Internet Software & Services
Initiating Coverage
July 30, 2019
BUY
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HYRECAR, INC.

Riding the Ride/Carsharing Wave, but with Near-Term Profitability; $8.25 PT

HYRE (NASDAQ)

Company & Market Data	
Closing Price (as of 07/29/2019):	$3.07
Rating:	BUY
Price Target:	$8.25
52 Week Range:	$1.54 - $8.03
Shares Outstanding (MM):	15.8
Market Capitalization (MM):	$49
Avg Daily Volume (M):	252.2
Enterprise Value (MM):	$42
Fiscal Year End:	Dec

*With the recent capital raise, we estimate the fully-diluted share count is now 16.4 million

Estimates			
EPS	**2018A**	**2019E**	**2020E**
1Q	$(0.28)	$(0.12)A	$0.03
2Q	$(0.33)	$(0.12)	$0.05
3Q	$(0.12)	$(0.06)	$0.08
4Q	$(0.27)	$0.00	$0.11
Full Year	$(0.81)	$(0.30)	$0.26
Revenue (MM)	$9.8	$18.4	$31.8
EBITDA (MM)	$(4.8)	$(3.8)	$4.3

Ratios			
P/E	NA	NA	11.8x
EBITDA (M)	(0.0)	(0.0)	0.0
EV/EBITDA	(8.8)x	(11.1)x	9.8x

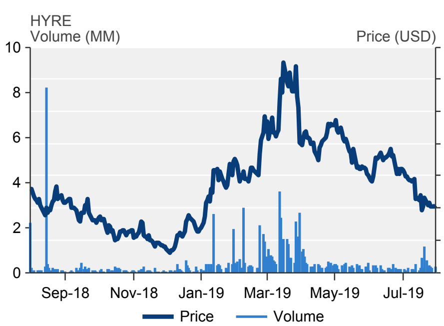


Chart data: Bloomberg

The HyreCar, Inc. Platform: HyreCar is an emerging leader in the carsharing space, providing a flexible, affordable rental option for drivers in need of a vehicle to drive for Uber (UBER, $43.88, Not Rated), Lyft (LYFT, $64.03, Not Rated), or one of the many delivery service entities. The HyreCar platform connects owners of excess/idle cars and facilitates its service through a proprietary application (desktop and mobile). The app on-boards car owners and interested drivers and matches owners with drivers, logs rental activity, collects rental fees, and then remits a rental fee to the car owners. HyreCar is now active in all 50 states and Washington, D.C., with approximately 2,000 cars for rent on the platform. For Q1 HyreCar reported nearly 140,000 rental days booked (up 76.7% y/y) and record revenues of $3.51 million. With the expectation of continued impressive growth, we are initiating coverage of HyreCar, Inc. with a Buy rating and $8.25 price target.

The Ridesharing/Carsharing Market: HyreCar is uniquely positioned at the intersection of the ridesharing and carsharing markets. A report by Allied Market Research values the ridesharing market at $36 billion and projects it will reach $126 billion by 2025. In addition, the carsharing market has experienced unprecedented growth with the development of services such as ZipCar, Turo, and Maven. Global Market Insights reported the global carsharing market to be worth $1.5 billion in 2017 and expects the market to grow more than 20% between 2018 and 2024.

Dealership Partnerships: Recognizing that the key gating factor has been the need for more vehicles on the platform, the company has added four new individuals to the fleet sales team (up from just one). This recent focus on acquiring car listings through relationships with fleet owners (car dealerships) has to date resulted in relationships with 114 car dealerships who have collectively listed 1,700 cars onto HyreCar's platform. Due to the shifting nature of the car market, dealers have welcomed HyreCar's platform as a way to generate extra revenue from their idle fleets. We anticipate that these numbers will accelerate significantly in the back half of 2019.

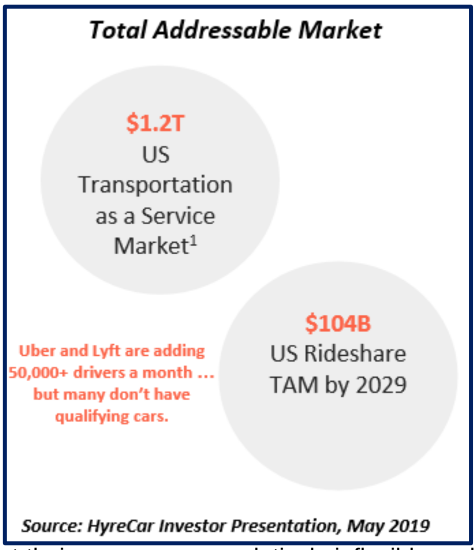
Earnings Model: Based on our projections for just organic growth, we estimate revenue of $18.4 million and $31.8 million for fiscal 2019 and 2020, respectively. For fiscal 2020 we are estimating non-GAAP cash earnings of $4.2 million or $0.26 per share.

Our Outlook: With HyreCar's emerging position as the leader in the carsharing rental market, we anticipate the company will be able to grow organically above 70% annually into 2020 as the number of vehicles available on the platform expands. With this growth potential, we believe the company's true value is not reflected in the current share price and believe a more fair valuation would be one based on a multiple of the expected revenues out to 2020 combined with a Price/Earnings multiple on the non-GAAP cash earning per share estimate for 2020. Based on our estimated fiscal 2020 revenue estimate of $31.8 million and non-GAAP cash earnings of $0.26, we believe a fair value to be $8.25 (see valuation section). We believe this valuation accounts for the potential revenue growth and near-term bottom line profitability but also takes into consideration the risks associated with managing a small company in a very competitive market. As such, we initiate coverage of HyreCar, Inc., with a Buy rating and 12-month price target of $8.25.

Disclosures and Analyst Certifications can be found in Appendix A.

Investment Summary

Since 2009, with the arrival of Uber and Lyft, the rideshare market has figuratively exploded, significantly disrupting traditional ride-hailing services. A widely referenced industry piece published by The Goldman Sachs Group, Inc in May 2017 (GS, $220.32, Not Rated) calculates that there are currently an average of 15 million ride-hailing trips a day globally, with an expected increase to 97 million by 2030. The rideshare industry is estimated to approach a value of $104 billion by calendar 2029 (see image at the right). In line with the increasing utilization of on-demand rideshare services has been the supply of drivers eager to enter the gig economy. Together, Uber and Lyft report that they have nearly six million active drivers and are continuing to add upwards of 50,000 drivers each month.[1]



Notably, the current rideshare service entities report that approximately 40% of drivers who wish to sign up on their platforms do not have access to an eligible vehicle. Uber and Lyft have attempted to address this issue through partnerships with various car suppliers, but their programs are relatively inflexible and have met with limited success. In 2016, HyreCar unveiled its more flexible, peer-to-peer vehicle rental platform for rideshare drivers, with just a 2-day rental minimum, no restrictions on which entities drivers can work for, and a comprehensive and affordable insurance element. Since its debut, HyreCar has swiftly gained significant market share in the rideshare vehicle rental market, reporting nearly 140,000 rental days booked in Q1 2019.

Since inception, HyreCar's growth has been limited by a lack of sufficient car listings on its platform to meet the overwhelming demand for rental cars by rideshare drivers. To address this discrepancy and capitalize on the current market demand, HyreCar has begun establishing relationships with vehicle fleet owners (car dealerships), who are looking for opportunities to generate revenue with their idle fleets. Taking advantage of this paradigm, HyreCar is positioning itself to meet auto dealers' needs while concurrently generating more revenue by significantly increasing the supply of rental vehicles available on its platform. As of July 2019, HyreCar has inked partnerships with 114 dealerships who have collectively placed more than 1,700 cars onto the HyreCar platform. In recent weeks, HyreCar has added several sales personnel to focus on this market segment and anticipates meaningful increases in vehicle placements on the platform through this new channel.

In addition, HyreCar is improving revenue and margin growth through ongoing modifications to its insurance offering. In the past, HyreCar had one insurance option for the vehicle owners and collected only 15% of car owners' Daily Rental fee. Currently, HyreCar offers vehicle owners two other enhanced insurance plans in return for a higher share of the Daily Rental fee (20% and/or 25%). These new insurance options are being well received in the market and management is now anticipating increasing revenues as owners select the more conservative insurance coverage options.

Though the company's market cap is currently quite small (approximately 55 million), revenue growth has been (and is expected to remain) impressive, reaching $9.7 million in 2018. We anticipate revenues to approach $18.6 million and $31.8 million in 2019 and 2020, respectively, due to the ongoing increase in rental booking days and

[1] https://www.alliedmarketresearch.com/ride-hailing-service-market

added fees from the new insurance options. As such, we are initiating coverage of HyreCar, Inc. with a Buy rating and $8.25 price target.

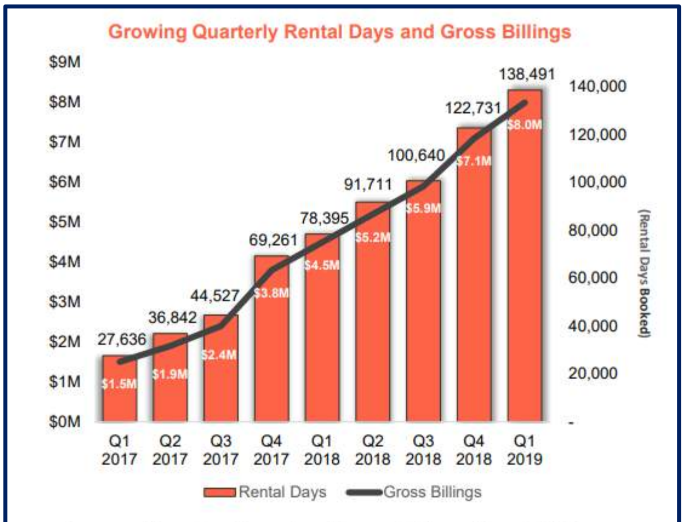
HyreCar, Inc. Company Overview

Today, HyreCar is an emerging leader, providing a scalable carsharing option for the ridesharing industry. The HyreCar platform connects owners of excess/idle cars with drivers in need of a vehicle to drive for Uber, Lyft or one of the many delivery service entities.

HyreCar, Inc. was founded in 2014 by Mr. Abhishek Arora and Mr. Anshu Bansal to address the lack of flexible rental car options available to individuals interested in driving for ridesharing companies (such as Uber and Lyft) who did not own vehicles that satisfied those companies' vehicle guidelines. The founders believed that the available rental options for prospective drivers were inflexible and expensive and disincentivized many drivers from using a rented vehicle. The HyreCar model originated to provide an alternative that eliminated these obstacles and allowed prospective drivers the opportunity to begin driving. HyreCar also recognized the rising existence of a shadow market of individuals renting cars to one another for short-term ridesharing use. HyreCar capitalized upon the simultaneous expansion of these two markets, emerging as a leader with its unique peer-to-peer carsharing marketplace.

HyreCar offers its platform through a proprietary application (desktop and mobile) that onboards car owners and interested drivers, matches owners with drivers, logs rental activity, collects rental fees and pays car owners. HyreCar asserts its competitive advantage through the inclusion of a unique insurance offering that covers both owners and drivers. The insurance policy is specifically designed to cover the period of time in which drivers are operating a rented vehicle but not actively engaged on a ride-hailing or delivery platform. During the periods when drivers are active on the ride-hailing platform, the insurance subordinates to the state-mandated insurance provided by the ride-hailing entities, satisfying the needs and concerns for both drivers and car owners.

Following a series of small, private financing rounds, HyreCar completed an IPO in June 2018, selling 2.5 million common shares at $5.00/share and raising $12.5 million for working capital and other general corporate purposes. The offering was initially well received as shares opened up 11% from the offering price. At the time of its IPO, HyreCar was operating in 34 states plus Washington, D.C. and was averaging above 90,000 driver rental days on a quarterly basis (see image to the right). To fund future growth, HyreCar recently completed a secondary public offering of 4.03 million shares priced at $3.00/share with net proceeds, estimated at near $12 million. With this offering the outstanding share count is now roughly 16.5 million and the estimated cash balance (assuming a cash burn of roughly $2 million during Q2) is about $16.5 million.



Source: HyreCar Investor Presentation, May 2019

Since its debut, the HyreCar platform has been well received with much of its growth coming through organic search traffic and word-of-mouth. The number of drivers renting cars through the HyreCar app grew from 1,060 to 7,600 between 2016 and 2018. To drive continued growth and expand its user base, management began building a focused sales and marketing strategy. Originally, management started with an inside sales and marketing team that directly contacted potential vehicle owners and drivers to recruit them to sign up for the service. More recently, HyreCar has pivoted its focus to build an outside sales group tasked with building the available car fleet through commercial partnerships to meet driver demand. This effort has led to HyreCar recently announcing an initiative to enter the Mobility-as-a-Service (MaaS) market to leverage its service as a platform for car dealership owners to post a portion of their idle vehicles for short-term rental to interested drivers. The emerging MaaS market addresses a shift away from personally-owned vehicles toward mobility solutions that are consumed as a service. HyreCar provides dealerships an attractive channel through which they can adjust to changing market trends without suffering significant business losses. This MaaS initiative is proving popular as the company now has 114 dealerships with more than 1,700 cars on their platform as of April 2019.

HyreCar's basic net revenue model involves recognizing a fee from each rental day processed through its platform plus an additional charge for the daily insurance coverage. Going forward we anticipate increasing revenues due to expected growth in the number of rental days and modifications to the cost and pricing of the insurance coverage provided by HyreCar. Additionally, as the volume of rental days rises, operational margins should increase as the company benefits from lower insurance costs and operational efficiencies.

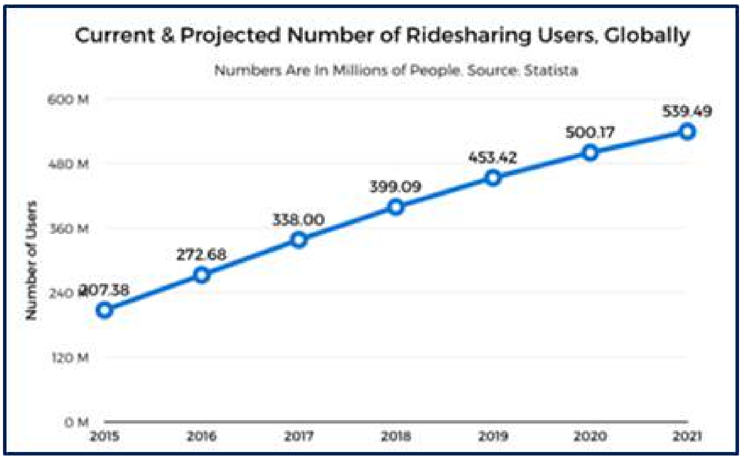
Ridesharing/Carsharing Market Space

HyreCar has uniquely positioned itself at the intersection of the ridesharing and carsharing markets. Both are relatively new sectors in the "gig economy" and offer the promise of significant growth in the coming years.

Ridesharing Market

The ridesharing market has been and remains a disruptive force for certain sectors of the traditional personal transportation market and offers new opportunities for mobility. Broadly, ridesharing encompasses any transportation service that pools people who are traveling to a common destination. Since the arrival of Uber in 2009, ridesharing has been dominated by the emergence of on-demand, e-hailing services that have implemented mobile app software to connect independently contracted drivers with individuals seeking transport to a specific location. This novel model has revolutionized opportunities for mobility, decreased the need for car ownership, and reduced the cost of the typical cab fare.

The obvious success of entities such as Uber and Lyft affirm that consumers have eagerly adopted these new services. The research firm Next Big Future estimates that



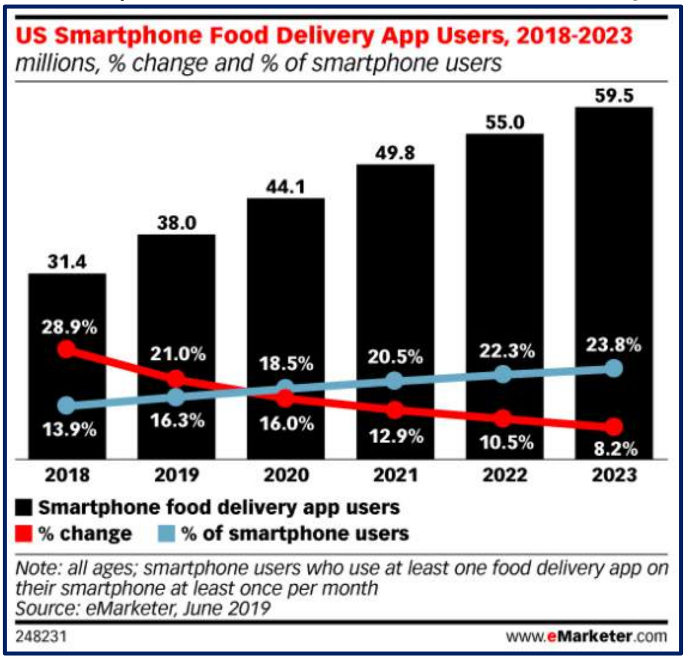
there are currently 450 million people worldwide who use rideshare services and anticipate this number will approach 540 million people by 2021.[2] Statista (see image at the left) projects a nearly 10% growth rate in ride hailing users by the end of 2021. Separately, in May 2017, The Goldman Sachs Group, Inc. published research suggesting that 15 million ride-hailing trips are completed each day and forecasts that this number will increase to 97 million by the 2030.[3]

[2] https://www.nextbigfuture.com/2017/10/worldwide-ridesharing-at-285-billion-per-year-by-2030-will-be-profitable-when-self-driving.html

[3] https://orfe.princeton.edu/~alaink/SmartDrivingCars/PDFs/Rethinking%20Mobility_GoldmanSachsMay2017.pdf

Allied Market Research currently values the ride-hailing market at about $36 billion and projects that it will reach $126 billion by 2025, registering a CAGR of 16.5% through 2025. In addition, Goldman Sachs predicts that the industry will grow to $285 billion by 2030. According to Allied Market Research, North America was the highest contributor to this global market in 2017 and expects a CAGR of 12.7% in the North American sector through 2025.[4]

Another sector of this mobility market space includes the drivers involved in the rising on-demand delivery or "e-delivery" entities. The chart below details the increasing use of food delivery app users and suggests that there are currently about 38 million individuals who utilize one or more of the delivery apps on a monthly basis. eMarketer projects that this number will rise to nearly 60 million by 2023. We believe that the ongoing growth in on-demand delivery services growth will likely result in a corresponding increase in the number of delivery drivers and vehicles.



We note that the expanding mobility services (ride-hailing and on-demand delivery services) have introduced increased and more flexible employment opportunities since drivers can work for ride-hailing services part- or full-time. Allied Market Research reports that there are 40% more full-time drivers compared to part-time drivers. As of 2017, Uber stated that it is creating more than 50,000 new jobs for drivers around the world every month.[5]

Carsharing Market

Consumers are also enjoying more diversified mobility choices through the expanding carsharing marketplace. Prior to the smartphone-era, the opportunity for short-term car usage was generally dominated by the larger rental car companies such as Hertz Global Holdings (HTZ, $16.01, Not Rated), Avis Budget Group (CAR, $36.22 Not Rated) and Enterprise. Though the traditional rental car model remains useful, the system is relatively inflexible as it generally requires customers to reserve their rental prior to the rental period, the rental must be completed at the rental service site (within designated business hours) and the rental car sites are not always in convenient locations. Additionally, renters are generally left to carry much of the financial burden in case of an accident.

At the onset of the 21st century (with the rise of the "sharing economy"), there has been a notable expansion in carsharing models and services. Contemporary carsharing models differ significantly from traditional rental car services, providing greater flexibility for the renter. The contemporary carsharing market space is currently divided into three segments/models:

- **Station-based.** Customers utilizing a station-based system begin and end trips at the same location and only use cars provided by the company at each site. Although somewhat inflexible, station-based models provide a wide variety of car types, strategically distribute locations to best suit customers' needs and offer more flexible rental lengths (hourly). Global Market Insights notes that station-

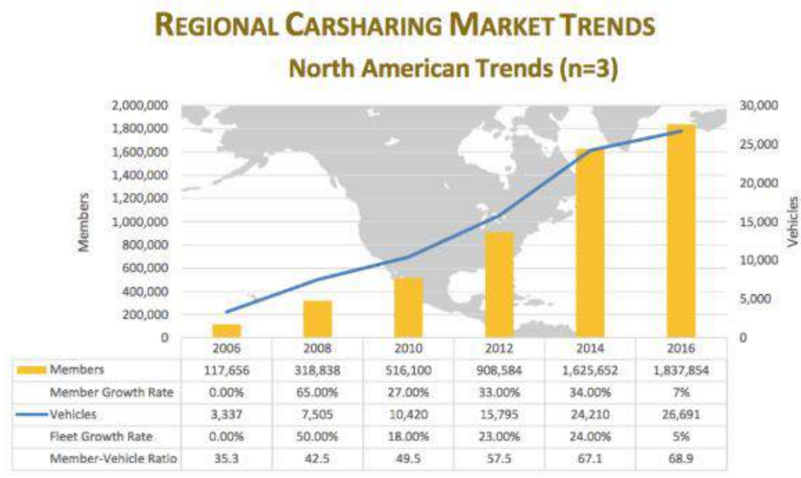
[4] https://www.alliedmarketresearch.com/ride-hailing-service-market

[5] https://www.alliedmarketresearch.com/ride-hailing-service-market

based models have been widely adopted in rural areas and small and mid-sized cities.[6] Well-known station-based platforms include ZipCar, Enterprise CarShare, and Maven.

- **Free-floating.** Similar to station-based with the exception that the car need not be returned to its original location, free-floating services offer more flexibility and are better for short trips in urban areas. Global Market Insights expects a significant expansion in free-floating carsharing options in the next few years. In early 2019, major free-floating carsharing services car2go and Drive Now/Reach Now (operated by BMW) announced they will merge to become “Share Now”. If approved by regulatory authorities, Share Now would become the largest provider in the market with 20,000 vehicles across 31 cities in 14 countries. Lime, a dockless scooter- and bike-share service, has also launched a pilot carsharing program in Seattle as of December 2018.
- **Peer-to-peer**. Peer-to-peer (p2p) rental platforms do not own their fleets of vehicles, but instead rely upon individual car owners to offer vehicles for rental. P2p services provide software platforms that match car owners and customers seeking a vehicle and facilitate communication, insurance coverage, and other logistics. P2p carsharing is most common in Western Europe and is expected to become more readily adopted in U.S. markets in the coming years. Popular p2p services in the U.S. include GetAround and Turo.

In 2017, Global Market Insights estimated the global carsharing market to be worth $1.5B with a fleet size of more than 100,000 vehicles. In addition, they are forecasting this market to grow at more than 20% annually between 2018 and 2024.[7] Regionally, North America makes up the third largest carsharing market (behind Asia and Europe) and has seen significant growth in fleet and membership since 2016. According to Movmi, the fleet size increased 2.5x and membership increased 3.5x between 2010 and 2016.[8] Movmi estimates the North American carsharing market will register a 17% CAGR during the next 7 years, attributing this expected growth to policies



	2006	2008	2010	2012	2014	2016
Members	117,656	318,838	516,100	908,584	1,625,652	1,837,854
Member Growth Rate	0.00%	65.00%	27.00%	33.00%	34.00%	7%
Vehicles	3,337	7,505	10,420	15,795	24,210	26,691
Fleet Growth Rate	0.00%	50.00%	18.00%	23.00%	24.00%	5%
Member-Vehicle Ratio	35.3	42.5	49.5	57.5	67.1	68.9

Source: Shaheen 2018 Spring Carsharing Outlook

introduced by the U.S. government that incentivize carsharing with tax credits and/or partnerships with public transit operators.

European carsharing markets experienced similarly significant growth since 2010 with the number of vehicles available for carsharing increasing 3.5x. The number of members increased from .5M to 4.3M between 2010 and 2016. The expansion is due in part to the European Union’s commitment to adopt green technologies and reduce emissions. Currently, France maintains the most successful market with more than 1

[6] https://www.gminsights.com/industry-analysis/carsharing-market

[7] https://www.gminsights.com/industry-analysis/carsharing-market

[8] http://movmi.net/carsharing-market-growth/

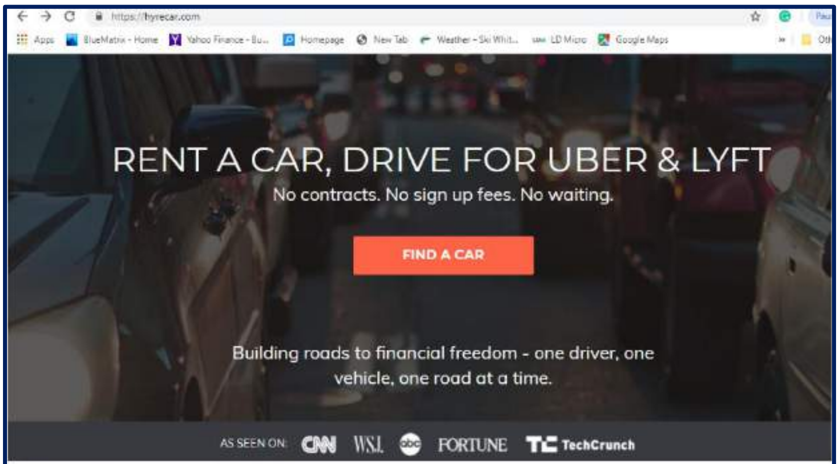
million users; Germany and the UK recorded results nearly comparable to France. These geographic markets are expected to continue their expansion with average CAGR for European countries estimated at roughly 20% during the next 7 years.

The Asia Pacific region currently represents the largest carsharing market worldwide with fleet sizes expanding three-fold between 2014 and 2016. As of 2016, there were 8.7M participants in the region. Movmi attributes this impressive growth rate to ongoing rapid industrialization and urbanization in addition to the general underdevelopment of transportation infrastructure and the inhibitive cost of vehicle ownership in many of the Asia Pacific regions. Roland Berger, a German consulting firm that has researched carsharing for years, estimates a 45% CAGR in China by 2025 and Movmi estimates a 25% CAGR in India in the same time[9].

HyreCar Product Suite and Revenue Model

Platform

HyreCar provides a marketplace in which individuals and/or car fleet owners may list and rent vehicles on its website and mobile application (available on App Store and Google Play). By creating an account on the HyreCar platform and completing a background check, drivers gain access to all available car listings in their region and



Source: www.hyrecar.com, July 3, 2019

may select one to rent for use on one of the ridesharing or on-demand delivery services. Owners are able to use the same platform to list their idle cars with pricing, photos, and other required information. All payments are processed through the online platform.

HyreCar Revenue Model

HyreCar generates revenue by booking fees related to the sum drivers pay for use of the rented vehicle. More specifically, on a gross basis, (see the image below) HyreCar collects a Daily Rental fee (averaging roughly $35.00), a Driver fee (10% of Daily

HyreCar Revenue Model (Gross and Net)

Daily Gross Revenue Example	
National Average Daily Rental Rate	$35.00
Driver Fee	$3.50
Daily Insurance Fee	$13.00
Daily Gross Billing Paid by Driver	$51.50

Daily Net (GAAP) Revenue Example	
HyreCar Owner Fee (20% of rate)	$7.00
HyreCar Driver Fee (10% of rate)	$3.50
Insurance Fee (100% of fee)	$13.00
Daily Average Net Revenue	$23.50

➤ $23.50 Daily Average Net Revenue
x 50,000 Monthly Rental Days
= $1.2M in Monthly Net Revenue

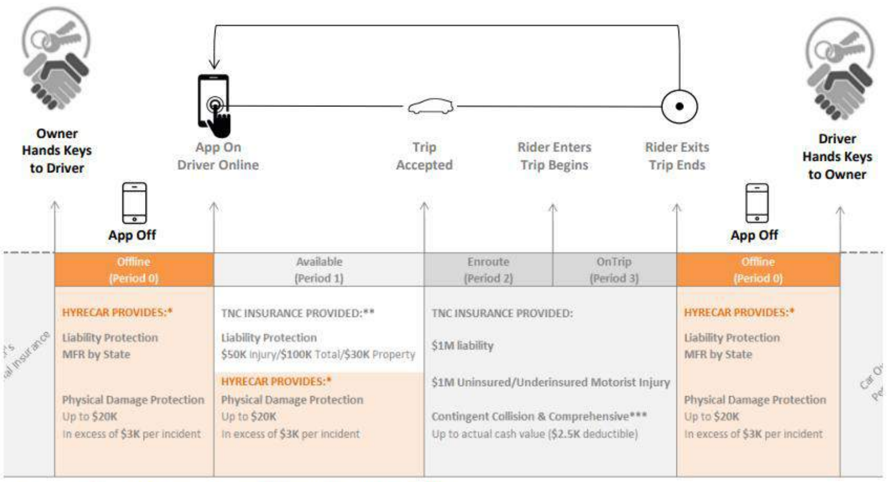
Source: HyreCar Investor Presentation, May 2019

9 https://www.rolandberger.com/en/Publications/Chinese-car-sharing-is-blossoming.html

Rental) and a daily insurace fee (historically equal to $13/day) for a total fee of approximately $51.50 per rental day. On a net basis, HyreCar transfers 80% of the Daily Rental fee back to the vehicle owner and recognizes just $7.00 of the $35.00 daily rental fee. Thus, on a net revenue basis, HyreCar collects and recognizes roughly $23.50 per vehicle rental day. In recent months, HyreCar has begun offering enhanced insurance offerings to the vehicle owners in return for a lower percentage of the Daily Rental Fee. Thus a vehicle owner now has the choice of three levels of coverage for their vehicle and a corresponding percent of the rental fee, 85%, 80% or 75%. Many owners are now selecting the less risky options and opting for better insurance coverage. Currently, the most popular choice is the middle price point (80% of the Daily Rental Fee)─an option which provides HyreCar with increased revenues and margins compared to its prevoius standard of 85%.

Insurance

A key component of the HyreCar platform is the comprehensive insurance coverage satisfying the needs of both drivers and car owners. The basic insurance package is designed specifically to supplement the coverage required by TNCs (transportation network companies), such as Uber, Lyft, Postmates, GrubHub, etc., and cover the vehicle during the periods when drivers are using HyreCar-rented cars but are not actively working on the rideshare/delivery service platform. HyreCar explains its model (see image below) by dividing the drivers' experience into 4 periods. In period 0, driver has picked up car from fleet owner but has yet to begin work for TNC. In period 1, driver turns on TNC app but has yet to pick up a customer. In period 2, driver has



Source: HyreCar Corporate Materials, July 2019

picked up customer and is actively driving the customer. In period 3, the driver no longer has a customer but is still working on TNC app. As soon as drivers turn off the app, the insurance coverage reverts to period 0. HyreCar provides insurance exclusively during period 0 as the TNC coverage is not active during that period. Because HyreCar must only cover drivers during the short period 0, HyreCar is able to keep insurance costs relatively low.

In 2017, HyreCar established a relationship with Y-Risk, an underwriting company of The Hartford that focuses on the sharing and on-demand economy. Through this partnership, HyreCar has been able to secure coverage for its drivers and owners and control costs. Prior to renewing its contract with Y-Risk in April 2019, management explored alternative insurance options that, most notably, included a look into the potential of utilizing a captive insurance model. Captive insurance programs are effectively "in-house" insurance companies with the company risking its own capital to avoid entering contracts with commercial insurance agencies. The decision was eventually made to remain with Y-Risk and the new contract allows for lower costs on the basic insurance plan and the creation of two new plan offerings. HyreCar is now able to offer fleet owners a choice between a "Basic", "Standard", or "Premium" insurance plan. With the "Standard" and "Premium" plans, owners receive increasingly better coverage and in return HyreCar is able to retain a greater percentage of the Daily Rental Rate─15%, 20% and 25%, respectively.

In addition to its 3 tiers of insurance coverage for owners and drivers, HyreCar has been working with Y-Risk to develop lay-up insurance for fleet owners. Lay-up insurance covers periods when a car is in period X, that is, when it is not rented on the HyreCar platform. Examples of a vehicle in period X might include: driving to get gas,

Source: HyreCar Website

car maintenance, or driving to and from a car wash. HyreCar markets its lay-up insurance as a cheaper alternative to having complete car insurance. HyreCar claims the new insurance offering also benefits its business because it reduces insurance claim expenses and creates greater customer retention with an added layer of stickiness to the HyreCar platform.

Vehicle Supply

HyreCar is currently attracting interest from nearly 20,000 ridesharing drivers each month, but at present there are only about 2,000 cars available for rent on the platform. As discussed above, recently HyreCar's primary operational focus has been expanding its vehicle fleet to match the demand coming from the growing number of drivers. These efforts have centered around establishing strategic partnerships with fleet owners (primarily car dealerships) looking to enter the Mobility-as-a-Service market. A key step in this initiative was the addition of Mr. Brian Allan to the HyreCar leadership team in December 2018. Mr. Allan has extensive experience in the retail auto sector. He led the growth of the world-renowned Galpin Premier Automotive Group and is a respected thought leader and technology advocate in the retail automotive sales and service industry. Under his direction HyreCar is now working with 114 dealerships and the company is working with a few partnerships to expand its presence with fleet owners. These include:

- **Reedman-Toll:** HyreCar and Reedman-Toll, an established Pennsylvania auto-group, and Stork Driver PA, an automobile rental company focused on rideshare drivers seeking a path to ownership, formalized a partnership in November 2018 that provides drivers access to Reedman-Toll's exclusive 14 vehicle showroom parking area, vehicle service shop, and drivers' lounge.
- **Sansone Jr:** In December 2018, HyreCar announced a partnership with Sansone Jr's 66 Automall, a dealership network in Pennsylvania and New Jersey, to expand HyreCar's 'Path to Ownership' program and add up to 100 cars to HyreCar's platform by the end of the year. The partnership is expanding upon Sansone Jr's existing rent-to-own program.

Under Mr. Allan's direction, HyreCar has also begun two trials with well-known auto manufacturers as another means of accessing larger dealerships across the nation. HyreCar has informally indicated these trials have been successful and plan to conduct similar trials with two other manufacturers in the coming year. To continue to leverage this model and access more dealerships, HyreCar recently announced the addition of three senior sales executives to join Mr. Allan in selling the HyreCar service to fleet owners. The newly established team will provide significant sales and "white glove support" to HyreCar dealers and OEM partners.

In addition to providing cars for short-term rentals, many of the current car dealership partners are working with HyreCar to promote "Path to Ownership" programs. These programs allow drivers to contribute their monthly rental payments and earnings from rideshare driving toward a down payment, regardless of previous credit history. HyreCar hopes to include these types of programs with future partners.

Marketing and Customer Support

With its recognition rising in the rental carsharing space, HyreCar is stepping up its marketing efforts to expand its customer base and establish itself as more recognizable brand. These efforts include:

- **Social media:** As of July 2019, HyreCar currently has 10,424 followers on Facebook page, 691 followers on Twitter, and 9,157 followers on Instagram.

HyreCar posts regularly on each platform to engage existing and potential customers.

- **Industry conferences:** In January 2019, HyreCar manned a booth at the National Automobile Dealers Association (NADA) Convention to engage dealers and offer an opportunity for them to take advantage of the emerging MaaS market. In November 2018, HyreCar attended Used Car Week, a conference that unites all corners of the used-car and remarketing industry. Ex-HyreCar Commercial Solutions President John Possumato spoke on a panel discussion titled “Make Money and Sell More Vehicles in New Mobility”.
- **Manufacturers:** As mentioned above, HyreCar is building a focused direct sales team to directly connect with auto OEMs to develop pilot rental programs with top-performing franchises. HyreCar anticipates that a connection to and support from OEMs will provide the consistency and legitimacy HyreCar needs to maintain relationships with dealerships and provide a steady supply of cars. HyreCar expects to conclude its current pilot programs at the end of 2019 and will develop future strategies based on the results.
- **TTech Call Center Operations:** In recent months HyreCar has moved to outsource its internal call center operations to TTech Holdings, Inc. (TTEC, $47.78, Not Rated), a tier-1 multinational customer contact innovator. TTech operates on six continents and process roughly 3.5 customer interactions each day. Since signing on with TTech, the answer rate to the call center has improved from about 50% to 93%–a performance metric that is already improving driver satisfaction and retention.

Competition

Broadly, HyreCar competes with any traditional personal transportation modality individuals might utilize for local travel. More specifically, the company’s direct competition comes from several peer-to-peer carsharing platforms, rideshare rental programs, and alternative MaaS solutions.

With the onset of smartphone phone technology, p2p carsharing has become more prevalent in the US. Two companies, GetAround and Turo, are currently the frontrunners in the U.S. p2p carsharing market, with RideShare Rental recently entered the space. In addition to p2p carsharing, GetAround offers drivers opportunities to rent peer-owned cars specifically to work for Uber. Below, we detail the specific models of each p2p carsharing service.

- **GetAround:** Launched in 2011, GetAround has made a significant impact in the p2p carsharing space, reporting over 200,000 members in nine U.S. cities. Car owners can list rentals for hourly or daily rental and set prices starting at $5-$8/hour or $50/day. Unlike other carsharing services, GetAround drivers and owners do not need to meet; drivers can unlock owners’ cars using GetAround Connect, a technology that allows people to unlock vehicles by using only a smartphone. GetAround has established a partnership with Uber to allow renters to drive Uber-eligible cars. Renters using GetAround cars cannot use the rented vehicle for personal use and must only drive for Uber.
- **Turo:** Turo has gained more than four million registered users and nearly 170,000 privately-owned car listings since its establishment in 2010. Similar to HyreCar, car owners list their car, set the rental price, and approve drivers for rental. Drivers select the car and arrange to exchange keys with the owner. Since changing its name from RelayRides to Turo in 2015, Turo has focused on listing specialty vehicles (like Porsches and Teslas) and facilitating long-term rentals (for vacations, road-trips, etc.), rather than short-term, hourly rentals (like its competitor GetAround). With its new strategy, Turo now only allows daily rentals (24-hour periods) or longer. To date, Turo has stayed true to its p2p model, claiming that 95% of car owners list 3 cars or less. As of July 15, 2019, Turo prohibits car owners from listing their cars on other carsharing platforms and the company will remove members who violate this stipulation. Presently, Turo operates in more than 5,500 cities and 300+ airports across the US, Canada, Germany, and the UK.
- **RideShare Rental:** A newly established LA-based organization, RideShare rental promotes a p2p platform while simultaneously garnering listings from fleet owners, such as car dealerships. Advertised prices are similar to HyreCar’s

offerings. There are no published statistics on the number of drivers or owners who have used RideShare Rental.

HyreCar also faces competition in the rideshare rental market with other non-p2p-based services. For all non-p2p service, drivers must retrieve the car from a dealership lot or rental car location. Some of the participants in this space are outlined below:

- **Uber-Hertz Partnership:** Hertz offers rental cars to Uber drivers for $214/week plus taxes, fees, gas, etc. Minimum rental 7 days, maximum 28 days. $200 refundable security deposit. Available in 11 cities.
- **Lyft ExpressDrive:** This rental program is directly operated by Lyft and is a partnership with Hertz and FlexDrive to provide cars for the service. Minimum rental is for 7 days and rates start at $209/week. Lyft requires a $250 refundable deposit and renters must perform at least 20 Lyft rides every 7 days. This platform is currently available in 28 cities.
- **Fair:** Partnering with auto retailers to provide used cars for rent, Fair offers rental cars exclusively for Uber drivers starting at $185/week. The minimum rental is 7 days and the service is currently only available across California and in Atlanta.
- **FlexDrive:** Allows drivers to "subscribe" to a car for 7 to 28 days from local car dealerships, though subscriptions can be renewed after 28 days. Rentals start at around $120/week for Lyft-eligible cars. Interested rideshare drivers can only use FlexDrive rentals on Lyft and FlexDrive requires a $250 refundable deposit. The platform is available in 20 dealerships across 11 cities.
- **Maven Gig:** As part of the General Motors-managed car service Maven, Maven Gig provides individuals access to cars to work for any gig economy-type service starting at $199/week. Structured as a 28-day rental, though cars may be returned any time after 7 days. This platform is currently available in 7 U.S. cities.

In our view, HyreCar effectively responds to its competitors with several unique features. HyreCar requires only 2 days minimum rental, with a $200 refundable deposit. Daily Rental fees fluctuate based on location but maintain an average near $35/day. Importantly, HyreCar does not limit the service drivers can work for (such as Lyft, Uber, Uber Eats, DoorDash, Postmates, Instacart) while renting a car. As of 2019, HyreCar has expanded to all 50 states and continues to gain momentum. In addition, its p2p platform increases flexibility because it does not require drivers to visit a particular station to acquire the rental and promotes a wider selection of available cars.

Another area of possible competition (if a trip is short enough) is the rising number of alternative mobility platforms based around the sharing of scooters and bikes. Several of the more well-established participants in short-distance, MaaS solutions include:

- **Bird:** Bird is a dock-less electric scooter sharing company that operates in over 100 cities and 14 universities across North America and Europe. On average, Bird charges $1 starting fee plus $0.29/min. Bird offers a program for people to earn extra income as "Chargers". "Chargers" pick up scooters in their area to charge them overnight at home and then disperse them on the street the next day. "Chargers" can earn $5-$20/per scooter.
- **Lime:** Lime, a direct competitor to Bird, offers dock-less electric scooters and bikes in 141 cities and 19 universities across North America and Europe. On average, Lime charges $1 starting fee plus an average minute fee of $0.25/min. Lime also offers electric and non-electric bikes and is developing (announced in May 2018) a new car-sharing service, LimePod. LimePod uses branded Fiat 500 vehicles to offer free-floating car-sharing. As of March 2019, LimePod is only available in Seattle. Similar to Bird, Lime employs "Juicers" to pick up scooters in their area, charge them overnight and then disperse them on the street the next day. "Juicers" can earn $5-$20/per scooter.
- **JUMP by Uber:** Following the acquisition of JUMP by Uber in 2018, Uber now offers dockless scooters and electric bikes in its app. Renters must only have the Uber app to use the service. Similar to Bird and Lime, JUMP charges a $1 starting fee plus a minute fee that varies by city. As of July 2019, bikes are available in 27 cities with 16 of those cities also offering scooters.
- **Lyft Bikes and Scooters:** Lyft joined the scooter and bike trend with its acquisition of Motivate, a bikeshare system operator, in July 2018. Motivate operates 7 docked bike share systems across the US. As of July 2019, Lyft users

can rent bikes from established, docked bikeshare programs in New York (CitiBike), SF Bay Area (BayWheels), and Metro DC (Capital Bikes) using the Lyft app. Prices are based on the established price structure for each bikeshare service. Separately, Lyft offers dockless scooters in 21 cities.

- **Spin:** Spin is similar to the other dockless electric bike- and scooter-share services in its operating mechanism and pricing structures. Spin operates in 32 U.S. cities and 7 campuses.
- **Skip:** Founded in 2017, Skip offers a scooter-sharing system in Portland, San Francisco, and Washington, D.C. Skip charges a $1 starting fee and $0.25/min. Skip differentiates itself by making sturdier scooters with larger batteries, offering instructional classes, and working with cities before rollout.
- **Docked Bike Share:** Motivate, the bikeshare operating system recently acquired by Lyft, dominates the docked short-term bike-share market with its presence in 7 major US cities. All of these services have docks scattered throughout the city and charge on a per-trip, per-day, or per-year basis. For example, New York's CitiBike offers bikes for $3/trip (up to 30 min), $12/day (unlimited 30-minute rides in 24-hour period), or $169 annual membership (unlimited 45-min rides). Other cities provide a similar structure and different prices depending on the company and the region. None of these platforms allow free-floating bike sharing.

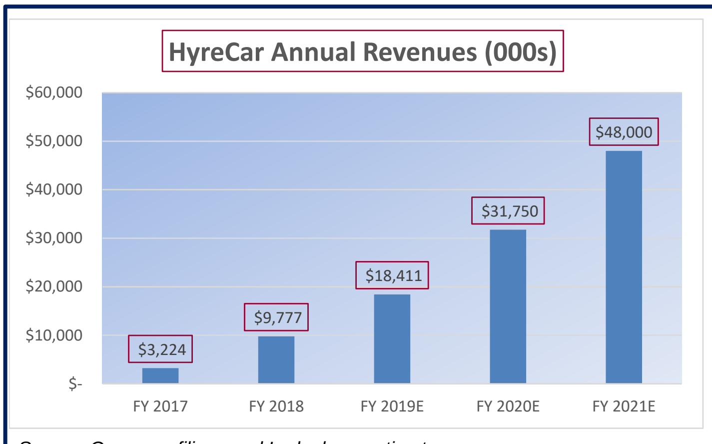
Financial Discussion

Since its inception in 2014, HyreCar has financed operations using several seed rounds through October 2016. The company's early success enabled the completion of a $2 million Series A financing round in May 2017. Just prior to the Series A, HyreCar effected a 1:1.8404 reverse stock split. In early 2018, with plans in place for an IPO later in 2018, the company entered into a small bridge financing of $1.5 million.

HyreCar officially came public with a NASDAQ Capital Markets listing on June 27, 2018. The company offered 2.5 million shares at $5.00/share, netting $11.8 million and substantially increasing its cash position. HyreCar has utilized the cash it raised through its IPO as working capital and the building of a small sales team to facilitate growing its based of auto dealership partners.

In July 2019, HyreCar completed a follow-on public offering, selling 4.3 million common shares at a price of $3.00/share. Gross proceeds, before the underwriting discount and estimated offering expenses payable to HyreCar, reached $12.5 million. HyreCar utilized the generated capital to expand its sales and marketing, customer support, and technology investment to continue to grow its platform.

HyreCar's successful fundraising efforts have been aligned with its impressive revenue growth over the past several years. HyreCar delivered $9.8 million net revenue in 2018 – an increase of 203% year/year (see chart below). We anticipate that revenues for calendar 2019 will approach $18.5 million and climb to $31.8 million in 2020, registering a nearly 90% and 73% year/year growth, respectively. The expectation for continued sharp increases in revenue growth is related to HyreCar's on-going geographic expansion and current focus on increasing the supply of cars on the platform through the cultivation of relationships with more car dealerships.



Source: Company filings and Ladenburg estimates

Barring a significant acquisition, we believe that with the recent capital raise the current working capital is sufficient to fund operations through early 2020 when the company should reach positive EBITDA results.

Valuation

The current market capitalization of HyreCar is roughly $55 million (assuming 16.5 million outstanding shares) with about $17 million in cash. This market cap equates to a market cap-to-sales multiple of roughly 1.7x based on our 2020 estimated revenues of $31.8 million. Though not trivial, we are of the opinion that this modest valuation is primarily the result of a general lack of awareness of the emerging carsharing[10] market, the rideshare market, and HyreCar's relative positioning in the space. HyreCar is one of the first companies independent of any rideshare or established rental car service to provide a rental option for rideshare drivers and has positioned itself to capitalize on the need for greater flexibility and more diverse service in the market space. With its awareness growing (both with platform users and the investment community) and the ongoing move to partner with car dealerships to increase the number of available cars, the company appears well-positioned to generate impressive top-line growth through organic growth and potential accretive, tuck-in acquisitions. We argue that given the expected growth and the fact that the company is likely to generate positive bottom-line results in the coming fiscal year, the shares should trade with an earnings multiple more reflective of the ongoing growth. Given the company's impressive rate of expected growth, we suggest a multiple of 30x on our non-GAAP cash earnings per share for 2020 ($0.26) would provide a reasonable fair value. This calculation equates to a fair value of roughly $7.80.

Additionally, in examining other successful public companies employing a software platform/business model similar to that of HyreCar (see the table below[11]) we note that an average Price-to-Sales multiple for the 2020 calendar year for this group is

Market Cap/Sales Valuation Table

Company Name	Ticker	Price	Market Cap (MMs)	2019 Est. Revenues (MMs)	2020 Estimated Revenues (MMs)	2019 - 2020 Est. Revenue Growth	2020E Price / Revenues
Uber	UBER	$ 43.88	$ 74,401.00	$ 14,150.00	$ 18,730.00	32.4%	4.0
Lyft	LYFT	$ 64.03	$ 18,608.00	$ 3,320.00	$ 4,220.00	27.1%	4.4
Chegg	CHGG	$ 42.03	$ 4,983.00	$ 396.81	$ 480.22	21.0%	10.4
GrubHub	GRUB	$ 79.73	$ 7,270.00	$ 1,370.00	$ 1,740.00	27.0%	4.2
Yelp	YELP	$ 35.43	$ 2,738.00	$ 1,020.00	$ 1,140.00	11.8%	2.4
The Meet Group	MEET	$ 3.47	$ 261.93	$ 212.69	$ 237.38	11.6%	1.1
Trade Desk	TTD	$ 260.36	$ 11,592.00	$ 649.54	$ 839.10	29.2%	13.8
Trip Advisor	TRIP	$ 45.33	$ 6,302.00	$ 1,680.00	$ 1,830.00	8.9%	3.4
TrueCar	TRUE	$ 5.13	$ 540.13	$ 364.82	$ 391.67	7.4%	1.4
Average						**19.6%**	**5.0**
Hyre Car[1]	**HYRE**	**$3.07**	**$ 49.0**	**$ 18.4**	**$ 31.8**	**72.8%**	**1.5**

[1] *Source: Company filings and Ladenburg estimates*

near 5X and the average estimated growth rate in revenues for the coming 2020 year is roughly 20%. Though HyreCar is expected to produce an expected revenue growth rate significantly higher than this peer group, utilizing a Price/Sales multiple near that of the per group (4.5x) equates to a value of $8.65.

[10] We note that the recent investment by IAC/Interactive Corp (IAC, $243.00, Not Rated) into Turo has vaulted that company into Unicorn status with a value of above $1 billion. Given the number of cars on the platform (400,000) we estimate revenues for 2019 approaching $400 million.

[11] These companies (in our opinion) represent a cross section of generally well-known software platform enterprises with average daily trading volumes above 100,000 shares. Pricing 2019 and 2020 estimated revenue information is from Yahoo Finance as of July 29, 2019. None of the companies listed in the table are followed or rated by Ladenburg Thalmann & Co. Mention of specific companies not covered by Ladenburg Thalmann & Co. Inc. is not a recommendation to buy, sell or hold these securities mentioned.

Averaging the P/E derived valuation of $7.80 with that of the P/S valuation method ($8.65) equates to a fair value of roughly $8.25. In our view, this valuation accounts for the inherent risks generally associated with managing a relatively young, rapidly growing small cap company, but at the same time factors in the expected growth potential as the company ramps revenues and begins to generate positive bottom line results.

Investment Risks

HyreCar, Inc. has been in existence since 2014, but it has only been in the last two to three years that the company has begun to gain significant scale in connecting drivers with car owners for the purpose of participating in the ridesharing market. Going forward, we expect the company to focus on revenue growth, primarily through efforts to onboard more vehicles (primarily through partnerships with auto dealerships). In our opinion, the primary risks to our investment thesis lie in management's ability to accelerate the growth of the available vehicle fleet to meet the demand from potential ridesharing drivers. Other risk factors to our investment thesis include, but are not limited to, the following:

- **Rapidly Evolving Industry:** The ridesharing and carsharing marketplaces are still developing and remain quite competitive. These markets are currently characterized by rapid changes in technology, customer requirements, and industry regulations. The company anticipates that this competitive environment will continue for the foreseeable future. This expected competitive environment could negatively impact future revenue growth and the company's potential profitability.
- **Autonomous Vehicles:** The expected rise of autonomous vehicles in the automotive industry adversely impact the demand for drivers. Failure to respond appropriately to this technological change could materially affect HyreCar's business model.
- **Limited Operating History:** Founded in 2014, HyreCar has limited operating history and is not as yet generating sufficient revenues to be GAAP profitable. With its relatively short history, evaluating the current business and future growth prospects is more difficult. Through its first several years, HYRE has experience notable revenue growth, but this growth has come off a very small base and is not indicative of future results. Managing a rapidly growing, small cap entity is difficult and management will be challenged to keep the company on a consistent growth course to eventually achieve profitability.
- **Insurance Policies:** A key part of the HyreCar business model is the company's ability to procure third-party insurance policies which provide coverage for both Owners and Drivers. If the amount of one or more auto-related claims were to exceed the applicable aggregate coverage limits or if the needed insurance providers were to materially raise premiums and deductibles, the business, financial condition, and operating results could be adversely affected.
- **Changes in Government Regulations.** Currently, there are relatively few laws regulating HyreCar's business operations; however, future potential changes in government regulation could materially alter the required business practices or operational expenses. Potential changes in laws or regulations that may affect HyreCar's future operations include or relate to insurance intermediaries, customer privacy issues, data security and driver rate regulations.
- **HyreCar is an "Emerging Growth Company":** As an Emerging Growth Company (the "JOBS Act"), the company intends to take advantage of certain exemptions from various reporting requirements including not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation, and the extended transition period provided for complying with new or revised accounting standards. It is possible that these exemptions may result in the common shares being less attractive to investors.
- **Anti-takeover Provisions in Company Charter:** Certain provisions in the HyreCar certificate of incorporation and bylaws may delay or prevent an acquisition of the company or a change in management. These provisions include a classified board of directors, a prohibition on actions by written consent of stockholders, and the ability of the board of directors to issue preferred stock without stockholder approval. These provisions collectively are expected to result

in the company receiving higher bids by requiring potential acquirers to negotiate with the board of directors. In addition, these provisions may frustrate or prevent any attempts by stockholders to replace or remove then-current management.

- **Dependence on Ridesharing Companies:** HYRE's business and future growth is significantly tied to the continued success of companies such as Uber, Lyft, and other software-based systems that compete with standard taxicab organizations. Although neither entity has attempted such a move, Uber or Lyft could attempt to develop their own peer-to-peer carsharing system to match drivers and car owners which could adversely affect HyreCar's future operations.
- **Security:** HYRE stores data and information related to its user base that could potentially be compromised by third parties, software bugs, employee errors, or technical malfunctions. If such a data breach were to occur, it would likely result in damage to the company's reputation and brand and negatively impact users and partners from working with the platform.
- **Internet Regulations:** HyreCar's business mode and platform are subject to a variety of laws and governmental regulations in the U.S. and internationally particularly surrounding the Internet. These laws and regulations continue to evolve and changes in government regulations relating to internet operations may adversely affect revenues, operating results, and the overall financial condition.
- **Future Potential Acquisitions:** The company may enter into acquisitions, partnerships, and/or joint ventures and take actions in connection with such transactions that could adversely affect its business operations and impair shareholder value.
- **Retention of Management:** The loss of one or more of the current senior management team could have a material impact on operations. In particular, the loss of Chief Executive Officer Joseph Furnari or other key members of senior management could adversely affect the future growth of the business operations.
- **Intellectual Property:** The possibility exists that others may claim that the company's platform and/or software infringe on their intellectual property rights. Such claims, if successfully asserted, would likely result in significant costs and diversion of resources and adversely affect future operating results.
- **Uber and Lyft Relationship:** The company has no formal contracts with either Uber or Lyft and its current relationships with either of these companies could change in the future, which could adversely affect future operations.
- **History of Losses:** The company has reported operating losses each year and for each quarterly period since inception, and may not achieve or maintain profitability in the future.

Management Team

Joseph Furnari: Chief Executive Officer

Mr. Furnari serves as CEO and has served in this capacity since January 2017. He initially joined HyreCar as CFO in May 2016 before transitioning into his current position. Under Mr. Furnari's leadership, HyreCar has experienced substantial growth and became a publicly traded company. Mr. Furnari gained financial and management expertise over the course of his dynamic career. After earning a BBA from Pace University, Mr. Furnari began his career in finance with short stints as a hard money lender for a commercial real estate investment firm and as an options trading assistant. Subsequently, he served as a Senior Associate of Modeling and Analytics through which he modeled subprime cash flows. He also conducted fixed income valuation and pricing as a Manager within Morgan Stanley's institutional sales and trading units. Prior to joining HyreCar, Mr. Furnari served as a Portfolio Manager at Palisades, LLC and managed $5B of pooled single-family whole loans for institutions and hedge funds.

Henry Park: Chief Operations Officer

Mr. Park has served as HyreCar's COO since his appointment in August 2018. In this role, Mr. Park works with the HyreCar's leadership team to improve end-to-end user funnel, streamline its rideshare insurance claims process, and optimize its customer service to improve the overall user experience. Mr. Park, a widely respected digital marketing thought leader, joined HyreCar with over a decade of experience in marketing and operations. Prior to his current position, Mr. Park served as COO and

Head of Marketing at SearchForce, a paid search and social media management platform for digital marketers, where he oversaw development and integration of successful marketing plans and media strategies. He also worked as Executive Director of Traffic Acquisition at YP.com for 8 years. As Executive Director, Mr. Park executed paid search campaigns across primary search engines and developed programmatic search marketing strategies.

Scott Brogi: Chief Financial Officer

Mr. Brogi has served as CFO since his appointment in September 2018. Mr. Brogi was recruited for his proven success in financial management as a CFO and leader in public and private companies across various sectors. Prior to joining HyreCar, Mr. Brogi served as COO and VP Finance and Operations at Teaching Channel, a multi-platform service delivering professional development videos for teachers over the internet that was successfully sold in June 2018. Mr. Brogi has also served as CFO at JumpStart Games Inc, Commercialization and Division CFO at Apollo Education Group, and CFO at 2G Digital Post. He began his career at Chase Manhattan Bank, initially graduating from the one-year Global Credit Training Program before ascending to his highest role as Assistant VP. Mr. Brogi earned a BS in Finance from Syracuse University and earned an MBA with concentrations in Entrepreneurial Finance from the Anderson School of Management at UCLA.

Mike Furnari: Chief Business Development Officer

Mr. Furnari serves as CBDO and has served in this role since October 2017. He was initially hired as Director of Sales in April 2016 and executed a successful direct sales and marketing strategy that motivated his promotion. As Director of Sales, Mr. Furnari onboarded and trained a 25-person sales team, segmented the user funnel, and accelerated customer conversions to yield revenue growth from $66k in April 2016 to $1.2M in October 2017. As CBDO, Mr. Furnari oversees sales operations and has participated in seed, series A, bridge, and IPO fundraising rounds. He joined HyreCar with prior experience as a sales manager for vacation ownership segments at Hyatt Residence Group Carmel Highlands. Mr. Furnari earned a BA in Economics from University of California, Santa Cruz and an MBA from California State University, Monterey Bay.

Brian Allan: Senior VP Strategic Partnerships

Mr. Allan is the newest addition to the HyreCar leadership team. He has served as Senior VP of Strategic Partnerships since his appointment in December 2018. Mr. Allan joins HyreCar with over 40 years of experience in the automotive industry. During his 30-year position prior to his role at HyreCar, Mr. Allan led the growth of the world-renowned Galpin Premier Automotive Group, the luxury division of one of the largest volume dealer groups in the nation, Galpin Motors. Mr. Allan has proven to be instrumental in developing HyreCar’s relationships with car dealerships and promoting HyreCar’s new direction. Mr. Allan earned a BA in Business Administration and Management from California State University-Northridge.

Table 1: HyreCar Quarterly Income Statement

QUARTERLY INCOME STATEMENT (000's except per share amounts)	CY Ending 2018				CY Ending 2019E				CY Ending 2020E			
	3/31/2018	6/30/2018	9/30/2018	12/31/2018	3/31/2019	6/30/2019E	9/30/2019E	12/31/2019E	3/31/2020E	6/30/2020E	9/30/2020E	12/31/2020E
Revenues	$ 1,714	$ 2,273	$ 2,686	$ 3,103	$ 3,511	$ 3,650	$ 4,750	$ 6,500	$ 6,750	$ 7,500	$ 8,250	$ 9,250
Costs of Revenues	*1,291*	*1,197*	*1,236*	*1,409*	*1,559*	*1,500*	*1,900*	*2,500*	*2,500*	*2,725*	*2,950*	*3,350*
Gross profit	$ 423	$ 1,077	$ 1,450	$ 1,694	$ 1,951	$ 2,150	$ 2,850	$ 4,000	$ 4,250	$ 4,775	$ 5,300	$ 5,900
Operating expenses:												
General and administrative	889	3,156	1,210	2,345	2,036	2,250	2,300	2,400	2,250	2,400	2,450	2,500
Sales and marketing	*883*	*793*	*1,421*	*1,691*	*1,165*	*1,225*	*1,275*	*1,350*	*1,400*	*1,450*	*1,500*	*1,550*
Research and development	*225*	*297*	*588*	*305*	*480*	*500*	*525*	*550*	*550*	*550*	*550*	*600*
Total Operating Expenses	$ 1,997	$ 4,247	$ 3,220	$ 4,340	$ 3,680	$ 3,975	$ 4,100	$ 4,300	$ 4,200	$ 4,400	$ 4,500	$ 4,650
Operating loss	$ (1,574)	$ (3,170)	$ (1,770)	$ (2,645)	$ (1,729)	$ (1,825)	$ (1,250)	$ (300)	$ 50	$ 375	$ 800	$ 1,250
Other (income) expense:												
Interest expense	*162*	*1,875*	*3*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*
Other (income) expense	*31*	*(2)*	*7*	*8*	*(32)*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Total other (income) expense	$ 193	$ 1,873	$ 10	$ 9	$ (31)	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1
Profit loss before taxes	$ (1,767)	$ (5,042)	$ (1,779)	$ (2,654)	$ (1,698)	$ (1,826)	$ (1,251)	$ (301)	$ 49	$ 374	$ 799	$ 1,249
Income tax provision	$ -	$ -	$ -	$ 1	$ -	$ -	$ -	$ 1	$ 1	$ 1	$ 1	$ 1
Net Income	$ (1,767)	$ (5,042)	$ (1,779)	$ (2,655)	$ (1,698)	$ (1,826)	$ (1,251)	$ (302)	$ 48	$ 373	$ 798	$ 1,248
Shares fully diluted	5,253	5,457	11,708	8,558	11,883	12,100	16,400	16,500	16,500	16,500	16,500	16,500
EPS - fully diluted	$ (0.34)	$ (0.92)	$ (0.15)	$ (0.31)	$ (0.14)	$ (0.15)	$ (0.08)	$ (0.02)	$ 0.00	$ 0.02	$ 0.05	$ 0.08
Stock Option Expense	*210*	*1,855*	*297*	*290*	*281*	*300*	*325*	*350*	*375*	*400*	*425*	*475*
Depreciation & amortization	*104*	*1,412*	*104*	*50*	*13*	*15*	*15*	*20*	*25*	*25*	*25*	*25*
Cash Earnings (Loss)	$ (1,453)	$ (1,775)	$ (1,379)	$ (2,315)	$ (1,403)	$ (1,511)	$ (911)	$ 68	$ 448	$ 798	$ 1,248	$ 1,748
Cash Earnings (Loss) Per Share	($0.28)	($0.33)	($0.12)	($0.27)	($0.12)	($0.12)	($0.06)	$0.00	$0.03	$0.05	$0.08	$0.11
EBITDA	$ (1,260)	$ 98	$ (1,369)	$ (2,305)	$ (1,435)	$ (1,510)	$ (910)	$ 70	$ 450	$ 800	$ 1,250	$ 1,750
% of TOTAL REVENUE												
Operating expenses:												
Gross Margin	24.7%	47.4%	54.0%	54.6%	55.6%	58.9%	60.0%	61.5%	63.0%	63.7%	64.2%	63.8%
Sales and marketing	51.5%	34.9%	52.9%	54.5%	33.2%	33.6%	26.8%	20.8%	20.7%	19.3%	18.2%	16.8%
Research and development	13.1%	13.1%	21.9%	9.8%	13.7%	13.7%	11.1%	8.5%	8.1%	7.3%	6.7%	6.5%
Total	116.5%	186.8%	119.9%	139.8%	104.8%	108.9%	86.3%	66.2%	62.2%	58.7%	54.5%	50.3%
Other (income) expense:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA	-73.5%	4.3%	-51.0%	-74.3%	-40.9%	-41.4%	-19.2%	1.1%	6.7%	10.7%	15.2%	18.9%
% YEAR OVER YEAR INCREASE												
Revenues	239.4%	260.2%	224.3%	146.5%	104.8%	60.5%	76.8%	109.4%	92.3%	105.5%	73.7%	42.3%
Total Operating Expenses	178.6%	412.2%	132.7%	199.7%	84.3%	-6.4%	27.3%	-0.9%	14.1%	10.7%	9.8%	8.1%
Operating loss	131.5%	318.8%	39.7%	94.1%	9.8%	-42.4%	-29.4%	-88.7%	-102.9%	-120.5%	-164.0%	-516.7%
Net Income	114.7%	555.8%	38.1%	91.1%	-3.9%	-63.8%	-29.7%	-88.7%	-102.9%	-120.5%	-163.9%	-515.0%
Cash Earnings (Loss)	106.7%	221.9%	12.5%	65.8%	-3.4%	-14.9%	-33.9%	-102.9%	-131.9%	-152.8%	-237.0%	2463.3%
% SEQUENTIAL INCREASE												
Revenues	36.2%	32.6%	18.1%	15.5%	13.1%	4.0%	30.1%	36.8%	3.8%	11.1%	10.0%	12.1%
Total Operating Expenses	37.9%	112.6%	-24.2%	34.8%	-15.2%	8.0%	3.1%	4.9%	-2.3%	4.8%	2.3%	3.3%
Operating loss	15.5%	101.4%	-44.2%	49.5%	-34.6%	5.6%	-31.5%	-76.0%	-116.7%	NM	113.3%	56.3%
Cash Earnings (Loss)	4.1%	22.2%	-22.3%	67.9%	-39.4%	7.7%	-39.7%	-107.5%	557.2%	78.1%	56.4%	40.1%

Source: Ladenburg Thalmann Estimates and Company Filings

Table 2: HyreCar, Inc. Annual Income Statement

ANNUAL INCOME STATEMENT (000's except per share amounts)	2016	2017	2018	2019E	2020E	2021E
Revenues	**$ 515**	**$ 3,224**	**$ 9,777**	**$ 18,411**	**$ 31,750**	**$ 48,000**
Costs of Revenues	*428*	*$ 2,913*	*5,132*	*7,459*	*11,525*	*16,750*
Gross profit	**$ 87**	**$ 311**	**$ 4,645**	**$ 10,951**	**$ 20,225**	**$ 31,250**
Operating expenses:						
General and administrative	*$ 438*	*1,820*	*7,601*	*8,986*	*9,600*	*10,500*
Sales and marketing	*370*	*1,871*	*4,788*	*5,015*	*5,900*	*7,250*
Research and development	*117*	*687*	*1,415*	*2,055*	*2,250*	*3,000*
Total Operating Expenses	**$ 925**	**$ 4,378**	**$ 13,804**	**$ 16,055**	**$ 17,750**	**$ 20,750**
Operating loss	**$ (838)**	**$ (4,067)**	**$ (9,159)**	**$ (5,104)**	**$ 2,475**	**$ 10,500**
Other (income) expense:						
Interest expense	*31*	*202*	*2,040*	*4*	*4*	*10*
Other (income) expense	*(4)*	*1*	*44*	*(32)*	*-*	*-*
Total other (income) expense	**$ 27**	**$ 203**	**$ 2,084**	**$ (28)**	**$ 4**	**$ 10**
Profit loss before taxes	**$ (865)**	**$ (4,270)**	**$ (11,243)**	**$ (5,076)**	**$ 2,471**	**$ 10,490**
Income tax provision	**$ -**	*1*	*-*	*-*	*-*	*-*
Net Income	**$ (865)**	**$ (4,271)**	**$ (11,244)**	**$ (5,076)**	**$ 2,471**	**$ 10,490**
Shares fully diluted	**3,645**	**4,590**	**8,558**	**12,500**	**16,500**	**17,000**
EPS - fully diluted	**$0.00**	**($0.93)**	**($1.31)**	**($0.41)**	**$0.15**	**$0.62**
Stock Option Expense	*11*	*336*	*2,653*	*1,256*	*1,675*	*1,750*
Depreciation & amortization	*-*	*59*	*1,669*	*63*	*100*	*150*
Cash Earnings (Loss)	**$ (854)**	**$ (3,875)**	**$ (6,922)**	**$ (3,756)**	**$ 4,246**	**$ 12,390**
Cash Earnings (Loss) Per Share	**$0.00**	**($0.84)**	**($0.81)**	**($0.30)**	**$0.26**	**$0.73**
EBITDA	**$ (827)**	**$ (3,672)**	**$ (4,836)**	**$ (3,785)**	**$ 4,250**	**$ 12,400**
% of TOTAL REVENUE						
Operating expenses:						
Gross Margin	83.1%	9.6%	47.5%	59.5%	63.7%	65.1%
Sales and marketing	71.8%	58.0%	49.0%	27.2%	18.6%	15.1%
Research and development	22.7%	21.3%	14.5%	11.2%	7.1%	6.3%
Total	**179.6%**	**135.8%**	**141.2%**	**87.2%**	**55.9%**	**43.2%**
Operating loss	**0.0%**	**-126.2%**	**-93.7%**	**-27.7%**	**7.8%**	**21.9%**
EBITDA	**-160.6%**	**-113.9%**	**-49.5%**	**-20.6%**	**13.4%**	**25.8%**
% YEAR OVER YEAR INCREASE						
Revenues	**NA**	**NA**	**203.3%**	**88.3%**	**72.5%**	**51.2%**
Total Operating Expenses	**NA**	**NA**	**215.3%**	**16.3%**	**10.6%**	**16.9%**
Operating loss	**NA**	**NA**	**125.2%**	**-44.3%**	**-148.5%**	**324.2%**
Net Income	**NA**	**NA**	**163.3%**	**-54.9%**	**-148.7%**	**324.5%**
Cash Earnings (Loss)	**NA**	**NA**	**78.6%**	**-45.7%**	**-213.0%**	**191.8%**

Source: Ladenburg Thalmann Estimates and Company Filings

Table 3: HyreCar, Inc. Balance Sheet

BALANCE SHEET (000's)	Q4 2016	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
ASSETS							
Current Assets:							
Cash and cash equivalents	516	214	810	11,868	8,671	6,765	6,339
Accounts receivable	-	41	32	61	129	161	152
Deferred offering costs	-	136	194				
Deferred expenses	15	35	47	12	14	21	18
Other current assets	0	118	83	83	140	128	163
Total current Assets	**$ 531**	**$ 544**	**$ 1,166**	**$ 12,022**	**$ 8,953**	**$ 7,075**	**$ 6,672**
Property and equipment, net	-		4	4	4	11	12
Intangible assets, net	-		-		68	222	209
Other assets	20	90	90	90	90	90	95
Total Assets	**$ 551**	**$ 634**	**$ 1,260**	**$ 12,116**	**$ 9,115**	**$ 7,398**	**$ 6,989**
LIABILITIES AND STOCKHOLDERS' EQUITY							
Current liabilities:							
Accounts payable	46	1,355	1,047	1,781	785	857	1,037
Accrued liabilities	161	119	254	429	404	776	637
Insurance reserve	-	-	-	-	-	348	370
Deferred revenue	20	48	68	25	45	54	72
Related party advances	10	10	9	10	10	10	10
Note payable, net of discount	-	46	49				
Notes payable - related party, net of discount	-	279	297	300			
Settlement Payable	98	24	6				
Convertible debt, net of discount	500		2,333				
Total current liabilities	**$ 835**	**$ 1,881**	**$ 4,063**	**$ 2,544**	**$ 1,243**	**$ 2,044**	**$ 2,126**
Total Liabilities	**$ 835**	**$ 1,881**	**$ 4,063**	**$ 2,544**	**$ 1,243**	**$ 2,044**	**$ 2,126**
Stockholder's equity							
Preferred Stock	700	1,592	1,592				
Common Stock voting	39	52	52	117	117	117	122
Additional paid in capital	143	2,554	2,764	21,642	21,729	21,857	23,064
Subscription receivable - related party	(139)	(140)	(140)	(7)	(7)	(7)	(7)
Accumulated deficit	(981)	(5,253)	(7,020)	(12,062)	(13,850)	(16,497)	(18,194)
Total stockholders' equity	**$ (277)**	**$ (1,247)**	**$ (2,804)**	**$ 9,572**	**$ 7,871**	**$ 5,353**	**$ 4,862**
Total liabilities and stockholders' equity	**$ 558**	**$ 634**	**$ 1,259**	**$ 12,116**	**$ 9,115**	**$ 7,397**	**$ 6,989**

Source: Company Filings

APPENDIX A: IMPORTANT RESEARCH DISCLOSURES

ANALYST CERTIFICATION

I, Jon R. Hickman, attest that the views expressed in this research report accurately reflect my personal views about the subject security and issuer. Furthermore, no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation or views expressed in this research report, provided, however, that:

The research analyst primarily responsible for the preparation of this research report has or will receive compensation based upon various factors, including the volume of trading at the firm in the subject security, as well as the firm's total revenues, a portion of which is generated by investment banking activities.

Additional information regarding the contents of this publication will be furnished upon request. Please contact Ladenburg Thalmann, Compliance Department, 277 Park Avenue, 26th floor, New York, New York 10172 (or call 212-409-2000) for any information regarding current disclosures, and where applicable, relevant price charts, in regard to companies that are the subject of this research report.

COMPANY BACKGROUND

HyreCar Inc operates a peer-to-peer carsharing marketplace allowing car owners to rent their idle vehicles for use on one (or more) of the ride sharing/delivery service platforms. The company's business model encompasses a proprietary software marketplace application that matches vehicle owners (individuals or fleet owners) with potential drivers, facilitating a rental arrangement between these parties. Transactions related to the rental (background checks, rental fees, deposits, insurance, etc) are run through the HyreCar platform, and owners and drivers can access their rental/owner dashboard via a login. The company is located in Los Angeles, California, and went public in June 2018, trading under the symbol, "HYRE".

VALUATION METHODOLOGY

Our valuation is based on the average of a P/E calculation using our non-GAAP per share cash earnings estimate for 2020 ($0.26) with a 30x multiple and a Price/Sales multiple of 4.5x on our estimated 2020 revenues ($31.75 million). This average equates to a value (and price target) of $8.25.

RISKS

HyreCar, Inc. has been in existence since 2014, but it has only been in the last two to three years that the company has begun to gain significant scale in connecting drivers with car owners for the purpose of participating in the ridesharing market. Going forward, we expect the company to focus on revenue growth, primarily through efforts to on-board more vehicles (primarily through partnerships with auto dealerships). In our opinion, the primary risks to our investment thesis lie in the management's ability to accelerate the growth of the available vehicle fleet to meet the demand from potential ridesharing drivers. Other risk factors to our investment thesis include, but are not limited to, the following:

- **Rapidly Evolving Industry:** The ridesharing and carsharing marketplaces are still developing and remain quite competitive. These markets are currently characterized by rapid changes in technology, customer requirements, and industry regulations. The company anticipates that this competitive environment will continue for the foreseeable future. This expected competitive environment could negatively impact future revenue growth and the company's potential profitability.
- **Autonomous Vehicles:** The expected rise of autonomous vehicles in the automotive industry adversely impact the demand for drivers. Failure to respond appropriately to this technological change could materially affect HyreCar's business model.
- **Limited Operating History:** Founded in 2014, HyreCar has limited operating history and is not as yet generating sufficient revenues to be GAAP profitable. With its relatively short history, evaluating the current business and future growth prospects is more difficult. Through its first several years, HYRE has experienced notable revenue growth, but this growth has come off a very small base and is not indicative of future results. Managing a rapidly growing, small-cap entity is difficult and management will be challenged to keep the company on a consistent growth course to eventually achieve profitability.
- **Insurance Policies:** A key part of the HyreCar business model is the company's ability to procure third-party insurance policies which provide coverage for both Owners and Drivers. If the amount of one or more auto-related claims were to exceed the applicable aggregate coverage limits or if the needed insurance providers were to materially raise premiums and deductibles, the business, financial condition, and operating results could be adversely affected.
- **Changes in Government Regulations:** Currently, there are relatively few laws regulating HyreCar's business operations; however, future potential changes in government regulation could materially alter the required business practices or operational expenses. Potential changes in laws or regulations that may affect HyreCar's future operations include or relate to insurance intermediaries, customer privacy issues, data security, and driver rate regulations.
- **HyreCar is an "Emerging Growth Company":** As an Emerging Growth Company (the "JOBS Act"), the company intends to take advantage of certain exemptions from various reporting requirements including not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation, and the extended transition

period provided for complying with new or revised accounting standards. It is possible that these exemptions may result in the common shares being less attractive to investors.

- **Anti-takeover Provisions in Company Charter:** Certain provisions in the HyreCar certificate of incorporation and bylaws may delay or prevent an acquisition of the company or a change in management. These provisions include a classified board of directors, a prohibition on actions by written consent of stockholders, and the ability of the board of directors to issue preferred stock without stockholder approval. These provisions collectively are expected to result in the company receiving higher bids by requiring potential acquirers to negotiate with the board of directors. In addition, these provisions may frustrate or prevent any attempts by stockholders to replace or remove then-current management.
- **Dependence on Ridesharing Companies:** HYRE's business and future growth is significantly tied to the continued success of companies such as Uber, Lyft, and other software-based systems that compete with standard taxicab organizations. Although neither entity has attempted such a move, Uber or Lyft could attempt to develop their own peer-to-peer carsharing system to match drivers and car owners which could adversely affect HyreCar's future operations.
- **Security:** HYRE stores data and information related to its user base that could potentially be compromised by third parties, software bugs, employee errors, or technical malfunctions. If such a data breach were to occur, it would likely result in damage to the company's reputation and brand and negatively impact users and partners from working with the platform.
- **Internet Regulations:** HyreCar's business mode and platform are subject to a variety of laws and governmental regulations in the U.S. and internationally particularly surrounding the Internet. These laws and regulations continue to evolve and changes in government regulations relating to internet operations may adversely affect revenues, operating results, and the overall financial condition.
- **Future Potential Acquisitions:** The company may enter into acquisitions, partnerships, and/or joint ventures and take actions in connection with such transactions that could adversely affect its business operations and impair shareholder value.
- **Retention of Management:** The loss of one or more of the current senior management team could have a material impact on operations. In particular, the loss of Chief Executive Officer Joseph Furnari or other key members of senior management could adversely affect the future growth of the business operations.
- I**ntellectual Property:** The possibility exists that others may claim that the company's platform and/or software infringe on their intellectual property rights. Such claims, if successfully asserted, would likely result in significant costs and diversion of resources and adversely affect future operating results
- **Uber and Lyft Relationship:** The company has no formal contracts with either Uber or Lyft and its current relationships with either of these companies could change in the future, which could adversely affect future operations.
- **History of Losses:** The company has reported operating losses each year and for each quarterly period since inception, and may not achieve or maintain profitability in the future.

STOCK RATING DEFINITIONS

Buy: The stock's return is expected to exceed 12.5% over the next twelve months.

Neutral: The stock's return is expected to be plus or minus 12.5% over the next twelve months.

Sell: The stock's return is expected to be negative 12.5% or more over the next twelve months.

Investment Ratings are determined by the ranges described above at the time of initiation of coverage, a change in risk, or a change in target price. At other times, the expected returns may fall outside of these ranges because of price movement and/or volatility. Such interim deviations from specified ranges will be permitted but will become subject to review.

RATINGS DISPERSION AND BANKING RELATIONSHIPS AS OF (July 30, 2019)

Rating	%	IB %
BUY	77.7	50.3
NEUTRAL	22.3	40.9
SELL	0.0	0.0

COMPANIES UNDER JON'S COVERAGE

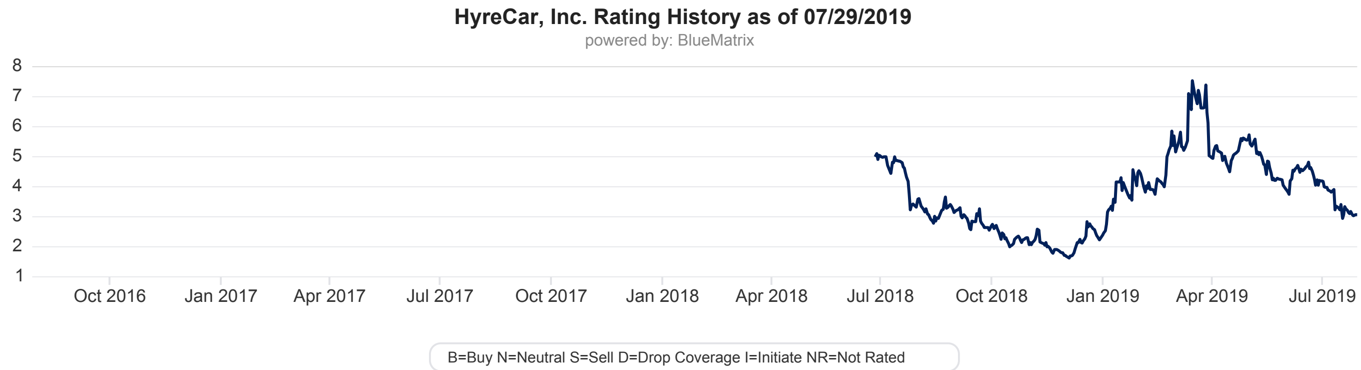
Digital Turbine, Inc. (APPS)
Chicken Soup for the Soul Entertainment, Inc. (CSSE)
Dolphin Entertainment, Inc. (DLPN)
HyreCar, Inc. (HYRE)
LiveXLive Media, Inc. (LIVX)
SITO Mobile, Ltd. (SITO)
Energous Corporation (WATT)
Calyxt, Inc. (CLXT)
The Herzfeld Caribbean Basin Fund, Inc. (CUBA)
GSV Capital Corp. (GSVC)
IZEA, Inc. (IZEA)
Paysign, Inc. (PAYS)
Firsthand Technology Value Fund (SVVC)
Boingo Wireless, Inc. (WIFI)

Yield10 Bioscience, Inc. (YTEN)
ZAGG Incorporated (ZAGG)

COMPANY SPECIFIC DISCLOSURES

Ladenburg Thalmann & Co. Inc. makes a market in HyreCar, Inc..

INVESTMENT RATING AND PRICE TARGET HISTORY



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