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 September 30, 2021

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	**47-2480487**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
355 South Grand Avenue, Suite 1650 Los Angeles, CA	**90071**
(Address of principal executive offices)	(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:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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 every Interactive Data File required to be submitted 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 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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

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 November 9, 2021, the registrant had 21,509,375 shares of common stock, $0.00001 par value per share, issued and outstanding.

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NOTE ABOUT FORWARD-LOOKING STATEMENTS

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:

- the impacts of COVID-19, or other future pandemics on our business, results of operations, financial position and cash flows;
- our ability to effectively manage our growth and maintain and improve our corporate culture;
- the potential benefits of and our ability to maintain our relationships with ridesharing companies, and to establish or maintain future collaborations or strategic relationships, and from time to time to obtain additional funding;
- our marketing capabilities and strategy;
- our ability to maintain a cost-effective insurance program;
- our industry is in early stages of growth;
- our history of operating losses, and the accuracy of our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- our investments in new and enhanced products and offerings, and the effect of these investments on our results of operations;
- 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;
- outcome of pending, threatened or future litigation; and
- our ability to comply with existing, modified, or new laws and regulations applying to our business.

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)

	September 30, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalent	$ 16,743,483	$ 4,923,515
Restricted cash	1,593,060	—
Accounts receivable	155,512	109,366
Deferred offering costs	—	33,164
Insurance deposits	2,211,625	749,454
Other current assets	886,386	313,812
Total current assets	21,590,066	6,129,311
Property and equipment, net	6,023	8,425
Intangible assets, net	24,625	80,031
Other assets	—	95,000
Total assets	$ 21,620,714	$ 6,312,767
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	$ 3,662,728	$ 2,275,559
Accrued liabilities	6,277,940	4,359,348
Insurance reserve	1,963,609	2,113,039
Note payable, current portion	—	1,554,548
Deferred revenue	42,819	76,059
Total current liabilities	11,947,096	10,378,553
Note payable, net of current portion	1,999,175	444,627
Total liabilities	13,946,271	10,823,180
Commitments and contingencies (Note 3)	—	—
Stockholders' equity (deficit):		
Preferred stock, 15,000,000 shares authorized, par value $0.00001, 0 shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	—	—
Common stock, 50,000,000 shares authorized, par value $0.00001, 21,448,432 and 17,741,713 issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	214	177
Additional paid-in capital	74,600,606	39,725,445
Accumulated deficit	(66,926,377)	(44,236,035)
Total stockholders' equity (deficit)	7,674,443	(4,510,413)
Total liabilities and stockholders' equity (deficit)	$ 21,620,714	$ 6,312,767

See accompanying notes to the unaudited consolidated financial statements

HYRECAR INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Revenue	$ 9,651,340	$ 6,813,825	$ 26,157,606	$ 18,177,626
Cost of revenue	6,691,358	3,917,365	19,660,672	10,568,392
Gross profit	2,959,982	2,896,460	6,496,934	7,609,234
Operating Expenses:				
General and administrative	4,705,542	2,080,037	16,601,006	9,219,274
Sales and marketing	2,451,645	1,824,938	8,033,920	5,986,209
Research and development	1,953,582	759,686	4,553,436	2,118,965
Total operating expenses	9,110,769	4,664,661	29,188,362	17,324,448
Operating loss	(6,150,787)	(1,768,201)	(22,691,428)	(9,715,214)
Other (income) expense				
Interest expense	1,755	22,787	7,554	34,116
Other (income) expense	(3,895)	48,632	(9,440)	1,181
Total other income	(2,140)	71,419	(1,886)	35,297
Loss before provision for income taxes	(6,148,647)	(1,839,620)	(22,689,542)	(9,750,511)
Provision for income taxes	—	—	800	800
Net loss	$ (6,148,647)	$ (1,839,620)	$ (22,690,342)	$ (9,751,311)
Weighted average shares outstanding - basic and diluted	21,215,836	17,711,132	20,331,222	17,108,075
Weighted average net loss per share - basic and diluted	$ (0.29)	$ (0.10)	$ (1.12)	$ (0.57)

See accompanying notes to the unaudited consolidated financial statements

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

	Preferred Stock		Common Stock		Additional Paid-in Capital	Subscription Receivable - Related Party	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
June 30, 2020 (unaudited)	—	$ —	17,692,201	$ 176	$ 38,815,056	$ (7,447)	$ (36,926,825)	$ 1,880,960
Stock option compensation	—	—	—	—	24,277	—	—	24,277
Restricted stock unit compensation	—	—	—	—	99,303	—	—	99,303
Stock options exercised	—	—	26,525	1	38,334	—	—	38,335
Shares issued for vested restricted stock units	—	—	1,875	—	—	—	—	—
Shares issued for settlement	—	—	6,000	—	20,520	—	—	20,520
Net loss	—	—	—	—	—	—	(1,839,620)	(1,839,620)
September 30, 2020 (unaudited)	—	$ —	17,726,601	$ 177	$ 38,997,490	$ (7,447)	$ (38,766,445)	$ 223,775
June 30, 2021 (unaudited)	—	$ —	20,961,319	$ 209	$ 73,467,587	$ —	$ (60,777,730)	$ 12,690,066
Stock option compensation	—	—	—	—	632	—	—	632
Restricted stock unit compensation	—	—	—	—	1,027,767	—	—	1,027,767
Stock options exercised	—	—	17,500	—	44,625	—	—	44,625
Shares issued for vested restricted stock units	—	—	420,810	5	(5)	—	—	—
Warrants exercised for cash	—	—	48,803	—	60,000	—	—	60,000
Net loss	—	—	—	—	—	—	(6,148,647)	(6,148,647)
September 30, 2021 (unaudited)	—	$ —	21,448,432	$ 214	$ 74,600,606	$ —	$ (66,926,377)	$ 7,674,443

	Preferred Stock		Common Stock		Additional Paid-in Capital	Subscription Receivable - Related Party	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
December 31, 2019	—	$ —	16,393,171	$ 164	$ 35,857,835	$ (7,447)	$ (29,015,134)	$ 6,835,418
Stock option compensation	—	—	—	—	302,510	—	—	302,510
Stock option compensation modification	—	—	822,500	8	1,434,124	—	—	1,434,132
Restricted stock unit compensation	—	—	—	—	384,200	—	—	384,200
Stock options exercised	—	—	70,394	1	72,159	—	—	72,160
Stock options exercised – cashless	—	—	2,645	—	—	—	—	—
Shares issued for vested restricted stock units	—	—	38,925	—	—	—	—	—
Shares issued for legal services and settlement of payables and accrued liabilities	—	—	254,535	2	567,611	—	—	567,613
Shares issued for settlement	—	—	84,431	1	233,852	—	—	233,853
Shares issued for services	—	—	60,000	1	145,199	—	—	145,200
Net loss	—	—	—	—	—	—	(9,751,311)	(9,751,311)
September 30, 2020 (unaudited)	—	$ —	17,726,601	$ 177	$ 38,997,490	$ (7,447)	$ (38,766,445)	$ 223,775
December 31, 2020	—	$ —	17,741,713	$ 177	$ 39,725,445	$ —	$ (44,236,035)	$ (4,510,413)
Stock option compensation	—	—	—	—	11,402	—	—	11,402
Restricted stock unit compensation	—	—	—	—	6,728,560	—	—	6,728,560
Stock options exercised	—	—	137,872	1	159,520	—	—	159,521
Shares issued for vested restricted stock units	—	—	856,655	9	(9)	—	—	—
Warrants exercised for cash	—	—	48,803	1	124,539	—	—	124,540
Warrants exercised - cashless	—	—	121,111	1	(1)	—	—	—
Common stock issued for cash	—	—	2,530,000	25	29,727,475	—	—	29,727,500
Offering costs	—	—	—	—	(2,126,305)	—	—	(2,126,305)
Shares issued for services	—	—	12,278	—	249,980	—	—	249,980
Net loss	—	—	—	—	—	—	(22,690,342)	(22,690,342)
September 30, 2021 (unaudited)	—	$ —	21,448,432	$ 214	$ 74,600,606	$ —	$ (66,926,377)	$ 7,674,443

See accompanying notes to the unaudited consolidated financial statements

HYRECAR INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (22,690,342)	$ (9,751,311)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	57,808	55,319
Stock-based compensation	6,989,942	2,610,412
Provision for losses on accounts receivable	50,079	—
Changes in operating assets and liabilities:		
Accounts receivable	(96,225)	12,226
Insurance deposits	(1,462,171)	(749,454)
Other current assets	(477,574)	(51,154)
Accounts payable	1,420,333	596,840
Accrued liabilities	1,918,592	1,159,323
Insurance reserve	(149,430)	188,223
Deferred revenues	(33,240)	(10,564)
Net cash used in operating activities	(14,472,228)	(5,940,140)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash used in investing activities	—	—
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sale of common stock	29,727,500	72,160
Offering costs associated with public offering	(2,126,305)	—
Proceeds from exercise of stock options	159,521	—
Proceeds from note payable	—	2,004,175
Principal repayment on note payable	—	(5,000)
Proceeds from exercise of warrants	124,540	—
Net cash provided by financing activities	27,885,256	2,071,335
Increase (decrease) in cash, cash equivalents and restricted cash	13,413,028	(3,868,805)
Cash, cash equivalents and restricted cash		
Cash, cash equivalents and restricted cash - beginning of period	4,923,515	10,657,140
Cash, cash equivalents and restricted cash - end of period	$ 18,336,543	$ 6,788,335
Reconciliation of cash, cash equivalents and restricted cash to the consolidated balance sheets		
Cash and cash equivalents	$ 16,743,483	$ 6,788,335
Restricted cash	1,593,060	—
Total cash, and cash equivalents and restricted cash to the consolidated balance sheets	$ 18,336,543	$ 6,788,335
Supplemental disclosures of cash flow information:		
Cash paid for:		
Interest expense	$ —	$ 19
Income taxes	$ 800	$ 800

See accompanying notes to the unaudited consolidated financial statements

HYRECAR INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 – DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Organization and Description of Business

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”).

Strategic Partnership, 2021 Public Offering, Uber Agreement and At The Money Facility

On January 28, 2021, the Company announced a new and expanded strategic partnership with AmeriDrive Holdings (“ AmeriDrive”) intended to create a national network of vehicle supply and fleet maintenance operations. In connection therewith, the Company entered into a Collateral Pledge Agreement (“ Agreement”) with Cogent Bank assigning all right, title and interest in a Company deposit account of $750,000 plus 5% fees to secure a revolving line of credit made by the bank to AmeriDrive. The restricted deposit account was gradually expanded to a $1,500,000 pledge during the quarter ended September 30, 2021 resulting from a greater revolving line of credit for AmeriDrive under the same terms.

On February 4, 2021, the Company entered into an underwriting agreement with Lake Street Capital Markets, LLC and Northland Securities, Inc., as representatives of the several underwriters, in connection with the public offering (the “2021 offering”) of a total of 2,530,000 shares of Company common stock. The initial closing of the offering occurred on February 8, 2021. The net proceeds to the Company from the 2021 offering was approximately $27.6 million, after deducting the underwriting discounts and commissions and offering expenses payable by the Company.

On May 20, 2021, the Company renewed its Automobile Liability Insurance Program with Apollo 1969 of Lloyd’s until 2023 at our current rates, providing stable predictable insurance pricing for the next two years. Further, the Company has completed integration with Sedgwick, a leading insurance claim processing partner for many companies in rideshare transportation and food delivery.

On July 26, 2021, the Company entered into a certain Vehicle Rental Strategic Relationship Agreement with Uber Technologies, Inc. to become an official vehicle solution provider on the Uber platform for both electric vehicles and internal combustion engine vehicles. We are currently piloting the vehicle solutions program with Uber and refining the terms of the program as we gather additional performance data.

On November 9, 2021, the Company entered into an Equity Offering Sales Agreement (the “ATM Agreement”), with D.A. Davidson & Co. and Northland Securities, Inc. (collectively, the “Agents”), pursuant to which the Agents act as the Company’s sales agents with respect to the offer and sale from time to time of common stock having an aggregate gross sales price of up to $50.0 million in “at-the market-offerings”, as defined in Rule 415(a)(4) under the Securities Act, and pursuant to a registration statement on Form S-3 that was previously declared effective by the SEC.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with “U.S. GAAP” and include the accounts of the Company. All significant intercompany balances and transactions have been eliminated.

The consolidated balance sheet as of December 31, 2020 included herein was derived from the audited financial statements as of that date. The accompanying unaudited interim consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to state fairly the Company’s financial position, results of operations, stockholders’ equity, and cash flows for the periods presented, but are not necessarily indicative of the results of operations to be anticipated for any future annual or interim period. 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, 2020 and notes thereto that are included in the Company's Annual Report on Form 10-K.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management's Plans

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, and capital raised through the 2021 offering described in Note 1 and through other sales of equity securities that may be effected from time to time. The funds received from the 2021 offering and our existing capital causes us to believe the Company has sufficient resources to operate its business.

In March 2020, 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, 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, vaccination rates, and the effectiveness of vaccines and other treatments, and the imposition of protective public safety measures.

Use of Estimates

The preparation of consolidated financial statements and accompanying notes 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 revenue 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. All significant intercompany accounts and transactions are eliminated upon consolidation.

HYRECAR INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The Company's most significant estimates and judgments involve recognition of revenue and estimates for insurance reserves, and the measurement of the Company's stock-based compensation.

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 September 30, 2021 and December 31, 2020. 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 three months or less to be cash equivalents.

Restricted Cash

Restricted cash consist primarily of amounts held in a restricted bank account at Cogent Bank as collateral for the amount pledged by the Company to secure a revolving line of credit made by Cogent Bank to AmeriDrive, as well as escrow accounts held for our insurance claims processing partner to pay out claims in a timely fashion.

Accounts Receivable

Accounts receivable are reported net of allowance for expected losses. It represents the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect are charged to operations in the year in which those differences are determined, with an offsetting entry to a valuation allowance. As of September 30, 2021 and December 31, 2020, the Company has a reserve allowance of $50,079 and $0, respectively.

HYRECAR INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Insurance Reserve and Insurance Deposits

The Company records a loss reserve for physical damage and other liability coverage caused to owner vehicles up to the Company's insurance deductibles or relevant limits. 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 insurance policy which dictates what amounts of a claim will be paid by the Company. Effective March 1, 2021, the Company entered into a two-year claim adjusting agreement with Sedgwick which included an escrow account requirement of $1,750,000 to be held by Sedgwick for claim payments. This escrow account is replenished by the Company on a quarterly basis dependent on the actual claims paid during that quarter. During the third quarter claim payments totaling $1,661,346 were offset against the escrow account leaving a balance of approximately $88,654. Separate from the escrow account, as of September 30, 2021 and December 31, 2020, $1,963,609 and $2,113,039, respectively, was included in the accompanying consolidated balance sheets, related to the estimated loss reserve, where the expense is included in costs of revenue.

Effective May 15, 2021 the Company entered into a new policy term for its automobile liability insurance program. As part of this program the Company has paid deposit premiums of $1,500,000 and $250,000 for the primary and excess, respectively which will be available to offset premiums due during the final quarter or offset past due premiums during the policy period. In addition, effective June 15, 2021, a separate primary automobile liability policy was placed related only to California operations, which required a $300,000 deposit premium that will be used to pay for and offset premiums due during the policy period.

While certain liability claims may take several years to completely settle, the Company's liability exposure limit is generally met in the near term. Due to our limited operational history, the Company makes certain assumptions based on both currently available information to estimate the insurance 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, venue, and the results of similar 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 revenue.

The Company has analyzed, reviewed and made adjustments to the claims settlement process and related processing guidelines during the quarter ended September 30, 2021 which reduced insurance claims costs over the quarter ended June 30, 2021. We will continue to monitor the claims process and claims portfolio to make future adjustments, to our processes that will further improve our claims adjusting performance.

Revenue Recognition

The Company generates the majority of its revenue from its car sharing marketplace platform that connects vehicle owners and drivers and the related insurance issued for each rental. Vehicle owners and drivers agree to terms of service with the Company in order to use the HyreCar platform and enter into a rental contract that governs each rental. In entering into a rental agreement, the driver is charged in a single transaction: the base rental fee as agreed upon between the driver and vehicle owner, a 10%-20% HyreCar fee on the base rental fee, and a daily insurance charge ("Insurance and administrative fees"), all based on the number of days the vehicle is to be rented within the contract. HyreCar retains 15%-30% of the base rental fee and remits the remaining portion to the vehicle owner. The 10%-20% fee collected from the driver and 15-30% retained from the owner are considered "Transaction Fees" and recorded on a net basis as described below. The Company recognizes revenue daily during the rental periods as the Company is required to maintain insurance underlying the transaction and as a customary business practice, a driver can return a vehicle early for a refund of the unused rental period. Drivers currently do not have an option to decline insurance at any point during the transaction.

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

In applying the guidance of Accounting Standards Codification (" ASC") 606, the Company (i) identifies the contract with the customer, (ii) identifies the performance obligations in the contract, (iii) determines the transaction price, (iv) determines if an allocation of that transaction price is required to the performance obligations in the contract, and (v) recognizes revenue when or as the Company 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 revenue. 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 nine months ended September 30, 2021 and 2020.

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Insurance and administration fees	$ 4,955,697	$ 3,422,809	$ 13,363,492	$ 9,346,517
Transaction fees	4,308,576	3,019,518	11,873,358	8,077,555
Other fees	475,042	428,886	1,170,428	1,055,444
Incentives and rebates	(87,975)	(57,388)	(249,672)	(301,890)
Net revenue	$ 9,651,340	$ 6,813,825	$ 26,157,606	$ 18,177,626

HYRECAR INC.
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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 (Transaction Fees), 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, and motor vehicle records (application fees) 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 Revenue

Cost of revenue 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 and Marketing

The Company expenses the cost of advertising and marketing as incurred. Advertising and marketing expense were $2,598,370 and $1,696,452 for the nine months ended September 30, 2021 and 2020, respectively.

Research and Development

We incur research and development costs during the process of researching and developing our technologies and future offerings. Our research and development costs consist primarily of non-capitalized development and maintenance costs. We expense these costs as incurred unless such costs qualify for capitalization under applicable guidance.

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

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
General and administrative	$ 657,148	$ 77,101	$ 4,837,382	$ 2,149,160
Sales and marketing	210,739	27,605	1,127,521	287,680
Research and development	160,512	39,394	1,025,039	173,572
	$ 1,028,399	$ 144,100	$ 6,989,942	$ 2,610,412

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 nine months ended September 30, 2021 and 2020, there were 691,255 and 1,179,464 options and warrants excluded, and 803,360 and 301,700 restricted stock units 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 single insurance broker and one to two underwriters at any given time to provide all automobile insurance on vehicles rentals on the HyreCar platform. There are multiple brokers and carriers who issue this type of insurance coverage, and the Company is regularly 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 underwriters 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.
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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, 2021, 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.

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 our consolidated financial statements.

NOTE 3 – COMMITMENTS AND CONTINGENCIES

Settlement and Legal

On August 27, 2021, a putative securities class action complaint captioned *Baron v. HyreCar Inc. et al*., Case No. 21-cv-06918, was filed in the United States District Court for the Central District of California against the Company; its Chief Executive Officer, Joseph Furnari; and its former Chief Financial Officer, Robert Scott Brogi. The proposed class period is May 14, 2021 to August 10, 2021, inclusive. The complaint asserts claims and seeks damages for alleged violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, alleging that the defendants made material misrepresentations or failed to disclose material facts that (1) the Company had materially understated its insurance reserves; (2) the Company had failed to pay valid insurance claims incurred prior to the class period; (3) the Company had incurred significant expense transitioning its new third-party insurance claims administrator and processing claims incurred from prior periods; (4) the Company did not appropriately price risk in its insurance products and was experiencing elevated claims incidence as a result; (5) the Company reformed its claims underwriting, policies and procedures in response to high claims severity and customer complaints; and (6) as a result, the Company's operations and prospects were misrepresented. Pursuant to the Private Securities Litigation Reform Act, the deadline for lead plaintiff applications was October 26, 2021, and on that day, four applications for appointment of lead plaintiff and lead plaintiff's counsel were filed, with the motions set for hearing on November 29, 2021. As provided in the Court's order on the parties' scheduling stipulation, the selected lead plaintiff must file a consolidated or amended complaint, or notify the court that it intends to rely on the current complaint, within 14 days of entry of an order appointing lead plaintiff and lead plaintiff's counsel, and defendants then have 21 days to move to dismiss or otherwise respond to the operative complaint. The Company believes that the allegations in this lawsuit are without merit and will vigorously defend against them. The Company's chances of success on the merits are still uncertain and any possible loss or range of loss cannot be reasonably estimated.

HYRECAR INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 4 – DEBT AND LIABILITIES

Accrued Liabilities

A summary of accrued liabilities as of September 30, 2021 and December 31, 2020 is as follows:

	September 30, 2021	December 31, 2020
Accrued payables	$ 2,164,013	$ 823,420
Insurance premiums	2,785,149	3,243,509
Driver deposit	296,597	168,855
Deferred rent	—	46,261
Payroll tax liabilities	1,032,181	77,303
Accrued liabilities	$ 6,277,940	$ 4,359,348

As of September 30, 2021, the accrued payables amounted to $2,164,013, which consists of additional investments accrued for third party support for strategic initiatives. As of September 30, 2021, the payroll tax liabilities amounted to $1,032,181, which consists of the employer and employees share of the payroll tax liabilities related to stock options exercised and vested restricted stock units.

Notes 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”). 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 (“SBA”). 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 September 30, 2021, the amount payable under the Note is $1,999,175. The PPP Loan proceeds were used for payroll, covered rent and other covered payments. The Company submitted to the Lender the PPP Loan forgiveness application as of July 2, 2021. On October 28, 2021, the full amount of the PPP Loan was forgiven by the SBA.

NOTE 5 – STOCKHOLDERS' EQUITY (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 qualified personnel, including stock options, restricted stock, stock appreciation rights, and restricted stock units to purchase shares of common stock. The 2016 Plan is administered by the Board of Directors, and expires ten years after adoption, unless terminated earlier by the Board of Directors. The Company does not currently utilize the 2016 Plan for equity award grants.

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 acquire shares of common stock. Three million shares of common stock were initially reserved for issuance under the 2018 Plan, with the share reserve number 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.

In the second quarter of 2021, the Board of Directors adopted the HyreCar Inc. 2021 Incentive Plan (the “2021 Plan”). The 2021 Plan provides for the grant of equity awards to acquire shares of common stock. Three million shares of common stock were initially reserved for issuance under the 2021 Plan, with the share reserve number subject to increases that occur starting in 2024. The 2021 Plan is administered by the Board of Directors, and expires ten years after adoption, unless terminated earlier by the Board. As of September 30, 2021 the Company has not utilized the 2021 Plan for any equity award grants.

No stock options were granted during the nine months ended September 30, 2021 and September 30, 2020. Stock-based compensation expense for the vesting of stock options for the three months ended September 30, 2021 and 2020 was $632 and $24,277, respectively, and $11,402 and $302,510 for the nine months ended September 30, 2021 and 2020, respectively. As of September 30, 2021, there is no remaining stock-based compensation expense as all options are fully vested.

HYRECAR INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Restricted Stock Units and Shares Issued for Services

A summary of activity with our restricted stock units ("RSUs") for the nine months ended September 30, 2021 is as follows:

	Number of shares	Weighted average grant date fair value per share
Unvested as of December 31, 2020	515,352	$ 6.12
Granted	1,037,334	11.70
Vested	(657,352)	9.70
Forfeited	(91,974)	7.53
Unvested as of September 30, 2021	803,360	$ 10.24

During the nine months ended September 30, 2021, the Company granted 466,266 and 365,000 RSUs to employees and executives, respectively, of which a large portion vested upon issuance while the remaining generally vest over four years. Additionally, for the nine months ended September 30, 2021, the Company granted 206,068 RSUs to Board members, of which 50% vested on grant date and the remaining 50% vest over the next four quarters following the date of grant.

Stock-based compensation related to RSUs for the three months ended September 30, 2021 and 2020 was $1,027,767 and $99,303, respectively. Stock-based compensation related to RSUs for the nine months ended September 30, 2021 and 2020 was $6,728,560 and $384,200, respectively. As of September 30, 2021, unrecognized compensation expense related to the unvested RSUs is $7,816,855 and is expected to be recognized over approximately 2.7 years.

During the nine months ended September 30, 2021, the Company granted 12,278 shares of common stock in exchange for legal services. The Company recognized stock-based compensation of $249,980 based on the closing price of the Company's common stock on the date of grant.

Warrants

During the nine months ended September 30, 2021, several warrant holders exercised an aggregate of 309,252 warrants exercised in cashless exercises resulting in 121,111 shares of common stock being issued.

NOTE 6 – RELATED PARTY TRANSACTIONS

Insurance

The president of the Company's former primary insurance broker through June 2020 is also a minority Company stockholder and holder of warrants. As of September 30, 2021 and December 31, 2020, the Company had no outstanding balances to the broker included in accounts payable or accrued liabilities, respectively. During the nine months ended September 30, 2021 and 2020, the Company paid the broker approximately $0 and $2,580,136, respectively. On June 15, 2020, the Company completed moving its primary and excess automobile insurance liability programs over to a new insurance broker and is no longer using the related party broker.

NOTE 7 – SUBSEQUENT EVENTS

On October 28, 2021, the PPP Loan was forgiven by the SBA in the full amount of $1,999,175. Further on November 4, 2021, the Company expanded its partnership with Cogent and AmeriDrive to help drive additional car supply to the Company's platform. As part of the agreement, the Company agreed to increase the collateral held by Cogent bank by $1,500,000 (now $3,000,000 in total) in exchange for a credit line increase to expand AmeriDrive's vehicle fleet contributed exclusively to the Company platform.

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, 2020 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 certain 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 marketplace 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 ride-sharing service driver (each, a "Driver") renting a car from a participating car owner (each, an "Owner"). Drivers pay a daily rental rate set by the Owner, *plus* a 10%-20% HyreCar Driver fee and direct daily insurance costs. Owners receive their daily rental rate *minus* a 15%-30% HyreCar Owner fee. For example, as of September 30, 2021, the average daily rental rate of a HyreCar vehicle nationally is approximately $38 ("Daily Rental Rate"), plus a 10%-30% HyreCar Driver fee ($6) and daily direct insurance fee of $15, totaling $59 in total daily gross billings in paid by the Driver via a payment card transaction. On average approximately 78% of the daily rental is transferred to the Owner via our merchant processing partner. HyreCar earns revenue from the revenue share fees and insurance totaling approximately $29 per day. Accordingly, the GAAP reportable revenue recognized by HyreCar is $29 in this example transaction as detailed in the following table:

<u>**Daily Gross Revenue Example**</u>			**Daily Net (GAAP) Revenue Example**		
National Average Daily Rental Rate	$	**38**	HyreCar Owner Fee (22% average)	$	**8**
Driver Fee	$	**6**	HyreCar Driver Fee (10%-30% rate)	$	**6**
Daily Insurance Fee	$	**15**	Insurance Fee (100% of fee)	$	**15**
Daily Gross Billing Paid by Driver	$	**59**	Daily Average Net Revenue	$	**29**

During the quarter ended September 30, 2021, the Company monitored the market's competitive prices to maintain good performance levels. The dynamic pricing of the daily gross and net rental rates were adjusted depending on the variations in demand and competition. The daily average gross rental rate for the three months ended September 30, 2021 was $59, an increase of $6 or 11.3% from the $53 daily average gross rental rate recognized during the three months ended September 30, 2020.

Gross billings 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 revenue. 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 48% ($26,158,000 HyreCar's GAAP revenue over $54,471,000 Total Gross Billings) for the nine months ended September 30, 2021. A breakout of revenue components is provided in the section of this Quarterly Report on Form 10-Q titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the footnotes to the consolidated financial statements.

Non-GAAP Financial Measures

Gross Billings

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 revenue. 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 revenue to gross billings for the three and nine months ended September 30, 2021 and 2020:

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Revenue (U.S. GAAP reported revenue)	$ 9,651,340	$ 6,813,825	$ 26,157,606	$ 18,177,626
Add: Refunds, rebates and deferred revenue	743,033	389,539	1,945,047	1,124,017
Add: Owner payments (not recorded in financial statements)	9,015,419	7,950,090	26,368,661	21,251,442
Gross billings (non-U.S. GAAP measure not recorded in financial statements)	$ 19,409,792	$ 15,153,454	$ 54,471,314	$ 40,553,085

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 nine months ended September 30, 2021 and 2020:

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Net loss	$ (6,148,647)	$ (1,839,620)	$ (22,690,342)	$ (9,751,311)
Adjusted to exclude the following:				
Other expense (income), net	(2,140)	71,419	(1,886)	35,297
Provision for income taxes	—	—	800	800
Depreciation and amortization	19,269	17,003	57,808	55,319
Stock-based compensation expense	1,028,399	144,100	6,989,942	2,610,412
Prior expenses expected to be settled in stock included in liabilities	—	—	—	192,871
Adjusted EBITDA	$ (5,103,119)	$ (1,607,098)	$ (15,643,678)	$ (6,856,612)

Our operating results are subject to variability due to seasonality, macroeconomic conditions such as the effects of the COVID-19 pandemic 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 2021, we have continued to operate in an uncertain and uneven economic environment marked by heightened economic and geopolitical risks due to the COVID-19 pandemic.

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, 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.

Significant changes in our results of operations for the three months ended September 30, 2021 include:

- Net rental days totaled approximately 329,000 rental days for the three months ended September 30, 2021, an increase of approximately 56,000 rental days or 20.5% over the 273,000 rental days recognized during the three months ended September 30, 2020, as the Company continued to expand its presence in key markets including Georgia, California, New York, Pennsylvania, Texas and Maryland.

- Revenue totaled $9.7 million for the three months ended September 30, 2021, an increase of $2.9 million or 42.6% from $6.8 million recognized during the three months ended September 30, 2020 primarily as a result of the higher net rental rate and days. The daily average net rental rate for the three months ended September 30, 2021 was $29, an increase of $5 or 20.8% from the $24 daily average net rental rate recognized during the three months ended September 30, 2020.

- Cost of revenue totaled $6.7 million for the three months ended September 30, 2021, an increase of $2.8 million or 71.8% from $3.9 million recognized during the three months ended September 30, 2020. Normalized for intra-year volatility of the claims portfolio performance in 2021, cost of revenue has increased by about 46.0%, slightly higher than the revenue growth of 43.0%.

- Gross profit totaled $3.0 million for the three months ended September 30, 2021, an increase of $0.1 million or 3.4% from $2.9 million recognized during the three months ended September 30, 2020. The modest increase in revenues and gross profit were primarily attributed to higher net rental rate and days, partially offset by an increase in insurance premiums, claims and merchant fees. Our gross profit margin increased to 30.7% for the three months ended September 30, 2021 showing sequential quarter improvement from 24.2% normalized (8.9% actual) of claims portfolio performance for the three months ended June 30, 2021. The increase was primarily as result of claims process improvements, a focus on cost efficiency and dynamic pricing.

- Operating expenses, consisting of general and administrative, sales and marketing, and research and development expenses, totaled $9.1 million for the three months ended September 30, 2021, an increase of $4.4 million or 93.6% over $4.7 million recognized during the three months ended September 30, 2020. These additional operating expenses were incurred to enable and support growth and scale across all functional areas. These expenses included costs incurred for the enhancement of the technology platform, on-going efforts at stimulating demand and visibility through marketing, as well as growing our customer support/sale organization.

- Net loss totaled $(6.1) million for the three months ended September 30, 2021, an increase of $(4.3) million or approximately 238.9% over the $(1.8) million net loss recognized during the three months ended September 30, 2020. The increase in net loss was driven by the higher cost of revenue and operating expenses as noted above, partially offset by the higher net revenue recognized during the three months ended September 30, 2021.

- Adjusted EBITDA (which is a non-GAAP financial measure as described above) totaled $(5.1) million for the three months ended September 30, 2021, an increase of $(3.5) million or 217.5% from $(1.6) million recognized for the prior year quarter ended September 30, 2020.

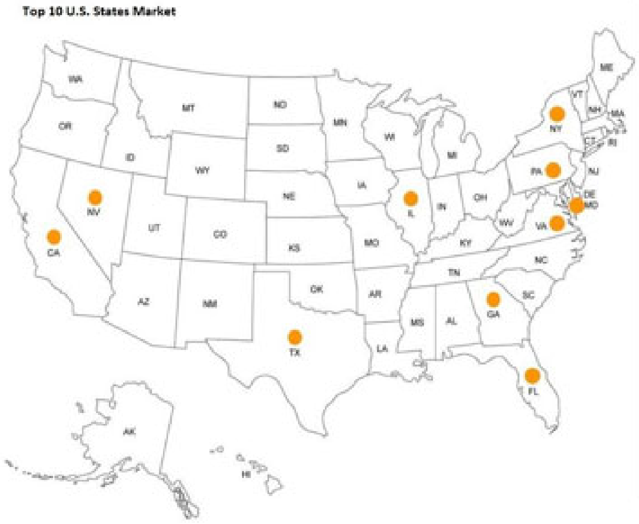
Management's Plan

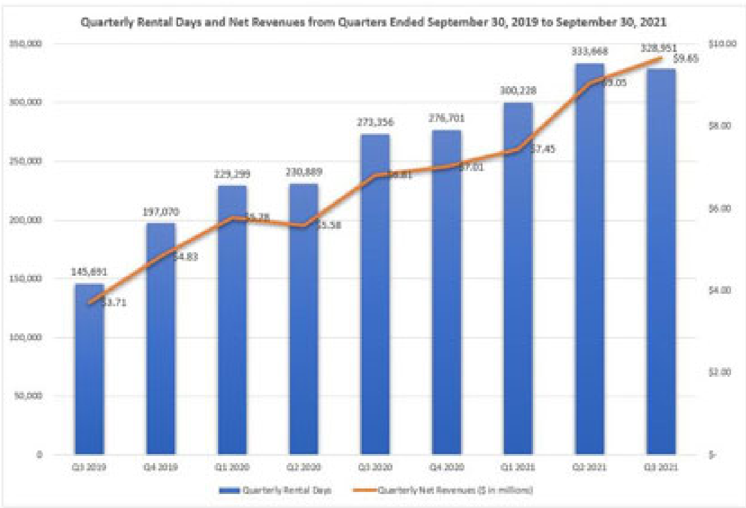
We have incurred operating losses since Inception and historically relied on debt and equity financing for working capital. Going forward, the Company intends to fund its operations through increased revenue from operations and the funds raised through sales of its securities. We completed an underwritten public equity offering on February 9, 2021, consisting of an aggregate of 2,530,000 million shares of our common stock at a public offering price of $11.75 per share, which included the exercise in full of the underwriters' option. This provided approximately $29.7 million in gross proceeds to the Company, before underwriting expenses and other costs.

With approximately 329,000 quarterly rental days in the third quarter of 2021, our annualized rental day run rate has reached over 1,300,000 per year. Our business model and platform allow us to potentially leverage new opportunities and create a larger market with ridesharing, food and package delivery services. Two thirds of the Drivers on our platform are now predominantly delivery oriented and the opportunity is accelerating in the local delivery as a service environment. We continue to expect revenue growth in 2021 and beyond as we continue to focus on increasing our car supply to meet the driver demand and other promotional efforts related to our car sharing marketplace platform.

As part of our focus to increase car supply, the Company's strategic partnership with AmeriDrive Holdings is intended to create a national network of vehicle supply and fleet maintenance operations and is expanding our operations in the Southeast United States. On February 10, 2021, TrueCar announced a partnership with HyreCar to provide its car sharing marketplace with a modern digital car buying and trade-in solution. The TrueCar partnership offers a potential way to address the automobile trade-in market in a relevant and effective manner for dealers and customers. TrueCar helps create awareness that vehicle dealers can benefit from serving the TaaS industry via the Company's platform. We believe both the AmeriDrive and TrueCar relationships enhance our ability to increase revenue.

Based on the capital currently on hand, as well as increasing revenue levels through the normal course of business, we believe the Company has sufficient resources to continue to operate its business for the next 12 months, although the Company from time to time explores means to raise additional capital. The current top 10 U.S. state markets in our geographic footprint, and our volumes of quarterly rental days and net revenue from the quarters ended September 30, 2019 through September 30, 2021, is detailed below.





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 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 Company satisfies a performance obligation.

Cost of revenue primarily include direct fees paid for driver insurance, insurance claim payments 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 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, and other costs that are not included in cost of revenue. 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. Research and development costs are expensed as incurred. Sales and marketing expenses primarily consist of personnel-related compensation costs, commissions expenses, advertising expenses, and marketing partnerships with third parties. Sales and marketing costs are expensed as incurred.

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

Results of Operations

Three Months Ended September 30, 2021 compared to Three Months Ended September 30, 2020

Revenue and Gross Profit. Revenue totaled $9.7 million for the three months ended September 30, 2021, an increase of $2.9 million or 42.6% over the $6.8 million of revenue recognized during the three months ended September 30, 2020. Rental days totaled approximately 329,000, an increase of 56,000 rental days or 20.5% compared to the prior year period. The daily average net rental rate for the three months ended September 30, 2021 was $29, an increase of $5 or 20.7% from $24 daily average net rental rate recognized during the three months ended September 30, 2020. Gross profit totaled $3.0 million for the three months ended September 30, 2021, a modest increase of $0.1 million or 3.4% over the $2.9 million gross profit recognized during the three months ended September 30, 2020. Gross profit margin increased to 30.7% for the three months ended September 30, 2021 from 24.2% normalized for one-off and prior period claims (8.9% actual) for the three months ended June 30, 2021. The increase in gross profit margin was primarily as result of claims process improvements and dynamic pricing. Overall, the increase in revenue and gross profit were primarily attributed to higher net rental rate and days, partially offset by an increase in insurance premiums, claims and merchant fees.

Operating Expenses. Operating expenses, consisting of general and administrative, sales and marketing, and research and development expenses totaled $9.1 million for the three months ended September 30, 2021, an increase of $4.4 million or 93.6% over $4.7 million in such expenses recognized during the three months ended September 30, 2020. The additional operating expenses were incurred to enable and support growth and scale the Company across its functional areas. These expenses included costs incurred for the enhancement of the Company's technology platform, efforts at stimulating demand through marketing, as well as scaling our customer support/sales organization. General and administrative expenses totaled $4.7 million for the three months ended September 30, 2021, an increase of $2.6 million or 123.8% over $2.1 million recognized during the three months ended September 30, 2020. Additional expenditures were primarily geared towards customer support and centralized operations supporting the platform, third party support for strategic initiatives, recruitment costs, non-cash stock-based compensation expense of equity grants and general and administrative functions to scale and overall business insurance. Sales and marketing expenses totaled $2.5 million for the three months ended September 30, 2021, an increase of $0.7 million or 38.9% over $1.8 million of sales and marketing expenses recognized during the three months ended September 30, 2020. The increase was primarily attributed to an increase in digital advertising and sales personnel. Research and development expenses totaled $2.0 million for the three months ended September 30, 2021, an increase of $1.2 million or 150.0% over $0.8 million of research and development expenses recognized during the three months ended September 30, 2020. The increase was primarily attributed to growth in technology infrastructure support related to the enhancement and maintenance of our digital marketplace technology platform, and the hiring of external consultants to supplement and speed up these efforts.

Loss from Operations. Loss from operations totaled $(6.2) million for the three months ended September 30, 2021, an increase of $(4.4) million or 244.4% over a $(1.8) million loss from operations for the three months ended September 30, 2020. The increase in loss from operations was driven by higher cost of revenue and operating expenses as detailed above, partially offset by the higher net revenue recognized during the three months ended September 30, 2021.

Other (Income) Expense. Other (Income) Expense totaled ($2,140) for the three months ended September 30, 2021, an increase of $73,559 in income or 103.0% compared to $71,419 of net expense for the three months ended September 30, 2020. The increase in other income was primarily due to higher interest income from money market account and partially offset by non-operational expenses and loan interest expense.

Net Loss. Net loss totaled $(6.1) million for the three months ended September 30, 2021, an increase of $(4.3) million or 238.9% over a $(1.8) million net loss recognized during the three months ended September 30, 2020.

Nine Months Ended September 30, 2021 compared to Nine Months Ended September 30, 2020

Revenue and Gross Profit. Revenue totaled $26.2 million for the nine months ended September 30, 2021, an increase of $8.0 million or 44.0% over the $18.2 million of revenue recognized during the nine months ended September 30, 2020. Rental days totaled approximately 963,000 rental days, an increase of 229,000 rental days or 31.2% compared to the prior year period. The daily average net rental rate for the nine months ended September 30, 2021 was $27, an increase of $3 or 12.5% from $24 daily average net rental rate recognized during the nine months ended September 30, 2020. Gross profit totaled $6.5 million for the nine months ended September 30, 2021, a decrease of $1.1 million or 14.5% over the $7.6 million gross profit recognized during the nine months ended September 30, 2020. Gross Profit Margin decreased to 24.8% for the nine months ended September 30, 2021 from 41.8% for the nine months ended September 30, 2020. Gross Profit Margin would have been 29.0% for the nine months ended September 30, 2021 not including $1.1 million in one-off items related to prior periods (prior to January 1, 2021) and technical issues related to the transition between insurance claims processing partners.

Operating Expenses. Operating expenses, consisting of general and administrative, sales and marketing, and research and development expenses totaled $29.2 million for the nine months ended September 30, 2021, an increase of $11.9 million or 68.8% over $17.3 million recognized during the nine months ended September 30, 2020. The increase in operating expenses was to enable and support growth across all functional areas and non-cash stock-based compensation expense related to annual equity grants spread amongst personnel in various company functions including grants for consultants, officers and directors. These investments were aimed at enhancing the technology platform, efforts at stimulating demand through marketing, as well as scaling our customer support/sales organization. General and administrative expenses totaled $16.6 million for the nine months ended September 30, 2021, an increase of $7.4 million or 80.4% over $9.2 million recognized during the nine months ended September 30, 2020. In addition to non-cash stock-based compensation, additional investments were primarily geared towards customer support and centralized operations supporting the platform, third party support to support strategic initiatives, recruitment costs, preparing General and administrative functions to scale and overall business insurance. Sales and marketing expenses totaled $8.0 million for the nine months ended September 30, 2021, an increase of $2.0 million or 33.3% over $6.0 million of sales and marketing expenses recognized during the nine months ended September 30, 2020. The increases was primarily attributed to an increase in digital advertising and sales personnel. Research and development expenses totaled $4.6 million for the nine months ended September 30, 2021, an increase of $2.5 million or 119.0% over $2.1 million of research and development expenses recognized during the nine months ended September 30, 2020. The increase was primarily attributed to growth in technology infrastructure support related to the enhancement and maintenance of our digital marketplace technology platform, and the hiring of external consultants to supplement and speed up these efforts.

Loss from Operations. Loss from operations totaled $(22.7) million for the nine months ended September 30, 2021, an increase of $(13.0) million or 134.0% over the $(9.7) million loss from operations for the nine months ended September 30, 2020. The increase in loss from operations was driven by the higher cost of revenue, operating expenses and non-cash stock-based compensation expense described above, partially offset by the higher net revenue recognized during the nine months ended September 30, 2021.

Other (Income) Expense. Other (Income) Expense totaled ($1,886) for the nine months ended September 30, 2021, an increase of $37,183 in income or 105.3% compared to $35,297 of net expense for the nine months ended September 30, 2020. The increase in other income was primarily due to higher interest income from money market account and partially offset by non-operational expenses and loan interest expense.

Net Loss. Net loss totaled $(22.7) million for the nine months ended September 30, 2021, an increase of $(12.9) million or 131.6% over the $(9.8) million net loss recognized during the nine months ended September 30, 2020.

Liquidity and Capital Resources

As of September 30, 2021, our principal sources of liquidity were cash and cash equivalents of $16,743,483 compared to $4,923,515 as of December 31, 2020. Cash and cash equivalents include money market deposit accounts denominated in U.S. dollars.

In February 2021, we received net proceeds of $27.6 million upon the completion of an underwritten public offering of an aggregate of 2,530,000 million shares of common stock at a public offering price of $11.75 per share, after deducting underwriting discounts and commissions and offering expenses.

We have primarily financed our operations through proceeds from public offerings, PPP Loan proceeds, and revenue received through our platform. As a result of the February 2021 financing, we believe our existing cash and cash equivalents and proceeds from revenue generating activities will be sufficient to meet our working capital and capital expenditures needs over at least the next 12 months more fully described in Management's Plan above, although the Company from time to time may seek to raise additional capital to further support its plans and operations.

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 service 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 or generate greater revenues, we may need to curtail expenditures by scaling back certain sales and marketing expenses.

Cash Flows

Net cash used in operating activities was $14,472,228 for the nine months ended September 30, 2021. This consisted primarily of a net loss of $(22,690,342) offset by non-cash stock-based compensation expense of $6,989,942 largely driven by the recognition of costs related to annual restricted stock unit grants. Additionally, there were increases in insurance deposits of $1,462,171 and accounts payable of $1,420,333 through insurance premium deposits and claims paid as well as accrued liabilities of $1,918,592 primarily driven by the insurance premiums accrual for the nine months ended September 30, 2021 compared to the year ended December 31, 2020 wherein the revised contract allowed deferral of payment for approximately six months. These cash flow increases were partially offset by increase in other current assets of $477,574, and decrease in insurance reserves of $149,430.

Net cash used in operating activities was $5,940,140 for the nine months ended September 30, 2020. This consisted primarily of a net loss of $(9,751,311) offset by non-cash stock-based compensation expense of $2,610,412 largely driven by the recognition of costs related to stock options and restricted stock unit grants. Additionally, there were increases in accounts payable of $596,840 and accrued liabilities of $1,159,323 and increase in insurance deposit of $749,454.

Net cash provided by financing activities was $27,885,256 for the nine months ended September 30, 2021, which primarily consists of gross proceeds from the sale of common stock in our February 2021 public offering of $29,727,500, proceeds from the exercise of warrants of $124,540 and stock options of $159,521, partially offset by offering costs of $2,126,305.

Net cash provided by financing activities was $2,071,335 for the nine months ended September 30, 2020, which primarily consists of net proceeds received from the PPP Loan and proceeds from the exercise of 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 including financial equity financing and debt leverage to accelerate growth opportunities.

For the nine months ended September 30, 2021 and 2020, there were no dividends paid and we have no plans to commence the payment of dividends. We have no current plans to raise capital through the sale of shares of our common stock, but we 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 as of September 30, 2021. Neither the Company nor any of the subsidiaries are subject to 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 September 30, 2021.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements (as defined in the rules and regulations of the SEC) that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material investors.

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 as of September 30, 2021.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(f) and 15d-15(f) under the Exchange Act) has occurred during the three months ended September 30, 2021 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

On August 27, 2021, a putative securities class action complaint captioned *Baron v. HyreCar Inc. et al*., Case No. 21-cv-06918, was filed in the United States District Court for the Central District of California against the Company; its Chief Executive Officer, Joseph Furnari; and its former Chief Financial Officer, Robert Scott Brogi. The proposed class period is May 14, 2021 to August 10, 2021, inclusive. The complaint asserts claims and seeks damages for alleged violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, alleging that the defendants made material misrepresentations or failed to disclose material facts that (1) the Company had materially understated its insurance reserves; (2) the Company had failed to pay valid insurance claims incurred prior to the class period; (3) the Company had incurred significant expense transitioning its new third-party insurance claims administrator and processing claims incurred from prior periods; (4) the Company did not appropriately price risk in its insurance products and was experiencing elevated claims incidence as a result; (5) the Company reformed its claims underwriting, policies and procedures in response to high claims severity and customer complaints; and (6) as a result, the Company's operations and prospects were misrepresented. Pursuant to the Private Securities Litigation Reform Act, the deadline for lead plaintiff applications was October 26, 2021, and on that day, four applications for appointment of lead plaintiff and lead plaintiff's counsel were filed, with the motions set for hearing on November 29, 2021. As provided in the Court's order on the parties' scheduling stipulation, the selected lead plaintiff must file a consolidated or amended complaint, or notify the court that it intends to rely on the current complaint, within 14 days of entry of an order appointing lead plaintiff and lead plaintiff's counsel, and defendants then have 21 days to move to dismiss or otherwise respond to the operative complaint. The Company believes that the allegations in this lawsuit are without merit and will vigorously defend against them. The Company's chances of success on the merits are still uncertain and any possible loss or range of loss cannot be reasonably estimated.

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, 2020, 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, 2020.

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

None.

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	Inline XBRL Instance Document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					X

* 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.

	HyreCar Inc.
Date: November 9, 2021	By: /s/ Joseph Furnari Joseph Furnari Chief Executive Officer (Principal Executive Officer)
	HyreCar Inc.
Date: November 9, 2021	By: /s/ Serge De Bock Serge De Bock Chief Financial Officer (Principal Financial and Accounting Officer)

EXHIBIT 31.1

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: November 9, 2021

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

EXHIBIT 31.2

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

I, Serge De Bock, 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: November 9, 2021

By: /s/ Serge De Bock
Name: Serge De Bock
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

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 September 30, 2021 (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: November 9, 2021

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

EXHIBIT 32.2

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, Serge De Bock, 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 September 30, 2021 (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: November 9, 2021

By: /s/ Serge De Bock
Name: Serge De Bock
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)