net loss was $786,056, or $0.02 per share a $1,555,711 improvement year-over-year and a $0.06 improvement on a per share basis. Driving this result was $2,722,552 in restructuring & other non-operating items. The comprehensive reorganization initiated in the first half of 2020 has resulted in significant expense savings with the Company well positioned to execute on significant acquisitive growth into 2021 and beyond.

/ 2020 Highlights

- 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 mature July 31, 2023 and bear interest at 9% per annum payable semi-annually in arrears and are convertible into one unit comprised of one common share and common share warrant at $0.30 per unit. Each warrant is exercisable into one common share at $0.60 per common share at any time prior to July 31, 2023.

- On September 1, 2020, the Company acquired 100% of The Headhunters for $400,000 and future consideration based on a pre-defined multiple of trailing twelve-month EBITDA calculated on the second anniversary of closing less $400,000 and closing working capital adjustments. The acquisition expands the Company's presence in western Canada.

- On September 29, 2020, the Company invested in Atlas ID via a 10% $200,000 USD convertible note and entered into a partnership with Atlas ID to be its exclusive distribution partner in Canada.

- On December 11, 2020, the Company closed a private placement of units consisting of one common share in HIRE Technologies and one-half of one share purchase warrant for gross proceeds of $4,096,399. Each warrant is exercisable into one-half of one common share at $0.90 per common share at any time prior to December 11, 2022.

- On December 11, 2020, the Company acquired 100% of The Kavin Group for $800,000 in cash, $200,000 in shares, $226,587 provisionally paid as a working capital adjustment, and future consideration based on a pre-defined multiple of trailing twelve-month EBITDA calculated on the second anniversary of closing less $1,000,000 and closing working capital adjustments. The Kavin Group focuses on light industrial, waste management, and health care staffing, increasing the breadth of HIRE Technologies' sector capabilities.

- On December 17, 2020, the Company acquired 100% of Taylor Ryan for $3,290,000 in cash, $822,000 in shares, and future consideration based on a pre-defined multiple trailing twelve-month EBITDA calculated on the second anniversary of closing less $4,112,000 and closing working capital adjustments. A nationally prominent name in Construction and Real Estate, the team at Taylor Ryan adds to HIRE Technologies' network of executive search leaders.

- In aggregate, the Company raised gross proceeds of $6,515,399 and used $379,231 to pay finders fees associated with the financings, $4,716,586 for cash consideration in the acquisitions of The Headhunters, The Kavin Group and Taylor Ryan, $264,263 for transaction costs associated with said acquisitions, $268,400 for the investment in Atlas ID, and $886,919 was used for general corporate purposes.

/ Selected Annual Information

Income Statement Data

Period ended >>	12 months ended December 31, 2020	12 months ended December 31, 2019
	$	$
Revenue	11,398,314	11,961,608
Cost of services	7,958,930	9,122,393
GROSS MARGIN	**3,439,384**	**2,839,215**
Gross margin (% of revenue)	30.2%	23.7%
Operating expenses:		
Selling, general and administrative	7,083,452	9,763,646
Amortization of intangible assets	126,120	90,600
Interest	132,637	219,005
OPERATING EXPENSES	**7,342,209**	**10,073,251**
Loss from operations	(3,902,825)	(7,234,036)
Unrealized loss on fair value of convertible debenture derivatives	(6,784,682)	-
Unrealized loss on fair value of Atlas ID	(13,760)	-
Income tax recovery	14,955	(44,984)
NET LOSS FOR THE PERIOD	**(10,716,222)**	**(7,189,052)**
Net loss per share	(0.22)	(0.25)
	#	#
Weighted number of shares	48,591,463	28,593,548

Balance Sheet Data

Period ended >>	December 31, 2020	December 31, 2019
	$	$
Total assets	13,199,456	6,432,810
Total liabilities	14,535,616	2,522,812
Shareholders' equity	(1,336,160)	3,909,998

/ Discussion of Operations

Net loss for the year ended December 31, 2020 was $10,716,222 ($7,189,052 - December 31, 2019) and net loss per share was $0.22 ($0.25 - December 31, 2019). Excluding unrealized, non-cash mark-to-market losses, primarily related to derivatives recognized as part of the Company's convertible debenture financing of $6,798,442, net loss for the year was $3,917,780 or $0.08 per share, a $3,271,272 or $0.17 per share improvement over 2019. Variance attribution by line item is detailed in the following sections.

Revenue

The following table shows the breakdown of revenues for the 12 months ended December 31, 2020 and December 31, 2019.

Period ended >>	**12 months ended December 31, 2020**	**12 months ended December 31, 2019**
	$	**$**
Recurring contract	9,940,755	11,160,792
On-occurrence placement	1,457,559	800,816
TOTAL	**11,398,314**	**11,961,608**

Year-over-year revenue was down 4.7% to $11,398,314 from $11,961,608 a year earlier. Strong contributions from our new Western Canada operations, $1,062,319 in 2020 revenue, as well as our recently acquired Southern Ontario health care and waste management business units, $475,548 in revenue for December, tempered weakness in our accounting and finance vertical which was down $1,351,703 for the year. Continued economic uncertainty resulting from the COVID-19 pandemic has slowed the Company's opportunities in this segment, with a focus in 2021 being to diversify into new professional services streams. Our IT vertical, which performed admirably up to the end of the third quarter, had a weaker than expected fourth quarter (see Fourth Quarter section) as the Company observed some industry wide slowing in hiring activity, particularly in the banking sector coinciding with the October 31 banking year end and the holiday season. For the year, this segment was down 8.6% in aggregate, down $585,411 on the recurring contract side and $164,360 on the on-occurrence permanent placement book.

Cost of Services

While revenue was down 4.7%, the cost of services, comprised of contractor wages, fees and taxes remitted, improved by 12.8%, an improvement of $1,163,463 year-over-year. Rebalancing the portfolio to produce higher gross margin from on-occurrence permanent placement activity was a priority for 2020, and the executive search acquisitions completed in 2020, The Headhunters and Taylor Ryan, drove this result. The mix of on-occurrence permanent placement revenue relative to overall revenue was 12.8% for the year, up significantly versus 6.7% in 2019. Also of note was $254,452 received as part of the Canada Emergency Wage Subsidy ("CEWS") program included in the cost of services.

Gross Margin

Gross margin improved by 6.4 points to 30.2% of revenue, up from 23.7% of revenue for 2019. In dollar terms this was a $600,169 increase. As noted in the cost of services section, a rebalanced on-occurrence permanent versus recurring contract business mix, attributable to acquisitions, as well as government stimulus received contributed to this result.

Operating Expenses

Selling, general and administrative expenses were $7,083,452 for the year ended December 31, 2020, $2,680,194 , or 27.5% lower than the same period in 2019. Excluding restructuring & non-operating items of $2,722,552, share based compensation expense of $296,172, selling, general and administrative expenses were $4,064,728 , $851,633 or 17.3% lower than the comparable 2019 amount of $4,916,361, which excludes restructuring & non-operating expenses of $1,747,422, listing related share-based consideration of $2,670,926, and legal other listing expenses of $428,937. A comprehensive reorganization initiated in March of 2020, comprising an examination of vendors, operations, capital management, and headcount, was complete by the third quarter which significantly lowered operating costs.

Amortization of intangible assets was $126,120 for 2020, higher than 2019 by $35,520 and was attributable to intangible assets recognized as part of the acquisitions of The Headhunters, The Kavin Group, and Taylor Ryan.

Interest expense was $132,637 for the year versus $219,005 for 2019. The lower interest expense was due to lower overall borrowing throughout the year and primarily reflects interest expense recognized on the convertible debentures issued in August of 2020.

/ Fourth Quarter

Period ended >>	3 months ended December 31, 2020	3 months ended December 31, 2019
	$	$
Revenue	3,348,697	2,956,452
Cost of services	2,031,647	2,294,074
GROSS MARGIN	**1,317,050**	**662,378**
Gross margin (% of revenue)	39.3%	22.4%
Operating expenses:		
Selling, general and administrative	2,168,101	5,066,538
Amortization of intangible assets	52,416	22,650
Interest	70,657	28,373
OPERATING EXPENSES	**2,291,174**	**5,117,561**
Unrealized loss on fair value of convertible debenture derivatives	(3,748,544)	-
Unrealized loss on fair value of Atlas ID	(13,760)	-
Income tax recovery	52,046	(31,865)
NET LOSS FOR THE PERIOD	**(4,788,474)**	**(4,423,318)**
Net loss per share	(0.10)	(0.13)
	#	#
Weighted number of shares	50,082,480	32,888,545

Net loss for the quarter ended December 31, 2020 was $4,788,474 ($4,423,318 - December 31, 2019) and net loss per share was $0.10 ($0.13 - December 31, 2019). Excluding non-cash, mark-to-market unrealized losses primarily attributable to derivatives recognized as part of the Company's convertible debenture financing of $3,762,304 , net loss was $1,026,170 or $0.02 per share. Variance attribution by line item is detailed in the following sections.

Revenue

The following table shows the breakdown of revenues for the three months ended December 31, 2020 and December 31, 2019.

Period ended >>	3 months ended December 31, 2020	3 months ended December 31, 2019
	$	$
Recurring contract	2,606,364	2,792,452
On-occurrence placement	742,333	164,000
TOTAL	**3,348,697**	**2,956,452**

For the quarter ended December 31, 2020 revenue was higher by 13.3% or $392,245. On-occurrence permanent placements, as a result of the Company's expanded presence in western Canada, were up $578,333 versus the same quarter ended December 31, 2019. Meanwhile, recurring contract placements were marginally lower by $186,088 as a result of lower than expected activity in our IT vertical of $500,337, tempered by better than expected performance in light industrial, waste management, and heath care on account of the acquisition of The Kavin Group which contributed revenue of $475,548 in December alone. The fourth quarter in the staffing industry typically sees strong demand, however for 2020 continued economic weakness resulting from the COVID-19 pandemic impacted specific segments including the recurring contract book in the accounting and finance vertical in particular which was down $195,395 compared to the fourth quarter in 2019.

Cost of Services

Cost of services improved by 11.4% to $2,031,647 from $2,294,074 a year earlier. The Company's rebalanced business mix of 77.8% recurring contract placement revenue versus 22.2% on-occurrence permanent placement revenue is a significant change from 94.5% and 5.5% respectively for the fourth quarter of 2019 and reflects HIRE Technologies' intention to opportunistically find higher margin business in growing sectors and geographies via its acquisition strategy. Also included in the cost of services was $113,809 received as part of the CEWS program in the quarter ended December 31, 2020.

Gross Margin

Gross margin was $1,317,050 for the quarter ended December 31, 2020, an improvement of $654,672 over $662,378 for the same period in 2019. As a percentage of revenue, gross profit was 39.3% versus 22.4% for the fourth quarter in 2019. As discussed above, the higher gross margin was attributable to a higher mix of on-occurrence permanent placements relative to recurring contract revenue and strong results from our newly acquired companies in Western Canada.

Operating Expenses

Excluding restructuring & non-operating items of $545,201, share based compensation expense of $38,472, selling, general and administrative expenses were $1,584,428 , $68,680 lower than the comparable 2019 amount of $1,515,748, which excludes restructuring & non-operating expenses of $450,927, listing related share-based consideration of $2,670,926, and legal other listing expenses of $428,937.

Higher amortization of intangible assets of $52,416 ($22,650 - December 31, 2019) and interest of $70,657 ($28,373 - December 31, 2019) were attributable to intangible assets recognized as part of the acquisitions of The Headhunters, The Kavin Group, and Taylor Ryan and the impact of the convertible debenture financing in August of 2020 respectively.

Adjusted EBITDA

Period ended >>	3 months ended December 31, 2020	3 months ended December 31, 2019
	$	$
NET LOSS FOR THE PERIOD	**(4,788,474)**	**(4,423,318)**
Interest	70,657	28,373
Amortization	52,416	22,650
Depreciation	5,887	29,661
Tax	52,046	(31,865)
EBITDA	**(4,607,468)**	**(4,374,499)**
Add:		
Restructuring & non-operating items	545,201	450,927
Unrealized loss on fair value of convertible debenture derivatives	3,748,544	-
Unrealized loss on fair value of Atlas ID	13,760	-
Share based compensation expense	38,472	-
Listing related share-based consideration	-	2,670,926
Legal and other listing expenses	-	428,937
Rent expense	(26,548)	(22,252)
ADJUSTED EBITDA	**(288,039)**	**(845,961)**
Adjusted EBITDA as a % of revenue	(8.6%)	(28.6%)

Adjusted EBITDA for the three months ended December 31, 2020 was a loss of $288,039, a much improved result over the $845,961 adjusted EBITDA loss for the same period last year. Restructuring & other non-operating items of $545,201 included compensation and expenses paid to employees separated from the Company of $141,039, $203,458 in external professional services fees, and $56,527 in expenses from exited business lines. Restructuring & other non-operating items for the three months ended December 31, 2019 of $450,927 was composed of $435,305 in external professional services fees and $15,621 in severance payments.

Adjusted Net Loss

Period ended >>	3 months ended December 31, 2020	3 months ended December 31, 2019
	$	$
NET LOSS FOR THE PERIOD	**(4,788,474)**	**(4,423,318)**
Add:		
Restructuring & other non-recurring items	545,201	450,927
Unrealized loss on fair value of convertible debenture derivatives	3,748,544	-
Unrealized loss on fair value of Atlas ID	13,760	-
Share based compensation expense	38,472	-
Listing related share-based consideration	-	2,670,926
Legal and other listing expenses	-	428,937
ADJUSTED NET LOSS	**(442,497)**	**(872,528)**
Adjusted net loss per share	(0.01)	(0.03)
	#	#
Weighted number of shares	50,082,480	32,888,545

For the quarter ended December 31, 2020 adjusted net loss was $442,497, or $0.01 per share a $430,031 improvement on a dollar basis and a $0.02 per share improvement over the fourth quarter of 2019. The quarter-over-quarter improvement is a testament to the dedication and commitment of the Company's staff in delivering continued service to our clients in the midst of the COVID-19 pandemic.

/ Summary of Quarterly Results

	Revenue	Gross Margin	Operating Expenses	Net Income (Loss)	Earnings (Loss) Per Share
	$	$	$	$	$
Q4 2020	3,348,697	1,317,050	2,291,174	(4,788,474)	(0.10)
Q3 2020	2,549,339	883,317	1,954,591	(5,942,533)	(0.12)
Q2 2020	2,597,492	548,280	1,621,503	(1,066,547)	(0.02)
Q1 2020	2,902,786	690,737	1,440,362	(744,965)	(0.02)
Q4 2019	2,956,452	662,378	5,117,561	(4,423,318)	(0.13)
Q3 2019	3,040,243	736,458	1,664,627	(923,796)	(0.02)
Q2 2019	2,953,026	774,763	1,771,136	(992,000)	(0.04)
Q1 2019	3,011,887	665,616	1,519,927	(849,938)	(0.03)

A summary of notable events is as follows:

Q3 2018: The Company acquired ProVision 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.

Q3 2020: The Company acquired The Headhunters on September 1, 2020.

Q3 2020: The Company invested in Atlas ID and entered into an exclusive distribution partnership on September 29, 2020.

Q4 2020: The Company acquired The Kavin Group on December 11, 2020.

Q4 2020: The Company acquired Taylor Ryan on December 17, 2020.

/ Liquidity & Capital Resources

The Company's cash balances fluctuate significantly from period to period due to the operating subsidiaries' payroll liabilities and acquisition activity. Below is a summary of the Company's working capital balances as at December 31, 2020 and December 31, 2019 excluding convertible debentures and derivatives which are classified as current liabilities but cannot be cash settled in the short-term. Of note, were the acquisitions of The Kavin Group and Taylor Ryan which closed on December 11 and December 17, respectively, and which resulted in a temporary and uncharacteristic reduction in working capital at December 31, 2020.

Period ended >>	**December 31, 2020**	**December 31, 2019**
	$	$
Cash	340,638	2,304,024
Trade & other receivables	2,541,315	1,681,267
Prepaid expenses	322,956	314,127
TOTAL CURRENT ASSETS	**3,204,909**	**4,299,418**
Trade & other payables	2,232,611	1,727,627
Bank indebtedness	465,000	
Lease liability	175,374	157,221
TOTAL CURRENT LIABILITIES	**2,872,985**	**1,884,848**
Working capital	331,924	2,414,570

The following table summarizes the Company's cash flows for the 12 months ended December 31, 2020 and 2019:

Period ended >>	**12 months ended December 31, 2020**	**12 months ended December 31, 2019**
	$	$
Operating activities	(3,732,845)	(3,392,080)
Investing activities	(4,781,910)	755,561
Financing activities	6,551,369	4,567,143
Net increase (decrease) in cash	(1,963,386)	1,930,624

The Company's cash flow from operations was a net cash outflow of $3,732,845 for the 12 months ended December 31, 2020 ($3,392,080 - December 31, 2019), which was driven by the one-time restructuring costs associated with the Company's reorganization. Cash outflow from Investing activities of $4,781,910 reflects the Company's acquisitions of The Headhunters, The Kavin Group, and Taylor Ryan and the investment in Atlas ID. Finally, cash flow from financing activities for 2020 of $6,551,369 was a result of the convertible debenture and common share financings completed during the year, CEBA loans obtained from eligible subsidiaries, and the amount outstanding on the revolving credit facility at December 31, 2020 as discussed below.

The Company has a revolving demand operating facility with an aggregate credit limit of the lesser of $1,500,000 and the percentage of certain qualified receivables. As of December 31, 2020, there was $465,000 outstanding (December 31, 2019 - $nil).

HIRE Technologies, ProVision, The Headhunters, and Taylor Ryan received Canada Emergency Business Account loans ("CEBA loans") totaling $200,000 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 Company believes that its normal run-rate working capital on hand, combined with financing, will be sufficient to fund its operations and contractual obligations for the year ended December 31, 2021.

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

Please see the "Introduction" section of this MD&A for information concerning the Company's ability to continue as a going concern.

/ Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

/ Related Party Transactions

The Company 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 Company's activities.

The Company received consulting services from Mr. Eric Loree, an officer of the Company, who was paid $96,803 (2019 – $194,992, of which $81,992 was paid through the issuance of shares).

The Company received consulting services from GIC Merchant Bank Corporation, a shareholder with significant influence, and paid $113,000 for these services (2019 – $135,575). GIC Merchant Bank Corporation also was paid finder's fees in connection with the Company's December 11 financing and was paid $92,003 in cash and was provided with 135,698 warrants with a fair value of $20,843.

/ Changes in Accounting Polices

There have been no changes in accounting policies since the Company's September 30, 2020 MD&A.

/ Critical Accounting Estimates

The critical accounting estimates are substantially unchanged from those identified in the Company's September 30, 2020 MD&A.

The following items were accounted for under IAS 20 – Accounting for government grants and disclosure of government assistance:

The Company participated CEWS program offered by the Government of Canada and received an aggregate $472,844 in government stimulus. $254,452 was recognized as a reduction to cost of services and $218,392 was recognized as a reduction to selling, general and administrative expenses.

The Company participated in the Canada Emergency Rent Subsidy ("CERS") program offered by the Government of Canada and received an aggregate $19,147, in government stimulus. The amount was recognized as a reduction to selling, general and administrative expenses.

HIRE and ProVision received CEBA loans offered by the Government of Canada. The Company recognized $5,423 as a reduction in selling, general and administrative expenses to account for effective interest income.

The Company assessed its non-financial assets for indicators of impairment under IAS 36 – Impairment of Assets and determined that no indications existed. The Company also tested intangible assets with indefinite useful lives at September 30, 2020 and noted that recoverable amounts were not less than carrying amounts. The Company also tested cash generating units (the Company's subsidiaries) and allocated goodwill at that time and noted that the units' recoverable amounts exceeded carrying amounts.

/ Risks Arising from Financial Instruments

The Company is exposed to risks that arise from its use of financial instruments as described below. There has been no change in the way the Company 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 Company's sensitivity to interest rates is currently low due to limited exposure to long-term investment grade interest-bearing debt as at December 31, 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 Company'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 Company's exposure to credit risk with its customers is influenced mainly by each customer's unique characteristics. The Company does not require collateral for sales on credit. The Company does not offer significant credit terms and has not experienced significant credit losses in the past.

The Company monitors its collection experience monthly and ensures a stringent policy is applied to all past due accounts. The Company 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 Company's maximum credit risk is the carrying value of cash and trade and other receivables.

Liquidity Risk

Liquidity risk is the risk that the Company encounters difficulty meeting its obligations associated with its financial liabilities. As at December 31, 2020, the Company's liabilities consist of regular monthly obligations except for the earn-out consideration payable to ProVision's former shareholders, contingent consideration payable to The Headhunters' former shareholders and The Kavin Group's former shareholders, and financial liabilities as detailed below:

	2021	2022	2023
	$	$	$
Remaining trade and other payables	1,853,943	-	-
Payable to former owner of ProVision	316,961	-	-
Earn-out payments	61,707	40,327	-
Contingent consideration	-	1,328,487	-
Lease liability	188,915	142,685	80,550
CEBA loans	-	141,851	-
Convertible debenture	-	-	2,288,726
TOTAL	**2,421,526**	**1,653,350**	**2,369,276**

Market Risk

Market risk is the risk that a financial instrument's the fair value or future cash flows will fluctuate due to changes in the market interest rate. As at December 31, 2020, all financial instrument carrying values approximated fair value.

/ Disclosure of Outstanding Share Data

As at April 27, 2021, the Company had 63,149,045 common shares issued and outstanding, as well as, a total of 11,840,033 warrants, (excluding up to an additional 311,103 warrants issuable upon the exercise of certain broker warrants), 3,309,770 incentive stock options and 1,250,000 deferred share units, each exercisable or convertible into one common share. The convertible debentures are convertible into up to 5,620,001 units comprised of one common share and one warrant. As at April 27, 2021, the share capital of the Company was 91,099,953 common shares on a fully-diluted basis.

/ Risks & Uncertainties

The Company is subject to several 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 Company faces. Additional risks and uncertainties, including those that the Company does not know about now or currently deems immaterial, may also adversely affect the Company's business. If any of the disclosed risks occur, the Company'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. Investors should carefully consider all of the information disclosed in the Company's regulatory filings before investing in the Company.

The Company's overall performance and results of operations are subject to several risks and uncertainties. The Company's management believes that the risks listed below are among the most important 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 concerns of, 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. Further, global credit and financial markets have displayed arguably increased volatility in response to recent global events.

The World Health Organization declared COVID-19 a pandemic on March 11, 2020. Beginning in the second half of March 2020, many jurisdictions in North America, including where the Company 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, applied at the federal, provincial, and municipal government levels, are expected to be temporary, the duration and magnitude of measures to combat and contain COVID-19 remain difficult to estimate at this time.

Future crises may be precipitated by many 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 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.

Also, there is a risk that one or more of the Company's current service providers may themselves be adversely impacted by difficult economic circumstances, which could have a material adverse effect on the Company's business, financial condition, results, 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 depends on the state of the economy and the staffing needs of the Company'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 considerable presence may significantly reduce its revenues and profits. Deterioration in economic conditions or the financial or credit markets could also harm the Company's ability to collect payment for services.

It is difficult for HIRE Technologies to forecast future demand for its services due to the inherent uncertainty in predicting the direction and strength of economic cycles, the terms and nature of future staffing assignments, and its clients' financial viability. 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 forecast future demand accurately, HIRE Technologies may not determine the optimal level of personnel and investment necessary to take advantage of growth opportunities profitably.

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 Company's cost structure and headcount with net revenue could adversely affect the business, financial condition, and results. HIRE Technologies' attempts to mitigate the risks of short-term revenue shifts by having a portion of employee compensation based on the employee's business unit results and for management to consolidate revenue and operating profit. HIRE Technologies is a growth company and to facilitate growth it must continually invest in resources and overhead costs ahead of planned revenue. Accordingly, HIRE Technologies may operate with substantial negative cash flow in the future.

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

HIRE Technologies has incurred operating losses and cash flow deficits since inception. Therefore, HIRE Technologies is subject to many risks common to early-stage enterprises, including undercapitalization, cash shortages, and limitations concerning 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 generate 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. 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 a 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 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 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) unexpected 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 the financing necessary to implement its business plan.

A key component of 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 business owners continue to show 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 is client base.

Also, HIRE Technologies candidates and clients increasingly demand technological innovation to improve access to and deliver services. HIRE Technologies faces extensive pressure for lower prices and new service offerings and must invest in new technology 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.

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 regularly. Current and new competitors may be better capitalized, have a more robust operating history, have more expertise, and 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 maintain or increase its current margins, or reach and sustain profitability in light of competitive pressures.

The barriers to client portability are low.

HIRE Technologies' stability and growth significantly depend 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, its business, financial condition, and results 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 the results of operations of the business. The loss of any of the Company's senior management or key employees, particularly Mr. Dealy, Mr. Loree 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. Further, a loss of key management of a past or future acquiree could materially and adversely impact the anticipated benefits of the acquisition in question.

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, failure to maintain adequate 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, resulting 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 all control systems' inherent limitations, no evaluation of controls can provide absolute assurance that all control issues within a company are detected. The inherent limitations include the realities that 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 Year-End

The conditions for the settlement of the payable to the former owner of ProVision of $276,899, were satisfied on January 27, 2021 and the Company paid $140,000 in cash and $140,000 through the issuance of 206,709 common shares in HIRE at an average deemed price of $0.677 per share.

On April 1, 2021, the Company acquired all of the assets of Pulsify Inc. ("Pulsify"), the developer of a cloud-based people management application designed around data analytics, meeting facilitation, immediate feedback, predictive insights, and the Net Manager Score™. The purchase price included $1,908,169 in shares of HIRE Technologies, with the fair value of the shares issued pursuant to this transaction equal to $1,791,856 and up to $1,895,532 in additional share consideration based on the achievement of revenue targets over a three-year period.

As of the date of these financial statements, $1,686,000 of the original $2,419,000 in convertible debentures remains outstanding. $733,000 were converted into units consisting of common shares and warrants.

/
HIRE Technologies Inc.
TSX-V: HIRE
hire.company