

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2020

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-38561

HyreCar Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

47-2480487

(I.R.S. Employer Identification No.)

355 South Grand Avenue, Suite 1650 Los Angeles, CA

(Address of principal executive offices)

90071

(Zip Code)

(888) 688-6769

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.00001 per share	HYRE	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 12, 2020, the registrant had 17,692,201 shares of common stock, \$0.00001 par value per share, issued and outstanding.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA

This Quarterly Report on Form 10-Q contains forward-looking statements which are made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements may be identified by such forward-looking terminology as “may,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “continue” or the negative of these terms or other comparable terminology. Our forward-looking statements are based on a series of expectations, assumptions, estimates and projections about our company, are not guarantees of future results or performance and involve substantial risks and uncertainty. We may not actually achieve the plans, intentions or expectations disclosed in these forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in these forward-looking statements. Our business and our forward-looking statements involve substantial known and unknown risks and uncertainties, including the risks and uncertainties inherent in our statements regarding:

- our ability to add new customers or increase listings or rentals on our platform;
- the impacts of COVID-19, or other future pandemics on our business, results of operations, financial position and cash flows;
- our expectations regarding financial performance, including but not limited to revenue, Adjusted Net Revenue, ability to generate positive Adjusted EBITDA, expenses, and other results of operations;
- our ability to expand and train our sales teams;
- the potential benefits of and our ability to maintain our relationships with ridesharing companies, and establish or maintain future collaborations or strategic relationships or obtain additional funding;
- our marketing capabilities and strategy;
- our ability to maintain a cost-effective insurance program;
- our ability to retain the continued service of our key professionals and to identify, hire and retain additional qualified professionals;
- our competitive position, and developments and projections relating to our competitors and our industry;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing; and
- the impact of laws and regulations.

All of our forward-looking statements are as of the date of this Quarterly Report on Form 10-Q only. In each case, actual results may differ materially from such forward-looking information. We can give no assurance that such expectations or forward-looking statements will prove to be correct. An occurrence of, or any material adverse change in, one or more of the risk factors or risks and uncertainties referred to in this Quarterly Report on Form 10-Q or included in our other public disclosures or our other periodic reports or other documents or filings filed with or furnished to the U.S. Securities and Exchange Commission (the “SEC”) could materially and adversely affect our business, prospects, financial condition and results of operations. Except as required by law, we do not undertake or plan to update or revise any such forward-looking statements to reflect actual results, changes in plans, assumptions, estimates or projections or other circumstances affecting such forward-looking statements occurring after the date of this Quarterly Report on Form 10-Q, even if such results, changes or circumstances make it clear that any forward-looking information will not be realized. Any public statements or disclosures by us following this Quarterly Report on Form 10-Q that modify or impact any of the forward-looking statements contained in this Quarterly Report on Form 10-Q will be deemed to modify or supersede such statements in this Quarterly Report on Form 10-Q.

This Quarterly Report on Form 10-Q may include market data and certain industry data and forecasts, which we may obtain from internal company surveys, market research, consultant surveys, publicly available information, reports of governmental agencies and industry publications, articles and surveys. Industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. While we believe that such studies and publications are reliable, we have not independently verified market and industry data from third-party sources.

References to HyreCar

Throughout this Quarterly Report on Form 10-Q, the “Company,” “HyreCar,” “we,” “us,” and “our” refers to HyreCar Inc. and “our board of directors” refers to the board of directors of HyreCar Inc.

PART I - FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

**HYRECAR INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)**

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,157,038	\$ 10,657,140
Accounts receivable	59,249	84,680
Insurance deposit	749,454	—
Other current assets	223,563	379,425
Total current assets	<u>8,189,304</u>	<u>11,121,245</u>
Property and equipment, net	7,762	9,138
Intangible assets, net	116,967	153,905
Other assets	95,000	95,000
Total assets	<u>\$ 8,409,033</u>	<u>\$ 11,379,288</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 2,311,633	\$ 2,232,629
Accrued liabilities	794,074	903,912
Insurance reserve	1,359,318	1,332,892
Note payable - current portion	886,240	—
Deferred revenue	54,244	64,808
Related party advances	9,629	9,629
Total current liabilities	<u>5,415,138</u>	<u>4,543,870</u>
Note payable, net of current portion	1,112,935	—
Total liabilities	<u>6,528,073</u>	<u>4,543,870</u>
Commitments and contingencies (Note 3)		
Stockholders' equity:		
Preferred stock, 15,000,000 shares authorized, par value \$0.00001, no shares issued and outstanding as of June 30, 2020 and December 31, 2019, respectively	—	—
Common stock, 50,000,000 shares authorized, par value \$0.00001, 17,692,201 and 16,393,171 issued and outstanding as of June 30, 2020 and December 31, 2019, respectively	176	164
Additional paid-in capital	38,815,056	35,857,835
Subscription receivable - related party	(7,447)	(7,447)
Accumulated deficit	(36,926,825)	(29,015,134)
Total stockholders' equity	<u>1,880,960</u>	<u>6,835,418</u>
Total liabilities and stockholders' equity	<u>\$ 8,409,033</u>	<u>\$ 11,379,288</u>

See accompanying notes to the unaudited consolidated financial statements

HYRECAR INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	<u>Three Months ended June 30, 2020</u>	<u>Three Months ended June 30, 2019</u>	<u>Six Months ended June 30, 2020</u>	<u>Six Months ended June 30, 2019</u>
Revenues	\$ 5,583,388	\$ 3,801,092	\$ 11,363,801	\$ 7,311,817
Cost of revenues	<u>3,045,726</u>	<u>2,110,193</u>	<u>6,651,027</u>	<u>4,125,241</u>
Gross profit	2,537,662	1,690,899	4,712,774	3,186,576
Operating Expenses:				
General and administrative	3,911,065	1,927,946	7,139,237	3,507,725
Sales and marketing	1,871,099	1,272,836	4,161,271	2,437,627
Research and development	615,466	568,657	1,359,279	1,048,653
Total operating expenses	<u>6,397,630</u>	<u>3,769,439</u>	<u>12,659,787</u>	<u>6,994,005</u>
Operating loss	(3,859,968)	(2,078,540)	(7,947,013)	(3,807,429)
Other (income) expense				
Interest expense	11,310	1,051	11,329	1,861
Other income	<u>(17,803)</u>	<u>(30,902)</u>	<u>(47,451)</u>	<u>(63,003)</u>
Total other income	(6,493)	(29,851)	(36,122)	(61,142)
Loss before provision for income taxes	(3,853,475)	(2,048,689)	(7,910,891)	(3,746,287)
Provision for income taxes	<u>—</u>	<u>—</u>	<u>800</u>	<u>—</u>
Net loss	<u>\$ (3,853,475)</u>	<u>\$ (2,048,689)</u>	<u>\$ (7,911,691)</u>	<u>\$ (3,746,287)</u>
Weighted average shares outstanding - basic and diluted	<u>17,181,496</u>	<u>12,206,213</u>	<u>16,803,232</u>	<u>12,030,437</u>
Weighted average net loss per share - basic and diluted	<u>\$ (0.22)</u>	<u>\$ (0.17)</u>	<u>\$ (0.47)</u>	<u>\$ (0.31)</u>

See accompanying notes to the unaudited consolidated financial statements

HYRECAR INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited)

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Subscription Receivable - Related Party</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				
March 31, 2019 (unaudited)	—	\$ —	12,191,508	\$ 122	\$ 23,064,096	\$ (7,447)	\$ (18,194,355)	\$ 4,862,416
Stock option compensation	—	—	—	—	297,862	—	—	297,862
Restricted stock unit compensation	—	—	—	—	67,680	—	—	67,680
Stock options exercised	—	—	27,068	—	19,218	—	—	19,218
Shares issued for services	—	—	105,000	1	527,649	—	—	527,650
Warrants exercised – cashless	—	—	5,259	—	—	—	—	—
Shares issued to investor from prior offering	—	—	2,513	—	—	—	—	—
Net loss							\$ (2,048,689)	(2,048,689)
June 30, 2019 (unaudited)	<u>—</u>	<u>\$ —</u>	<u>12,331,348</u>	<u>\$ 123</u>	<u>\$ 23,976,505</u>	<u>\$ (7,447)</u>	<u>\$ (20,243,044)</u>	<u>\$ 3,726,137</u>
March 31, 2020 (unaudited)	—	\$ —	16,473,335	\$ 164	\$ 36,301,582	\$ (7,447)	\$ (33,073,350)	\$ 3,220,949
Stock option compensation	—	—	—	—	26,161	—	—	26,161
Stock option compensation modification	—	—	822,500	8	1,434,124	—	—	1,434,132
Restricted stock unit compensation	—	—	—	—	121,797	—	—	121,797
Stock options exercised	—	—	3,000	—	5,250	—	—	5,250
Shares issued for vested restricted stock units	—	—	400	—	—	—	—	—
Shares issued for legal services and settlement of payables and accrued liabilities	—	—	254,535	2	567,611	—	—	567,613
Shares issued for settlement	—	—	78,431	1	213,332	—	—	213,333
Shares issued for services	—	—	60,000	1	145,199	—	—	145,200
Net loss							\$ (3,853,475)	(3,853,475)
June 30, 2020 (unaudited)	<u>—</u>	<u>\$ —</u>	<u>17,692,201</u>	<u>\$ 176</u>	<u>\$ 38,815,056</u>	<u>\$ (7,447)</u>	<u>\$ (36,926,825)</u>	<u>\$ 1,880,960</u>

HYRECAR INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (Continued)
(Unaudited)

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Subscription Receivable - Related Party</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				
December 31, 2018	—	\$ —	11,708,041	\$ 117	\$ 21,857,017	\$ (7,447)	\$ (16,496,757)	\$ 5,352,930
Stock option compensation	—	—	—	—	517,032	—	—	517,032
Restricted stock unit compensation	—	—	—	—	102,191	—	—	102,191
Warrants exercised	—	—	274,224	3	873,400	—	—	873,403
Stock options exercised	—	—	57,068	—	71,718	—	—	71,718
Shares issued for services	—	—	115,000	1	555,149	—	—	555,150
Warrants exercised – cashless	—	—	174,502	2	(2)	—	—	—
Shares issued to investor from prior offering	—	—	2,513	—	—	—	—	—
Net loss	—	—	—	—	—	—	\$ (3,746,287)	(3,746,287)
June 30, 2019 (unaudited)	—	\$ —	12,331,348	\$ 123	\$ 23,976,505	\$ (7,447)	\$ (20,243,044)	\$ 3,726,137
December 31, 2019	—	\$ —	16,393,171	\$ 164	\$ 35,857,835	\$ (7,447)	\$ (29,015,134)	\$ 6,835,418
Stock option compensation	—	—	—	—	278,233	—	—	278,233
Stock option compensation modification	—	—	822,500	8	1,434,124	—	—	1,434,132
Restricted stock unit compensation	—	—	—	—	284,897	—	—	284,897
Stock options exercised	—	—	43,869	—	33,825	—	—	33,825
Stock options exercised – cashless	—	—	2,645	—	—	—	—	—
Shares issued for vested restricted stock units	—	—	37,050	—	—	—	—	—
Shares issued for legal services and settlement of payables and accrued liabilities	—	—	254,535	2	567,611	—	—	567,613
Shares issued for settlement	—	—	78,431	1	213,332	—	—	213,333
Shares issued for services	—	—	60,000	1	145,199	—	—	145,200
Net loss	—	—	—	—	—	—	\$ (7,911,691)	(7,911,691)
June 30, 2020 (unaudited)	—	\$ —	17,692,201	\$ 176	\$ 38,815,056	\$ (7,447)	\$ (36,926,825)	\$ 1,880,960

See accompanying notes to the unaudited consolidated financial statements

HYRECAR INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months ended June 30, 2020	Six Months ended June 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (7,911,691)	\$ (3,746,287)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	38,316	32,086
Stock-based compensation	2,466,312	910,548
Changes in operating assets and liabilities:		
Accounts receivable	25,431	5,518
Deferred expense	—	5,184
Insurance deposit	(749,454)	—
Other current assets	155,862	19
Accounts payable	443,372	138,891
Accrued liabilities	(17,112)	(230,574)
Insurance reserve	26,426	262,218
Deferred revenues	(10,564)	5,555
Net cash used in operating activities	<u>(5,533,102)</u>	<u>(2,616,842)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	—	(1,207)
Deposits and other	—	(5,000)
Net cash used in investing activities	<u>—</u>	<u>(6,207)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of stock options	33,825	—
Proceeds from note payable	2,004,175	—
Principal repayment on note payable	(5,000)	—
Proceeds from exercise of warrants	—	873,403
Proceeds from stock options	—	71,718
Net cash provided by financing activities	<u>2,033,000</u>	<u>945,121</u>
Decrease in cash and cash equivalents	(3,500,102)	(1,677,928)
Cash and cash equivalents, beginning of period	10,657,140	6,764,870
Cash and cash equivalents, end of period	<u>\$ 7,157,038</u>	<u>\$ 5,086,942</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	<u>\$ 19</u>	<u>\$ —</u>
Cash paid for income taxes	<u>\$ 800</u>	<u>\$ —</u>

See accompanying notes to the unaudited consolidated financial statements

HYRECAR INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 – NATURE OF OPERATIONS

HyreCar Inc. (which may be referred to herein as “HyreCar,” the “Company,” “we,” “us” or “our”) was incorporated on November 24, 2014 (“Inception”) in the State of Delaware. The Company’s headquarters are located in Los Angeles, California. The Company operates a web-based marketplace that allows car and fleet owners to rent their cars to Uber, Lyft and other gig economy service drivers safely, securely and reliably. The consolidated financial statements of HyreCar Inc. are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management’s Plans and COVID-19 Update

We have incurred operating losses since Inception and historically relied on debt and equity financing for working capital. Throughout the next 12 months, the Company intends to fund its operations through revenue from operations, the remaining capital raised through the prior public offerings and cash received on April 13, 2020 through a Paycheck Protection Plan Loan (“PPP Loan”). The PPP loan proceeds were used for payroll, covered rent and other covered payments and is expected to be forgiven based on current information available. Based on the revenue and margin impact of the COVID-19 novel coronavirus (“COVID-19”) situation, we have adjusted many of the variable expenses which make up a significant portion of our entire cost structure and continue to adjust other operating costs appropriate for the situation. The PPP Loan, in addition to our existing capital and the ability to reduce expense levels further if necessary, depending on the duration of the COVID-19 situation, causes us to continue to believe the Company has sufficient resources to continue as a going concern.

During the second quarter of 2020, the COVID-19 began spreading rapidly throughout the world, prompting governments and businesses to take unprecedented measures in response. Such measures included restrictions on travel and business operations, temporary closures of businesses, and quarantines and shelter-in-place orders. The full extent of the future impact of the COVID-19 pandemic on the Company’s operational and financial performance is currently uncertain and will depend on many factors outside the Company’s control, including, without limitation, the timing, extent, trajectory and duration of the pandemic, the development and availability of effective treatments and vaccines, and the imposition of protective public safety measures. Refer to Part I, Item 1A of the 2019 Form 10-K and Part II, Item 1A of this Form 10-Q, in each case under the heading “Risk Factors,” for more information.

Basis of Presentation – Unaudited Interim Financial Information

The unaudited interim consolidated financial statements and related notes have been prepared in accordance with U.S. GAAP for interim financial information, within the rules and regulations of the United States Securities and Exchange Commission (the “SEC”). Certain information and disclosures normally included in the annual consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. The unaudited interim consolidated financial statements have been prepared on a basis consistent with the audited consolidated financial statements and in the opinion of management, reflect all adjustments, consisting of only normal recurring adjustments, necessary for the fair presentation of the results for the interim periods presented and of the financial condition as of the date of the interim consolidated balance sheet. The financial data and the other information disclosed in these notes to the interim consolidated financial statements related to the six-month periods are unaudited. Unaudited interim consolidated results are not necessarily indicative of the results for the full fiscal year. These unaudited interim consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2019 and notes thereto that are included in the Company’s Annual Report on Form 10-K.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amount of revenues and expenses during the reporting period. Actual results could materially differ from these estimates. It is reasonably possible that changes in estimates will occur in the near term.

HYRECAR INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The Company's most significant estimates and judgments involve recognition of revenue and estimates for future contingent customer incentive obligations, calculating insurance reserves, the measurement of the Company's stock-based compensation, and allowance for doubtful accounts.

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants as of the measurement date. Applicable accounting guidance provides an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors that market participants would use in valuing the asset or liability. There are three levels of inputs that may be used to measure fair value:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Fair-value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of June 30, 2020 and December 31, 2019. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments include cash and cash equivalents, accounts payable, and accrued liabilities. Fair values for these items were assumed to approximate carrying values because of their short-term nature or they are payable on demand.

Cash and Cash Equivalents

For purpose of the consolidated statement of cash flows, the Company considers institutional money market funds and all highly liquid debt instruments purchased with an original maturity of six months or less to be cash equivalents.

Insurance Reserve

The Company records a loss reserve for physical damage up to the Company's insurance deductibles, which vary by state. This reserve represents an estimate for both reported accidents claims not yet paid, and claims incurred but not yet reported and are recorded on a non-discounted basis. The lag time in reported claims is minimal and as such represents a low risk of unreported claims being excluded from the loss reserve assessment. The adequacy of the reserve is monitored quarterly and is subject to adjustment in the future based upon changes in claims experience, including the number of incidents for which the Company is ultimately responsible and changes in the cost per claim, or changes to the Company's policy as to what amounts of the deductible or claim will be paid by the Company.

Liability insurance claims may take several years to completely settle, although the Company's limit of liability is generally met in the near term. Because of the limited operational history, the Company makes certain assumptions based on currently available information to estimate the reserves as well as third party claims adjuster data provided on existing claims. A number of factors can affect the actual cost of a claim, including the length of time the claim remains open, economic and healthcare cost trends and the results of related litigation. Furthermore, claims may emerge in future periods for events that occurred in a prior period that differs from expectations. Accordingly, actual losses may vary significantly from the estimated amounts reported in the consolidated financial statements. Reserves are reviewed quarterly and adjusted as necessary as experience develops or new information becomes known. However, ultimate results may differ from the Company's estimates, which could result in losses over the Company's reserved amounts. Such adjustments are recorded in costs of revenues.

HYRECAR INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Revenue Recognition

The Company generates the majority of its revenue from its ridesharing marketplace that connects vehicle owners and drivers and the related insurance issued for each rental.

The Company also recognizes revenue from other sources such as referrals, motor vehicle record fees (application fees), late rental fees, dealership subscription fees, and other fees charged to drivers in specific situations.

In applying the guidance of ASC 606, the Company 1) identifies the contract with the customer 2) identifies the performance obligations in the contract 3) determines the transaction price, 4) determines if an allocation of that transaction price is required to the performance obligations in the contract, and 5) recognizes revenue when or as the companies satisfies a performance obligation.

Refunds may occur when the driver returns the owner vehicle early based on the terms of the original contract or cancels the rental prior to completing the exchange. In limited circumstances, the Company provides contingent consideration in the form of a rebate that is redeemable only if the customer completes a specific level of transaction over a specific time period. In such cases, the rebate or refund obligation is recognized as a reduction of revenues. The Company defers revenue in all instances when the earnings process is not yet complete.

The following is a breakout of revenue components by subcategory for the three and six months ended June 30, 2020 and 2019.

	Three Months ended June 30, 2020	Three Months ended June 30, 2019	Six Months ended June 30, 2020	Six Months ended June 30, 2019
Insurance and administration fees	\$ 2,904,507	\$ 1,775,063	\$ 5,923,708	\$ 3,541,765
Transaction fees	2,376,448	1,512,593	5,058,037	2,771,884
Other fees	387,733	630,578	626,558	1,257,871
Incentives and rebates	(85,300)	(117,142)	(244,502)	(259,703)
Net revenue	<u>\$ 5,583,388</u>	<u>\$ 3,801,092</u>	<u>\$ 11,363,801</u>	<u>\$ 7,311,817</u>

HYRECAR INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Principal Agent Considerations

The Company evaluates our service offerings to determine if we are acting as the principal or as an agent, which we consider in determining if revenue should be reported gross or net. One of our primary revenue sources is a transaction fee made from a confirmed booking of a vehicle on our platform. Key indicators that we evaluate to reach this determination include:

- the terms and conditions of our contracts;
- whether we are paid a fixed percentage of the arrangement's consideration or a fixed fee for each transaction;
- the party which sets the pricing with the end-user, has the credit risk and provides customer support; and
- the party responsible for delivery/fulfillment of the product or service to the end consumer.

We have determined we act as the agent in the transaction for vehicle bookings, as we are not the primary obligor of the arrangement and receive a fixed percentage of the transaction. Therefore, revenue is recognized on a net basis.

For other fees such as insurance, referrals, motor vehicle records (application fees), and dealer subscription we have determined revenue should be recorded on a gross basis. In such arrangements, the Company sets pricing, has risk of economic loss, has certain credit risk, provides support services related to these transactions, and has decision making ability about service providers used.

Cost of Revenues

Cost of revenues primarily include direct fees paid for insurance to cover the vehicle driver and owner, insurance claim payments and estimated liabilities based on the policy in effect at the time of loss, merchant processing fees, technology and hosting costs, and motor vehicle record fees incurred for paid driver applications. General liability insurance that covers corporate risk from activity on our platform is included in general and administrative costs.

Advertising

The Company expenses the cost of advertising and promotions as incurred. Advertising expense was \$1,232,357 and \$760,430 for the six months ended June 30, 2020 and 2019, respectively.

Stock-Based Compensation

The Company accounts for stock awards issued under ASC 718, Compensation – Stock Compensation. Under ASC 718, stock-based compensation cost is measured at the grant date, based on the estimated fair value of the award. Stock-based compensation is recognized as expense over the employee's requisite vesting period and over the nonemployee's period of providing goods or services. The fair value of each stock option or warrant award is estimated on the date of grant using the Black-Scholes option valuation model. Restricted shares are measured based on the fair market value of the underlying stock on the grant date.

HYRECAR INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Stock-based compensation is included in the consolidated statements of operations as follows:

	Three Months ended June 30, 2020	Three Months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
General and administrative	\$ 1,790,106	\$ 506,936	\$ 2,072,058	\$ 676,174
Sales and marketing	218,793	70,634	260,075	170,113
Research and development	\$ 42,242	\$ 51,797	\$ 134,179	\$ 64,261

Loss per Common Share

The Company presents basic loss per share (“EPS”) and diluted EPS on the face of the consolidated statements of operations. Basic loss per share is computed as net loss divided by the weighted average number of common shares outstanding for the period. For periods in which we incur a net loss, the effects of potentially dilutive securities would be antidilutive and would be excluded from diluted EPS calculations. For the six months ended June 30, 2020 and 2019, there were 1,188,194 and 2,748,525 options or warrants excluded, 302,700 and 156,900 restricted stock units excluded, and 100,000 and 100,000 forfeitable restricted stock shares excluded, respectively.

Concentration of Credit Risk

The Company maintains its cash with a major financial institution located in the United States of America which it believes to be credit worthy. Balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the Company maintains balances in excess of the federally insured limits.

Other Concentrations

The Company has historically relied on a two primary insurance brokers and underwriters to provide all automobile insurance on vehicles in service over the last few years. There are multiple brokers and carriers who issue this type of insurance coverage, and the Company is regularly making reviewing leading insurers in the transportation and mobility sectors as this is an important part of our operations. The company does not believe the loss of our current broker or underwriter would have a material effect on our operations.

New Accounting Standards

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, Leases (Topic 842), specifying the accounting for leases, which supersedes the leases requirements in Topic 840, Leases. The objective of Topic 842 is to establish the principles that lessees and lessors shall apply to report useful information to users of consolidated financial statements about the amount, timing, and uncertainty of cash flows arising from a lease. Lessees are permitted to make an accounting policy election to not recognize the asset and liability for leases with a term of twelve months or less. Lessors’ accounting is largely unchanged from the previous accounting standard. In addition, Topic 842 expands the disclosure requirements of lease arrangements. Lessees and lessors will use a modified retrospective transition approach, which includes several practical expedients. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021 for emerging growth companies, with early adoption permitted. The Company has reviewed the provisions of the new standard, but it is not expected to have a significant impact on the Company.

HYRECAR INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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In December 2019, the FASB issued guidance that simplifies the accounting for income taxes by removing certain exceptions in existing guidance and improves consistency in application by clarifying and amending existing guidance. This guidance is effective for annual periods beginning after December 15, 2020, and interim periods within those annual periods, where the transition method varies depending upon the specific amendment. Early adoption is permitted, including adoption in any interim period. An entity that elects to early adopt the amendments in an interim period should reflect any adjustments as of the beginning of the annual period that includes that interim period, and all amendments must be adopted in the same period. The Company has reviewed the provisions of the new standard, but it is not expected to have a significant impact on the Company.

In January 2020, the FASB issued ASU No. 2020-01, "Investments-Equity Securities (Topic 321), Investments-Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323, and Topic 815", which clarifies the interaction of the accounting for equity securities under Topic 321 and investments accounted for under the equity method of accounting under Topic 323, and the accounting for certain forward contracts and purchased options accounted for under Topic 815. This guidance is effective for the Company for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. Early adoption is permitted. The Company has reviewed the provisions of the new standard, but it is not expected to have a significant impact on the Company.

The FASB issues ASUs to amend the authoritative literature in ASC. There have been several ASUs to date, including those above, that amend the original text of ASC. Management believes that those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to us or (iv) are not expected to have a significant impact on our consolidated financial statements.

NOTE 3 – COMMITMENTS AND CONTINGENCIES

Settlement and Legal

Except as may be set forth below, we are not a party to any legal proceedings, and we are not aware of any claims or actions pending or threatened against us. In the future, we might from time to time become involved in litigation relating to claims arising from our ordinary course of business, the resolution of which we do not anticipate would have a material adverse impact on our financial position, results of operations or cash flows.

On November 13, 2018, two founders of the Company (the "Claimant Founders"), initiated two lawsuits in the Superior Court of California, County of San Francisco ("SFSC"), entitled Nathaniel Farber v. HyreCar Inc., Case No. CGC-18-571257 and Josiah Larkin v. HyreCar Inc., Case No. CGC-18-571258. The complaints for the lawsuits, which were largely duplicative, alleged that the Company breached a Settlement Agreement by and between the Company and the Claimant Founders by not allowing the Claimant Founders to sell stock in the Company's initial public offering ("IPO"), failing to buyback Claimant Founders' stock at the time of the IPO, allowing the issuance of certain stock without proportionately increasing the stock ownership of Claimant Founders, and not providing certain required information to the Claimant Founders. The Company strongly disagreed with all of the allegations and vigorously contested both lawsuits. The Company believed and believes that, at all times, its actions were consistent with the terms, conditions, and context of the Settlement Agreement, as well as applicable law. Pursuant to a motion brought by the Company, the two lawsuits were joined for pretrial and trial purposes. As the case progressed, the Claimant Founders narrowed their allegations significantly. Mr. Larkin dismissed all of his claims. Mr. Farber dismissed all of his allegations except for an allegation that the Company failed to buyback the Claimant Founders' stock at the time of the IPO. The Company believed that the remaining claim was without merit, but without admitting fault agreed to settle any and all claims between the Claimant Founders and the Company. As part of the settlement, the Company agreed to issue 78,431 shares of the Company's common stock to Mr. Farber at an agreed upon value of \$200,000 (the "Settlement Payment"). In addition, the Company entered into general mutual releases with each Claimant Founder.

The shares were issued pursuant to the Company's effective shelf registration statement on Form S-3 (File No. 333-234525), which was filed with the Securities and Exchange Commission on November 6, 2019, as amended on April 29, 2020, and declared effective on May 7, 2020 (the "Registration Statement"), a base prospectus, dated as of May 7, 2020, included in the Registration Statement, and the prospectus supplement relating to the Settlement Payment, dated as of June 10, 2020.

HYRECAR INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 4 – DEBT AND LIABILITIES

Accrued Liabilities

A summary of accrued liabilities as of June 30, 2020 and December 31, 2019 is as follows:

	2020	2019
Accrued payables	\$ 558,353	\$ 394,896
Driver deposit	146,801	161,601
Deferred rent	88,920	98,000
Payroll liabilities	—	161,113
Other accrued liabilities	—	88,302
Accrued liabilities	<u>\$ 794,074</u>	<u>\$ 903,912</u>

Note Payable

On April 13, 2020, the Company entered into a loan with JPMorgan Chase Bank, N.A. as the lender (“Lender”) in an aggregate principal amount of \$2,004,175 pursuant to the Paycheck Protection Program (“PPP”) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The PPP Loan is evidenced by a promissory note (“Note”). Subject to the terms of the Note, the PPP Loan bears interest at a fixed rate of one percent (1%) per annum, with the first six months of interest deferred, has an initial term of two years, and is unsecured and guaranteed by the Small Business Administration. The Company may apply to the Lender for forgiveness of the PPP Loan, with the amount which may be forgiven equal to the sum of payroll costs, covered rent, and covered utility payments incurred by the Company during the eight-week period beginning on April 13, 2020, calculated in accordance with the terms of the CARES Act. The Note provides for customary events of default including, among other things, cross-defaults on any other loan with the Lender. The PPP Loan may be accelerated upon the occurrence of an event of default.

As of June 30, 2020, the PPP note payable is \$1,999,175. The loan proceeds were used for payroll, covered rent and other covered payments and is expected to be forgiven based on current information available.

NOTE 5 – STOCKHOLDERS’ DEFICIT

Common Stock

The Company is authorized to issue 50,000,000 shares of common stock, \$0.00001 par value per share.

Stock Options

In 2016, the board of directors adopted the HyreCar Inc. 2016 Incentive Plan (the “2016 Plan”). The 2016 Plan provides for the grant of equity awards to highly qualified personnel, including stock options, restricted stock, stock appreciation rights, and restricted stock units to purchase shares of common stock. Up to 2,227,777 shares of common stock may be issued pursuant to awards granted under the 2016 Plan. The 2016 Plan is administered by the Board of Directors, and expires ten years after adoption, unless terminated earlier by the Board.

In 2018, the Board of Directors adopted the HyreCar Inc. 2018 Incentive Plan (the “2018 Plan”). The 2018 Plan provides for the grant of equity awards to purchase shares of common stock. Up to 3,000,000 shares of common stock may be issued pursuant to awards granted under the 2018 Plan, subject to increases that occur starting in 2021. The 2018 Plan is administered by the Board of Directors, and expires ten years after adoption, unless terminated earlier by the Board.

No stock options were granted during the six months ended June 30, 2020. During the six months ended June 30, 2019, the Board of Directors approved the grant of 1,050,000 stock options to various contractors and employees. The 2019 granted options had exercise prices ranging from \$3.20 to \$5.53, expire in ten years, and generally vest over four years. The total grant date fair value of these options was \$1,946,281. The Company used the Black-Scholes option pricing model to value of stock option awards using the following input assumptions for the three and six months ended June 30, 2019.

	Three Month Ended June 30, 2019	Six Months Ended June 30, 2019
Expected volatility	45%	45%
Risk-free interest rate	2.39%	2.51%
Expected life in years	5.56	5.56 - 6.25
Expected dividend yield	0%	0%

Stock -based compensation expense for stock options for the three months ended June 30, 2020 and 2019 was \$26,161 and \$297,862, respectively, and \$278,233 and \$517,032 for the six months ended June 30, 2020 and 2019, respectively. As of June 30, 2020, the total estimated remaining stock-based compensation expense for unvested stock options is approximately \$44,720 which is expected to be recognized over a weighted average period of 0.7 years.

HYRECAR INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

On April 29, 2020, the Compensation Committee of the Board of Directors approved an exchange (the “Exchange”) of grants under the HyreCar Inc. 2018 Equity Incentive Plan (the “2018 Plan”) previously made to executive officers and directors of the Company (the “Grantees”). The Board of Directors, upon recommendation from the Committee, approved the Exchange on April 29, 2020. Pursuant to the Exchange, the Grantees agreed to the cancellation of options to purchase an aggregate of 1,487,500 shares of the Company’s common stock under the 2018 Plan in exchange for the issuance of an aggregate of 822,500 shares of fully-vested restricted stock under the 2018 Plan.

The Exchange was a cancellation of stock options with a concurrent replacement award and was accounted for as a modification. For the three and six months ended June 30, 2020, the Company recognized additional compensation expense of \$1,434,132 pertaining to this modification. As there was no future service or performance conditions associated with the replacement award, this compensation cost was fully recognized during the second quarter of 2020.

Restricted Stock Units and Shares Issued for Services and Other

During the six months ended June 30, 2020, the Company granted a contractor 100,000 restricted stock units that vest upon achieving specified milestones and business objectives. None of these milestones or objectives have been achieved to date and none are expected to vest under current circumstances.

Stock-based compensation related to restricted stock units for the three and six months ended June 30, 2020 was \$121,797 and \$284,897, respectively. As of June 30, 2020, unrecognized compensation expense related to the unvested restricted stock units is \$620,821 and is expected to be recognized over approximately 1.9 years.

During the six months ended June 30, 2020, the Company granted 314,535 shares of common stock in exchange for legal, and consulting services. The Company recognized stock-based compensation of \$255,717 and settled accounts payables and accrued liabilities totaling \$457,096 based on the closing price of the Company’s common stock on the date of grant. The Company also issued 78,431 shares of common stock as legal settlement to Nathaniel Farber, a founder of the Company pursuant to Case No. CGC-18-571257 pertaining to the buyback of the Claimant Founders’ stock at the time of the IPO. Stock-based compensation of \$213,332 was recognized during the six months ended June 30, 2020 based on the closing price of the Company’s common stock on the date of issue.

During the six months ended June 30, 2019, the Company granted 165,000 restricted stock units, respectively, to employees of the Company that generally vest between one and four years. Stock-based compensation related to restricted stock units for the three and six months ended June 30, 2019 was \$67,680 and \$102,191, respectively.

During the six months ended June 30, 2019, the Company granted 105,000 shares of common stock in exchange for legal and consulting services provided by two service providers. The Company valued the grants at \$527,650 based on the closing price of the Company’s common stock on the grant date. Of this amount \$263,825 was recognized as a prepaid as a retainer for legal services as of June 30, 2019 and the remaining portion was recognized as stock-based compensation.

During the six months ended June 30, 2019, the Company granted 10,000 shares of common stock to one consultant for services based on agreement entered into in January 2019. The Company valued the shares based on the closing price of the Company’s common stock on the date of the agreement and recognized \$27,500 in stock-based compensation. Included in the agreement were 400,000 forfeitable restricted stock shares that vest upon achieving specific performance and strategic milestones. As none of the milestones were achieved, all 400,000 restricted stock shares were forfeited in 2019.

NOTE 6 – RELATED PARTY TRANSACTIONS

Insurance

The president of the Company’s primary insurance broker through June 2020 is also a minority stockholder and holder of warrants. As of June 30, 2020 and December 31, 2019, the Company had outstanding balances to the insurer totaling \$0 and \$101,167, included in accounts payable or accrued liabilities, respectively. During the six months ended June 30, 2020 and 2019, the Company paid the insurer approximately \$2,580,136 and \$2,513,157, respectively. On June 15, 2020, the Company completed moving its primary and excess automobile insurance liability programs over to a new insurance provider and is no longer using the related party broker.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read together with our unaudited financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our audited financial statements and related notes for the year ended December 31, 2019 included in our most recent Annual Report on Form 10-K. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. We discuss factors that we believe could cause or contribute to these differences below and elsewhere in this Quarterly Report on Form 10-Q.

Our Company

We operate in the car sharing marketplace for ride sharing through our proprietary platform. The Company has established a leading presence in Transportation as a Service (TaaS) through vehicle owners and institutions, such as franchise car dealerships, independent car dealerships and rental car companies, who have been disrupted by automotive asset sharing. We are based in Los Angeles, California and car owners and drivers currently use the platform nationwide. Our unique revenue opportunity for both owners and drivers are providing a safe, secure, and reliable marketplace. We categorize our operations into one reportable business segment: Rental, consisting primarily of our vehicle rental operations in the United States.

Business and Trends

We generate revenue by taking a fee out of each rental processed on our platform. Each rental transaction represents a Driver renting a car from an Owner. Drivers pay a daily rental rate set by the Car Owner, plus a 10% HyreCar Driver Fee and direct daily insurance costs. Owners receive their daily rental rate minus a 15-25% HyreCar Owner Fee. For example, as of June 30, 2020, the average daily rental rate of a HyreCar vehicle nationally is approximately \$36.00 (“Daily Rental Rate”), plus a 10% HyreCar Driver fee (\$3.60) and daily direct insurance fee of \$13.00, totaling \$52.60 in total daily gross billings in paid by the Driver via a credit card transaction. On average approximately 80% of the daily rental or \$28.80 is transferred to the Owner via our merchant processing partner. HyreCar earns revenues from the two revenue share fees and the insurance totaling approximately \$23.80 per day. Accordingly, the GAAP reportable revenue recognized by HyreCar is approximately \$23.80 in this example transaction as detailed in the following table:

Daily Gross Revenue Example		Daily Net (GAAP) Revenue Example	
National Average Daily Rental Rate	\$ 36.00	HyreCar Owner Fee (~20% average)	\$ 7.20
Driver Fee	\$ 3.60	HyreCar Driver Fee (10% rate)	\$ 3.60
Daily Insurance Fee	\$ 13.00	Insurance Fee (100% of fee)	\$ 13.00
Daily Gross Billing Paid by Driver	\$ 52.60	Daily Average Net Revenue	\$ 23.80

Gross billing is an important measure by which we evaluate and manage our business. We define gross billings as the amount billed to Drivers, without any adjustments for amounts paid to Owners or refunds. It is important to note that gross billing is a non-GAAP measure and as such, is not recorded in our consolidated financial statements as revenue. However, we use gross billings to assess our business growth, scale of operations and our ability to generate gross billings is strongly correlated to our ability to generate revenues. Gross billings may also be used to calculate net revenue margin, defined as the company’s GAAP reportable revenue over gross billings. Using the definition of net revenue margin and the example above, HyreCar’s net revenue margin is equal to approximately 45% (\$11,363,801 HyreCar’s GAAP revenue over \$25,399,841 Total Gross Billings). A breakout of revenue components is provided in the section of this Annual Report on Form 10-K titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the footnotes to our audited consolidated financial statements.

Non-GAAP Financial Measures

Gross Billings

Gross billing is an important measure by which we evaluate and manage our business. We define gross billings as the amount billed to Drivers, without any adjustments for amounts paid to Owners or refunds. Gross billings include transactions from both our revenues recorded on a net and a gross basis. It is important to note that gross billing is a non-GAAP measure and as such, is not recorded in our consolidated financial statements as revenue. However, we use gross billings to assess our business growth, scale of operations and our ability to generate gross billings is strongly correlated to our ability to generate revenues. Gross billings may also be used to calculate net revenue margin, defined as the company's GAAP reportable revenue over gross billings.

The following table provides a reconciliation of our GAAP reported revenues to gross billings for the three and six months ended June 30, 2020 and 2019:

	Three Months ended June 30, 2020	Three Months ended June 30, 2019	Six Months ended June 30, 2020	Six Months ended June 30, 2019
Revenues (U.S. GAAP reported revenues)	\$ 5,583,388	\$ 3,801,092	\$ 11,363,801	\$ 7,311,817
Add: Refunds, rebates and deferred revenue	305,949	261,831	734,478	521,783
Add: Owner payments (not recorded in financial statements)	6,369,806	4,115,549	13,301,562	8,515,550
Gross billings (non-U.S. GAAP measure not recorded in financial statements)	<u>\$ 12,259,143</u>	<u>\$ 8,178,472</u>	<u>\$ 25,399,841</u>	<u>\$ 16,349,150</u>

Adjusted EBITDA

Adjusted EBITDA is a key performance measure that our management uses to assess our operating performance and the operating leverage in our business. Because Adjusted EBITDA facilitate internal comparisons of our historical operating performance on a more consistent basis, we use these measures for business planning purposes. We expect Adjusted EBITDA will increase over the long term as we continue to scale our business and achieve greater efficiencies in our operating expenses.

We calculate Adjusted EBITDA as net loss, adjusted to exclude:

- other income (expense), net;
- provision for income taxes;
- depreciation and amortization;
- stock-based compensation expense; and
- prior expenses expected to be settled in stock included in liabilities.

For more information regarding the limitations of Adjusted EBITDA and a reconciliation of net loss to Adjusted EBITDA, see the section titled "Reconciliation of Non-GAAP Financial Measures."

Reconciliation of Non-GAAP Financial Measures

We use Adjusted EBITDA in conjunction with GAAP measures as part of our overall assessment of our performance, including the preparation of our annual operating budget and quarterly forecasts, to evaluate the effectiveness of our business strategies, and to communicate with our board of directors concerning our financial performance. Our definitions may differ from the definitions used by other companies and therefore comparability may be limited. In addition, other companies may not publish these or similar metrics. Furthermore, these measures have certain limitations in that they do not include the impact of certain expenses that are reflected in our consolidated statements of operations that are necessary to run our business. Thus, our Adjusted EBITDA should be considered in addition to, not as substitutes for, or in isolation from, measures prepared in accordance with GAAP.

We compensate for these limitations by providing a reconciliation of Adjusted EBITDA to the related GAAP financial measures, revenue and net loss, respectively. We encourage investors and others to review our financial information in its entirety, not to rely on any single financial measure and to view Adjusted EBITDA in conjunction with their respective related GAAP financial measures.

The following table provides a reconciliation of net loss to Adjusted EBITDA for the three and six months ended June 30, 2020 and 2019:

	Three Months ended June 30, 2020	Three Months ended June 30, 2019	Six Months ended June 30, 2020	Six Months ended June 30, 2019
Net loss	\$ (3,853,475)	\$ (2,048,689)	\$ (7,911,691)	\$ (3,746,287)
Adjusted to exclude the following:				
Other income, net	(6,493)	(29,851)	(36,122)	(61,142)
Provision for income taxes	-	-	800	-
Depreciation and amortization	19,159	19,156	38,316	32,086
Stock-based compensation expense	2,051,141	629,367	2,466,312	910,548
Prior expenses settled in issuance of stocks	93,941	-	192,871	-
Adjusted EBITDA	<u>\$ (1,695,727)</u>	<u>\$ (1,430,017)</u>	<u>\$ (5,249,514)</u>	<u>\$ (2,864,795)</u>

Our operating results are subject to variability due to seasonality, macroeconomic conditions such as the recent novel coronavirus outbreak (“COVID-19”) and other factors. Car rental volumes tend to be associated with travel and driving holidays, where there is an influx of Uber and Lyft demand. Thus far in 2020, we have continued to operate in an uncertain and uneven economic environment marked by heightened economic and geopolitical risks due to the COVID-19 situation.

Our objective is to focus on strategically accelerating our growth, strengthening our position as a leading provider of vehicle rental services to ridesharing (Lyft and Uber) and delivery (Door Dash, Instacart and Postmates) drivers, continuing to enhance our customers’ rental experience, and controlling costs and driving efficiency throughout the organization. We operate in a high growth industry and we expect to continue to face challenges and risks. We seek to mitigate our exposure to risks in numerous ways, including delivering upon our core strategic initiatives, continued growth of fleet levels to match changes in demand for vehicle rentals, and appropriate investments in technology.

Some highlights for the three months ended June 30, 2020 include:

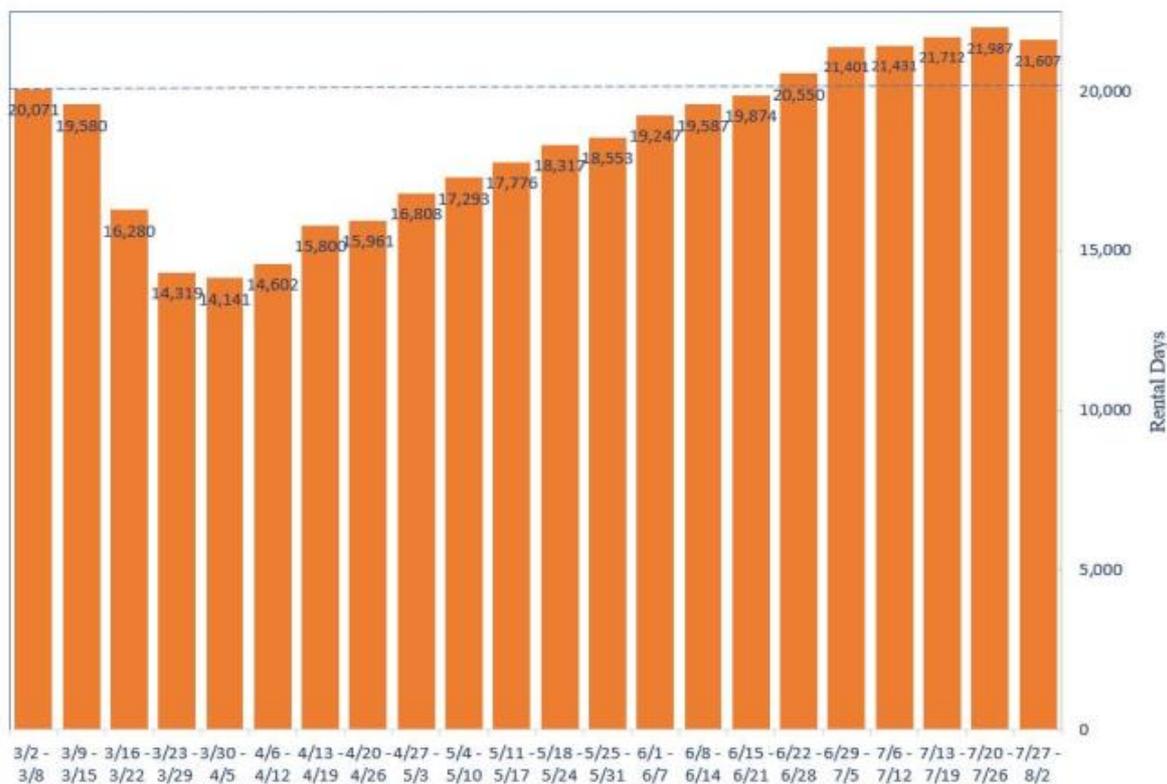
- Net rental days totaled approximately 231,000 rental days for the three months ended June 30, 2020, an increase of approximately 91,000 rental days or 65.0% over the 140,000 rental days recognized during the three months ended June 30, 2019, as the Company continued to expand its presence in key markets.
- Net revenues totaled \$5,583,388 for the three months ended June 30, 2020, an increase of \$1,782,296 or 46.9% over the \$3,801,092 recognized during the three months ended June 30, 2019, primarily as a result of the higher net rental days.
- Cost of Sales totaled \$3,045,726 for the three months ended June 30, 2020, an increase of \$935,533 or 44.3% over \$2,110,193 recognized during the three months ended June 30, 2019. The increase was primarily attributed to increase in net rental days revenues and technology costs.
- Gross profit totaled \$2,537,662 for the three months ended June 30, 2020, an increase of \$846,763 or 50.1% over the \$1,690,899 recognized during the three months ended June 30, 2019. The increase in revenues and gross profit were primarily attributed to higher rental days and net revenues.
- Operating expenses, consisting of general and administrative, sales and marketing, and research and development expenses totaled \$6,397,630 for the three months ended June 30, 2020, an increase of \$2,628,191 or 69.7% over \$3,769,439 recognized during the three months ended June 30, 2019. The increase in operating expenses were related to the scaling of our business across all functional areas and non-cash stock-based compensation expense.
- Net loss totaled \$3,853,475 for the three months ended June 30, 2020, an increase of \$1,804,786 or 88.1% over \$2,048,689 recognized during the three months ended June 30, 2019. The increase in net loss was driven by the operating costs and non-cash stock-based compensation expense described above, partially offset by the higher net revenues recognized during the three months ended June 30, 2020.
- Adjusted EBITDA (which is a non-GAAP financial measure as described above) totaled (\$1,695,727) for the three months ended June 30, 2020, an increase of \$265,710 or 18.6% from (\$1,430,017) recognized for the prior year quarter ended June 30, 2019, primarily as a result of higher sales expenses. However, adjusted EBITDA of (\$1,695,727) for the three months ended June 30, 2020 was a sequential decrease of \$1,593,834 or 48.5% from (\$3,289,561) recognized during the three months ended March 31, 2020, as well controlled operating expenses dramatically improved operating income.

Management’s Plan

We have incurred operating losses since Inception and historically relied on debt and equity financing for working capital. Going forward the Company intends to fund its operations through increased revenue from operations and the funds raised through public securities offerings. Our annualized rental day run rate increased to over 1,000,000 in the second quarter of 2020 as we set a new all-time high month with over 85,000 days in June. Our weekly rental days have quickly rebounded to over 20,000, putting us back to pre-Covid 19 level. Our business model and platform allowed us to leverage new opportunities within this crisis and create a larger market with ridesharing and delivery. As states reopen, we should continue to see steady revenue growth in the second half of 2020.

On June 15, 2020, the Company completed moving its primary and excess automobile insurance liability programs over to Lloyd’s Apollo 1969 syndicate, a leading insurance provider in the gig economy that provides insurance to many of the top companies in rideshare transportation and food delivery. The new insurance program was issued by Assurant, with the backing of Apollo 1969. Apollo is the leader with the most relationships in the gig economy space for ride-sharing and delivery, and working with them is expected to significantly improve our cash flow going forward as they have extended our payment terms and allow us to operate at a more cash neutral basis and grow cash on the Balance Sheet for the remainder of 2020. Further, much of our cost structure is variable in nature so that our costs for driver screening, insurance, merchant processing, and more has decreased towards the end of the current quarter in line with our current activity levels. Based on generally increasing revenues through the normal course of business and a high relative amount of variable costs, our additional cash generated from the funded PPP Loan from JPMorgan Chase received on April 13, 2020, we believe the Company’s has sufficient resources to continue to operate its business for at least the next 12 months.

Weekly Rental Days March thru August 2, 2020



Components of Our Results of Operations

The following describes the various components that make up our results of operations, discussed below:

Revenue is earned from fees associated with matching Drivers to Owners of cars that meet the strict requirements imposed by ride-sharing services such as Uber and Lyft with Drivers. A Driver will typically rent a car through one transaction via our on-line marketplace. We recognize GAAP reportable revenue primarily from a transaction fee and an insurance fee when a car is rented on our platform when the Company 1) identifies the contract with the customer 2) identifies the performance obligations in the contract 3) determines the transaction price, 4) determines if an allocation of that transaction price is required to the performance obligations in the contract, and 5) recognizes revenue when or as the companies satisfies a performance obligation.

Cost of revenues primarily include direct fees paid for insurance to cover the vehicle driver and owner, insurance claim payments and estimated liabilities based on the policy in effect at the time of loss, merchant processing fees, technology and hosting costs, and motor vehicle record fees incurred for paid driver applications. General liability insurance that covers corporate risk from activity on our platform is included in general and administrative costs.

General and administrative costs include all corporate and administrative functions that support our business. These costs also include payroll for officers and operational staff, stock-based compensation expense, consulting costs, professional fees, insurance costs to cover corporate risks, and other costs that are not included in cost of revenues. Research and development costs are related to activities such as user experience and user interface development, database development and maintenance, and technology related expenses to research, improve, implement, or maintain technology and systems utilized throughout our enterprise.

Other income/expense includes non-operating income and expenses including interest income and expense.

Results of Operations

Three Months Ended June 30, 2020 compared to Three Months Ended June 30, 2019

Revenues and Gross Profit. Revenues totaled \$5,583,388 for the three months ended June 30, 2020, an increase of \$1,782,296 or 46.9% over the \$3,801,092 recognized during the three months ended June 30, 2019. Gross profit totaled \$2,537,662 for the three months ended June 30, 2020, an increase of \$846,763 or 50.1% over the \$1,690,899 recognized during the three months ended June 30, 2019. The increase in revenues and gross profit were primarily attributed to higher rental days and net revenues.

Operating Expenses. Operating expenses, consisting of general and administrative, sales and marketing, and research and development expenses totaled \$6,397,630 for the three months ended June 30, 2020, an increase of \$2,628,191 or 69.7% over \$3,769,439 recognized during the three months ended June 30, 2019. The increase in operating expenses was related to the scaling of our business across all functional areas and stock-based compensation expense. General and administrative totaled \$3,911,065 for the three months ended June 30, 2020, an increase of \$1,983,119 or 102.9% over \$1,927,946 recognized during the three months ended June 30, 2019. The increase was primarily attributed to increase in stock-based compensation expense, headcount and salaries, legal, operations and support functions. Sales and marketing totaled \$1,871,099 for the three months ended June 30, 2020, an increase of \$598,263 or 47.0% over \$1,272,836 recognized during the three months ended June 30, 2019. The increase was primarily attributed to increase in digital advertising and sales personnel. Research and development totaled \$615,466 for the three months ended June 30, 2020, an increase of \$46,809 or 8.2% over \$568,657 recognized during the three months ended June 30, 2019. The increase was primarily attributed to the growth in the technology team related to the enhancement and maintenance of our digital marketplace technology platform.

Loss from Operations. Loss from operations totaled \$3,859,968 for the three months ended June 30, 2020, an increase of \$1,781,428 or 85.7% over 2,078,540 for the three months ended June 30, 2019. The increase in loss from operations was driven by the higher operating costs and non-cash stock-based compensation expense described above, partially offset by the higher net revenues recognized during the year.

Other (Income) Expense. Other (Income) Expense totaled \$6,493 for the three months ended June 30, 2020, a decrease of \$23,358 or 78.2% over 29,851 for the three months ended June 30, 2019. The slight decrease was primarily due to lower cash deposits at the financial institution.

Net Loss. Net loss totaled \$3,853,475 for the three months ended June 30, 2020, an increase of \$1,804,786 or 88.1% over \$2,048,689 recognized during the three months ended June 30, 2019. The increase in net loss was driven by the higher operating costs and non-cash stock-based compensation expense described above, partially offset by the higher net revenues recognized during the three months ended June 30, 2020.

Six Months Ended June 30, 2020 compared to Six Months Ended June 30, 2019

Revenues and Gross Profit. Revenues totaled \$11,363,801 for the six months ended June 30, 2020, an increase of \$4,051,984 or 55.4% over the \$7,311,817 recognized during the six months ended June 30, 2019. Gross profit totaled \$4,712,774 for the six months ended June 30, 2020, an increase of \$1,526,198 or 47.9% over the \$3,186,576 recognized during the six months ended June 30, 2019. The increase in revenues and gross profit were primarily attributed to higher rental days and net revenues.

Operating Expenses. Operating expenses, consisting of general and administrative, sales and marketing, and research and development expenses totaled \$12,659,787 for the six months ended June 30, 2020, an increase of \$5,665,782 or 81.0% over \$6,994,005 recognized during the six months ended June 30, 2019. The increase in operating expenses was related to the scaling of our business across all functional areas and stock-based compensation expense. General and administrative totaled \$7,139,237 for the six months ended June 30, 2020, an increase of \$3,631,512 or 103.5% over \$3,507,725 recognized during the six months ended June 30, 2019. The increase was primarily attributed to increase in stock-based compensation expense, headcount and salaries, legal, operations and support functions. Sales and marketing totaled \$4,161,271 for the six months ended June 30, 2020, an increase of \$1,723,644 or 70.7% over \$2,437,627 recognized during the six months ended June 30, 2019. The increase was primarily attributed to increase in digital advertising and sales personnel. Research and development totaled \$1,359,279 for the six months ended June 30, 2020, an increase of \$310,626 or 29.6% over \$1,048,653 recognized during the six months ended June 30, 2019. The increase was primarily attributed to the growth in the technology team related to the enhancement and maintenance of our digital marketplace technology platform.

Loss from Operations. Loss from operations totaled \$7,947,013 for the six months ended June 30, 2020, an increase of \$4,139,584 or 108.7% over 3,807,429 for the six months ended June 30, 2019. The increase in loss from operations was driven by the higher operating costs and non-cash stock-based compensation expense described above, partially offset by the higher net revenues recognized during the year.

Other (Income) Expense. Other (Income) Expense totaled \$36,122 for the six months ended June 30, 2020, a increase of \$25,020 or 40.9% over 61,142 for the six months ended June 30, 2019. The slight increase was primarily due to lower cash deposits at the financial institution.

Net Loss. Net loss totaled \$7,911,691 for the six months ended June 30, 2020, an decrease of \$4,165,404 or 111.2% over \$3,746,287 recognized during the six months ended June 30, 2019. The decrease in net loss was driven by the higher operating costs and non-cash stock-based compensation expense described above, partially offset by the higher net revenues recognized during the six months ended June 30, 2020.

Liquidity and Capital Resources

As of June 30, 2020, our principal sources of liquidity were cash and cash equivalents of \$7,157,038 compared to \$10,657,140 as of December 31, 2019. Cash and cash equivalents include money market deposit accounts denominated in U.S. dollars.

In July 2019, we received net proceeds of \$11,321,250 upon the completion of our follow-on public offering. Since our IPO, we have financed our operations primarily through our IPO, secondary public offering and payments received through our platform. We believe our existing cash and cash equivalents and proceeds from revenue generating activities and PPP loan funds will be sufficient to meet our working capital and capital expenditures needs over at least the next 12 months more fully described in Managements Plan above.

Our future capital requirements will depend on many factors, including, but not limited to our growth, our ability to attract and retain drivers and car owners on our platform, the continuing market acceptance of our offerings, the timing and extent of spending to support our efforts to improve our customer experience, actual insurance payments for which we have made reserves, the timing and extent of investment we are making in policy, government relations, and the expansion of sales and marketing activities. Further, we may in the future enter into arrangements to acquire or invest in businesses, products, services and technologies. We may decide to, or be required to, seek additional equity or debt financing for any of these reasons, or others that may arise. If we are unable to raise capital in the future, we may need to curtail expenditures by scaling back certain sales and marketing expenses.

Cash Flows

Net cash used in operating activities was \$5,533,102 for the six months ended June 30, 2020. This consisted primarily of a net loss of \$7,911,691 offset by non-cash stock-based compensation expense of \$2,466,312 largely driven by the recognition of costs related to stock options and RSUs. Additionally, there were increases in other current asset of \$155,862 and accounts payable of \$443,372 and decrease in insurance deposit of \$749,454.

Net cash used in operating activities for the six months ended June 30, 2019 resulted in cash outflows of \$2,616,842. This consisted primarily of a net loss of \$3,746,287 offset by non-cash stock-based compensation expense of \$910,548 and non-cash depreciation and amortization of \$32,086. Additionally, there were an increase in accounts payable of \$138,891 partially offset by decrease in accrued liabilities of \$230,574.

Net cash used in investing activities was \$6,207 for the six months ended June 30, 2019, which primarily consists of purchases of property and equipment and deposits.

Net cash provided by financing activities was \$2,033,000 for the six months ended June 30, 2020, which primarily consists of net proceeds received from the PPP loan and proceeds from the exercise of options.

Net cash provided by financing activities was \$945,121 for the six months ended June 30, 2019, which primarily consists of proceeds from exercise of warrants and stock options.

Capital Management

We aim to manage capital so that we will maintain optimal returns to shareholders and benefits for other stakeholders. We also aim to maintain a capital structure that ensures the lowest cost of capital available to the Company. We regularly review the Company's capital structure and seek to take advantage of available opportunities to improve outcomes for the Company and its shareholders.

For the six months ended June 30, 2020 and 2019, there were no dividends paid and we have no plans to commence the payment of dividends. We have no current plans to issue further shares on the market but will continue to assess market conditions and the company's cash flow requirements to ensure the Company is appropriately funded.

There is no significant external borrowing at the reporting date and the Company is not subject to any externally imposed capital requirement.

Critical Accounting Policies, Judgments, and Estimates

Our consolidated financial statements and the related notes thereto are prepared in accordance with GAAP. The preparation of condensed consolidated financial statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from our estimates. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected. There have been no material changes to our critical accounting policies and estimates as of June 30, 2020.

Off-Balance Sheet Arrangements

We did not have, during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined under applicable SEC rules.

Recently Issued Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 2 to our financial statements appearing in this Quarterly Report on Form 10-Q.

Emerging Growth Company Status

Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the benefits of this extended transition period. Our financial statements may, therefore, not be comparable to those of companies that comply with such new or revised accounting standards.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company is not required to provide the information required by this Item as it is a “smaller reporting company,” as defined in Rule 229.10(f)(1).

Item 4. Controls and Procedures

Limitations on Effectiveness of Controls and Procedures

The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, refers to controls and procedures that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact there are resource constraints and management are required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Principal Executive Officer and Principal Financial Officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act of 1934). Based on that evaluation, our Principal Executive Officer and Principal Financial Officer concluded our disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2020.

Changes in Internal Control Over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) has occurred during the three and six months ended June 30, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business.

On November 13, 2018, two founders of the Company (the “Claimant Founders”), initiated two lawsuits in the Superior Court of California, County of San Francisco (“SFSC”), entitled Nathaniel Farber v. HyreCar Inc., Case No. CGC-18-571257 and Josiah Larkin v. HyreCar Inc., Case No. CGC-18-571258. The complaints for the lawsuits, which were largely duplicative, alleged that the Company breached a Settlement Agreement by and between the Company and the Claimant Founders by not allowing the Claimant Founders to sell stock in the Company’s initial public offering (“IPO”), failing to buyback Claimant Founders’ stock at the time of the IPO, allowing the issuance of certain stock without proportionately increasing the stock ownership of Claimant Founders, and not providing certain required information to the Claimant Founders. The Company strongly disagreed with all of the allegations and vigorously contested both lawsuits. The Company believed and believes that, at all times, its actions were consistent with the terms, conditions, and context of the Settlement Agreement, as well as applicable law. Pursuant to a motion brought by the Company, the two lawsuits were joined for pretrial and trial purposes. As the case progressed, the Claimant Founders narrowed their allegations significantly. Mr. Larkin dismissed all of his claims. Mr. Farber dismissed all of his allegations except for an allegation that the Company failed to buyback the Claimant Founders’ stock at the time of the IPO. The Company believed that the remaining claim was without merit, but without admitting fault agreed to settle any and all claims between the Claimant Founders and the Company. As part of the settlement, the Company agreed to issue 78,431 shares of the Company’s common stock to Mr. Farber at an agreed upon value of \$200,000 (the “Settlement Payment”). In addition, the Company entered into general mutual releases with each Claimant Founder.

The shares were issued pursuant to the Company’s effective shelf registration statement on Form S-3 (File No. 333-234525), which was filed with the Securities and Exchange Commission on November 6, 2019, as amended on April 29, 2020, and declared effective on May 7, 2020 (the “Registration Statement”), a base prospectus, dated as of May 7, 2020, included in the Registration Statement, and the prospectus supplement relating to the Settlement Payment, dated as of June 10, 2020.

Item 1A. Risk Factors

Our business, financial condition, results of operations, and cash flows may be impacted by a number of factors, many of which are beyond our control, including those set forth in our most recent Annual Report on Form 10-K for the year ended December 31, 2019, the occurrence of any one of which could have a material adverse effect on our actual results.

There have been no material changes to the Risk Factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019, except as noted below.

Unfavorable global economic, business, or political conditions could adversely affect our business, financial condition or results of operations.

Our results of operations could be adversely affected by general conditions in the global economy and in the global financial markets, including conditions that are outside of our control, including the impact of health and safety concerns, such as those relating to the current COVID-19 coronavirus (“COVID-19”) pandemic. The recent global financial crisis in connection with the COVID-19 pandemic has caused extreme volatility and disruptions in the capital and credit markets. A severe or prolonged economic downturn could result in a variety of risks to our business, including weakened demand for our platform and our ability to raise additional capital when needed on acceptable terms, if at all. Any of the foregoing could harm our business and we cannot anticipate all the ways in which the current economic climate and financial market conditions could adversely impact our business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On May 18, 2020, we issued 254,535 shares of our common stock having an aggregate value of \$567,613 to a legal advisor of the Company in consideration for services rendered.

On June 15, 2020, we issued 60,000 shares of our common stock having an aggregate value of \$145,200 to a consultant of the Company in consideration for services rendered.

The foregoing offers, sales and issuances were exempt from registration under Section 4(a)(2) of the Securities Act and/or Regulation D thereunder.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Amended and Restated Certificate of Incorporation of the Registrant.	S-1	333-225157	3.5	May 23, 2018	
3.2	Amended and Restated Bylaws of the Registrant	S-1	333-225157	3.7	May 23, 2018	
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.1	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X

+ Indicates a management contract or compensatory plan or arrangement.

* This certification is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 13, 2020

HyreCar Inc.

By: /s/ Joseph Furnari

Joseph Furnari
Chief Executive Officer
(Principal Executive Officer)

Date: August 13, 2020

HyreCar Inc.

By: /s/ Scott Brogi

Scott Brogi
Chief Financial Officer
(Principal Financial and Accounting Officer)

Certification Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002

I, Joseph Furnari, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of HyreCar Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2020

By: /s/ Joseph Furnari
Name: Joseph Furnari
Title: Chief Executive Officer
(Principal Executive Officer)

Certification Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002

I, Scott Brogi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of HyreCar Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2020

By: /s/ Scott Brogi
Name: Scott Brogi
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

CERTIFICATIONS
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (A) and (B) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), I, Joseph Furnari, Chief Executive Officer of HyreCar Inc., a Delaware corporation (the "Company"), hereby certify, to my knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended June 30 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 13, 2020

By: /s/ Joseph Furnari
Name: Joseph Furnari
Title: Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (A) and (B) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), I, Scott Brogi, Chief Financial Officer of HyreCar Inc., a Delaware corporation (the "Company"), hereby certify, to my knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 13, 2020

By: /s/ Scott Brogi
Name: Scott Brogi
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)