
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K/A

Current Report

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 7, 2020

DropCar, Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34643
(Commission
File No.)

98-0204758
(IRS Employer
Identification No.)

DropCar, Inc.
1412 Broadway, Suite 2105
New York, New York 10018
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (646) 342-1595

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.0001 per share	DCAR	The Nasdaq Stock Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Explanatory Note

On December 19, 2019, DropCar, Inc., a Delaware corporation (“DropCar”), ABC Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of DropCar (“Merger Sub”), and Ayro, Inc., a Delaware corporation (“AYRO”), entered into an Agreement and Plan of Merger and Reorganization (the “Merger Agreement”), pursuant to which, among other matters, and subject to the satisfaction or waiver of the conditions set forth in the Merger Agreement, Merger Sub will merge with and into AYRO, with AYRO continuing as a wholly owned subsidiary of DropCar and the surviving corporation of the merger (the “Merger”).

On February 7, 2020, DropCar filed a Current Report on Form 8-K in order to provide certain information required for AYRO, including the historical audited and unaudited financial statements of AYRO and the pro forma condensed combined financial information required by Items 9.01(a) and 9.01(b) of Current Report on Form 8-K. DropCar is filing this Current Report on Form 8-K/A to include updated pro forma condensed combined financial information of DropCar and AYRO for the year ended December 31, 2018 and as of and for the nine months ended September 30, 2019, which are filed herewith as Exhibit 99.1.

Forward-Looking Statements

This communication contains forward-looking statements (including within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended) concerning DropCar, AYRO, the proposed transaction and other matters. These statements may discuss goals, intentions and expectations as to future plans, trends, events, results of operations or financial condition, or otherwise, based on current beliefs of the management of DropCar, as well as assumptions made by, and information currently available to, management. Forward-looking statements generally include statements that are predictive in nature and depend upon or refer to future events or conditions, and include words such as “may,” “will,” “should,” “would,” “expect,” “anticipate,” “plan,” “likely,” “believe,” “estimate,” “project,” “intend,” and other similar expressions. Statements that are not historical facts are forward-looking statements. Forward-looking statements are based on current beliefs and assumptions that are subject to risks and uncertainties and are not guarantees of future performance. Actual results could differ materially from those contained in any forward-looking statement as a result of various factors, including, without limitation: the risk that the conditions to the closing of the transaction are not satisfied, including the failure to obtain stockholder approval for the transaction in a timely manner or at all; uncertainties as to the timing of the consummation of the transaction and the ability of each of DropCar and AYRO to consummate the transaction; risks related to DropCar’s continued listing on the Nasdaq Capital Market until closing of the proposed transaction; risks related to DropCar’s ability to correctly estimate its operating expenses and its expenses associated with the transaction; the ability of DropCar or AYRO to protect their respective intellectual property rights; competitive responses to the transaction; unexpected costs, charges or expenses resulting from the transaction; potential adverse reactions or changes to business relationships resulting from the announcement or completion of the transaction; and legislative, regulatory, political and economic developments. The foregoing review of important factors that could cause actual events to differ from expectations should not be construed as exhaustive and should be read in conjunction with statements that are included herein and elsewhere, including the risk factors included in DropCar’s most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC. DropCar can give no assurance that the conditions to the transaction will be satisfied. Except as required by applicable law, DropCar undertakes no obligation to revise or update any forward-looking statement, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

No Offer or Solicitation

This communication is not intended to and does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy or an invitation to purchase or subscribe for any securities or the solicitation of any vote in any jurisdiction pursuant to the proposed transaction or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of the Securities Act of 1933, as amended. Subject to certain exceptions to be approved by the relevant regulators or certain facts to be ascertained, the public offer will not be made directly or indirectly, in or into any jurisdiction where to do so would constitute a violation of the laws of such jurisdiction, or by use of the mails or by any means or instrumentality (including without limitation, facsimile transmission, telephone and the internet) of interstate or foreign commerce, or any facility of a national securities exchange, of any such jurisdiction.

Important Additional Information Will be Filed with the SEC

In connection with the proposed transaction between DropCar and AYRO, DropCar intends to file relevant materials with the SEC, including a registration statement that will contain a proxy statement and prospectus. **DROPCAR URGES INVESTORS AND STOCKHOLDERS TO READ THESE MATERIALS CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT DROPCAR, THE PROPOSED TRANSACTION AND RELATED MATTERS**. Investors and shareholders will be able to obtain free copies of the proxy statement, prospectus and other documents filed by DropCar with the SEC (when they become available) through the website maintained by the SEC at www.sec.gov. In addition, investors and shareholders will be able to obtain free copies of the proxy statement, prospectus and other documents filed by DropCar with the SEC by contacting Investor Relations by mail at DropCar, Inc., Attn: Investor Relations, 1412 Broadway, Suite 2105, New York, New York 10018. Investors and stockholders are urged to read the proxy statement, prospectus and the other relevant materials when they become available before making any voting or investment decision with respect to the proposed transaction.

Participants in the Solicitation

DropCar and AYRO, and each of their respective directors and executive officers and certain of their other members of management and employees, may be deemed to be participants in the solicitation of proxies in connection with the proposed transaction. Information about DropCar's directors and executive officers is included in DropCar's Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on April 3, 2019, as amended on April 12, 2019, and the proxy statement for DropCar's 2019 annual meeting of stockholders, filed with the SEC on November 6, 2019. Additional information regarding these persons and their interests in the transaction will be included in the proxy statement relating to the transaction when it is filed with the SEC. These documents can be obtained free of charge from the sources indicated above.

Item 9.01. Financial Statements and Exhibits.

(b) Pro forma financial information.

The unaudited pro forma condensed combined financial information of DropCar and AYRO as of and for the year ended December 31, 2018 and as of and for the nine months ended September 30, 2019 are filed herewith as Exhibit 99.1.

(d) Exhibits

Exhibit No.	Description
99.1	<u>Unaudited pro forma consolidated combined financial information of DropCar and AYRO for the year ended December 31, 2018 and as of and for the nine months ended September 30, 2019.</u>

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 hereunto duly authorized.

DROPCAR, INC.

Date: February 14, 2020

By: /s/ Spencer Richardson
Name: Spencer Richardson
Title: Chief Executive Officer

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

On December 19, 2019, DropCar, ABC Merger Sub, Inc., a wholly-owned subsidiary of DropCar (“Merger Sub”) and AYRO, Inc. (“AYRO”) entered into an agreement and plan of merger and reorganization (as may be amended from time to time, the “Merger Agreement”), which provides for, among other things, the merger of AYRO with and into Merger Sub, with AYRO continuing as the surviving corporation and a wholly-owned subsidiary of DropCar. The unaudited pro forma condensed combined financial statements as of and for the nine months ended September 30, 2019, and for the year ended December 31, 2018, give effect to the proposed merger of Merger Sub with and into AYRO, and have been prepared under the acquisition method of accounting with AYRO treated as the accounting acquirer. AYRO is anticipated to be the accounting acquirer based upon the terms of the merger and other factors, such as the number of shares to be issued to AYRO stockholders under the Merger Agreement, relative voting rights and the composition of the combined company’s board and senior management. The unaudited pro forma condensed financial statements also give effect to the proposed disposition by DropCar of the assets associated with its business of providing vehicle support, fleet logistics and concierge services for both consumers and the automotive industry to DC Partners Acquisition, LLC (the “Parent Legacy Asset Disposition”).

The unaudited pro forma condensed combined balance sheet as of September 30, 2019 combines the historical condensed balance sheet of AYRO as of September 30, 2019 and the historical condensed consolidated balance sheet of DropCar as of September 30, 2019, giving pro forma effect to the merger and the Parent Legacy Asset Disposition as if such transactions had been completed on September 30, 2019. The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2018 and the nine months ended September 30, 2019, combine the historical audited condensed statement of operations of DropCar for its fiscal year ended December 31, 2018 and the historical unaudited condensed statement of operations of DropCar for the nine months ended September 30, 2019, respectively, and the historical audited condensed statements of operations of AYRO for its fiscal year ended December 31, 2018 and the historical unaudited condensed statements of operations of AYRO for the nine months ended September 30, 2019, respectively, giving pro forma effect to the merger and the Parent Legacy Asset Disposition as if such transactions had been completed on January 1, 2018. The historical financial information has been adjusted in the respective unaudited pro forma condensed combined financial statements to give effect to pro forma events that are (1) directly attributable to the merger or the Parent Legacy Asset Disposition, (2) factually supportable, and (3) with respect to the statements of operations, expected to have a continuing impact on the combined company.

The unaudited pro forma condensed combined financial statements presented are based on the assumptions and adjustments described in the accompanying notes. The pro forma condensed combined financial statements are presented for illustrative purposes only and do not purport to represent what the financial position or results of operations would have been if the proposed merger or the Parent Legacy Asset Disposition had been completed as of the dates indicated in the unaudited pro forma condensed combined financial statements or that will be realized upon the consummation of the proposed transactions.

The application of the acquisition method of accounting is dependent upon certain valuations and other studies that have yet to be completed or have not progressed to a stage where there is sufficient information for a definitive measurement. Accordingly, the pro forma adjustments are preliminary, subject to further revision as additional information becomes available and additional analyses are performed, and have been made solely for the purpose of providing unaudited pro forma condensed combined financial statements. Upon consummation of the merger, final valuations and studies will be performed. Differences between these preliminary estimates and the final acquisition accounting may occur and these differences could have a material impact on the accompanying unaudited pro forma condensed combined financial statements and the combined company’s future financial position and results of operations. Fair values determined as of the assumed acquisition dates are based on the most recently available information. To the extent there are significant changes to DropCar’s or AYRO’s business, or as new information becomes available, the assumptions and estimates herein could change significantly.

Because AYRO will be treated as the accounting acquirer, AYRO’s assets and liabilities will be recorded at their precombination carrying amounts and the historical operations that are reflected in the financial statements will be those of AYRO. DropCar’s assets and liabilities will be measured and recognized at their fair values as of the date of the merger, and consolidated with the assets, liabilities and results of operations of AYRO after the consummation of the merger. The unaudited pro forma condensed combined statements of operations include certain acquisition accounting adjustments described therein.

The unaudited pro forma condensed combined statements of operations do not include (a) the impacts of any revenue, cost or other operating synergies that may result from the merger or any related restructuring costs; (b) certain amounts resulting from the merger that were determined to be of a non-recurring nature; and (c) the impact of the proposed reverse stock split described elsewhere in this joint proxy and consent solicitation statement/prospectus.

Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

1. Description of the Transaction and Basis of Pro Forma Presentation

The unaudited pro forma condensed combined financial statements were prepared in accordance with accounting principles generally accepted in the United States of America and pursuant to the rules and regulations of SEC Regulation S-X, and present the pro forma financial position and results of operations of the surviving company based upon the historical data of DropCar and Ayro, after giving effect to the merger.

Proposed Merger

Pursuant to the merger agreement, a wholly owned subsidiary of DropCar will be merged with and into Ayro, with Ayro continuing after the merger as the surviving corporation and a wholly-owned subsidiary of DropCar. DropCar will issue to Ayro stockholders 1.1893 shares of DropCar common stock per share of Ayro common stock, pursuant to the terms of the Merger Agreement. On a pro forma basis, based upon the number of shares of DropCar common stock expected to be issued in the merger (including in respect of outstanding Ayro options and warrants), (i) current DropCar stockholders and their designees will own approximately 20% of the combined company and current Ayro stockholders and their designees will own approximately 80% of the combined company, in each case excluding the shares to be held in escrow to secure indemnification obligations.

Treatment of Stock Options and Warrants in the Merger

All Ayro stock options granted under the Ayro stock option plans (whether or not then exercisable) that are outstanding prior to the effective time of the merger will convert into options to purchase DropCar common stock, retaining their same vesting schedules. All warrants to purchase shares of Ayro capital stock that are outstanding prior to the effective time of the merger will be cancelled. At the effective time of the merger, the warrants will be converted into and exchangeable for warrants to purchase shares of DropCar common stock equal to the number of shares Ayro common stock issuable upon exercise of such warrants multiplied by the Exchange Ratio with an exercise price equal to the exercise price of such warrants divided by the Exchange Ratio. After the effective time, all outstanding and unexercised Ayro stock options assumed by DropCar may be exercised solely for shares of DropCar common stock. The number of shares of DropCar common stock subject to each Ayro stock option assumed by DropCar shall be determined by multiplying (a) the number of shares of Ayro common stock that were subject to such Ayro stock option, as in effect immediately prior to the effective time of the merger by (b) the Exchange Ratio, as defined in the merger agreement, and rounding the resulting number down to the nearest whole number of shares of DropCar common stock. The per share exercise price for the DropCar common stock issuable upon exercise of each Ayro stock options assumed by DropCar shall be determined by dividing (x) the per share exercise price of Ayro common stock subject to such Ayro stock option, as in effect immediately prior to the effective time of the merger, by (y) the Exchange Ratio and rounding the resulting exercise price up to the nearest whole cent. Refer to the section entitled “Merger Agreement — Effects of Merger; Merger Consideration” elsewhere in this joint proxy and consent solicitation statement/prospectus for further information regarding the exchange ratio.

Vesting of most DropCar equity awards issued and outstanding will be accelerated to 100% at the Effective Time of the merger, and all such equity awards issued and outstanding at the time of the merger will remain issued and outstanding. For accounting purposes, since the awards become fully vested contemporaneously with the consummation of the merger, any remaining unrecognized compensation cost associated with the original grant date fair value of the awards would be recognized in DropCar’s precombination financial statements.

As a condition to the Closing, DropCar is obligated to raise \$6 million, in equity financing (the “Merger Financing”) and/or convertible debt financing. The Merger Financing is expected to close immediately prior to or simultaneously with the Closing. In addition, the consummation of the Merger is subject to customary conditions, including, without limitation, (a) approval by the DropCar and Ayro stockholders of the Merger Agreement and the transactions contemplated thereby; (b) the absence of any law, order, injunction or other legal restraint prohibiting the Merger; and (c) receipt of approval from NASDAQ to list the shares of DropCar common stock on The NASDAQ Capital Market post-Merger. Moreover, each party’s obligation to consummate the Merger is subject to certain other conditions, including, without limitation, (i) the accuracy of the other party’s representations and warranties (subject to customary qualifiers), and (ii) the other party’s compliance with its covenants and agreements contained in the Merger Agreement (subject to customary qualifiers). The Merger Agreement contains specified termination rights for both the DropCar and Ayro, and further provides that, upon termination of the Merger Agreement under specified circumstances, either party may be required to pay the other party a termination fee of \$1,000,000, which, under specified circumstances, may include reimbursement for various expenses incurred in connection with the proposed Merger.

DropCar, Inc., and Subsidiaries
PROFORMA Condensed Consolidated Balance Sheets
As of September 30, 2019
(Unaudited)

	<u>AYRO, Inc.</u>	<u>DropCar, Inc.</u>	<u>Pro Forma Adjustments for Disposition</u>	<u>Pro Forma As Adjusted</u>	<u>Pro Forma Adjustments for AYRO Reverse Acquisition</u>	
ASSETS						
CURRENT ASSETS:						
Cash	\$ 60,823	\$ 2,594,888	\$ (2,594,888)	\$ 60,823	\$ 6,000,000(1)	\$ 6,060,823
Accounts receivable, net	395,521	176,328	(176,328)	395,521	-	395,521
Inventories	1,115,171	-	-	1,115,171	-	1,115,171
Prepaid expenses and other current assets	203,980	311,567	(311,567)	203,980	-	203,980
Total current assets	1,775,495	3,082,783	(3,082,783)	1,775,495	6,000,000	7,775,495
Property and equipment, net	751,159	28,255	(28,255)	751,159	-	751,159
Capitalized software costs, net	-	478,129	(478,129)	-	-	-
Operating lease right-of-use asset	-	3,772	(3,772)	-	-	-
Other assets	313,389	3,525	(3,525)	313,389	-	313,389
TOTAL ASSETS	\$ 2,840,043	\$ 3,596,464	\$ (3,596,464)	\$ 2,840,043	\$ 6,000,000	\$ 8,840,043
LIABILITIES AND STOCKHOLDERS' EQUITY						
CURRENT LIABILITIES:						
Accounts payable	\$ 2,237,418	\$ 274,446	\$ (274,446)	\$ 2,237,418	\$ (1,237,729)(8)(9)	\$ 999,689
Accrued Expenses	724,535	1,254,351	(1,254,351)	724,535	(39,003)(3)	685,532
Deferred revenue	-	304,683	(304,683)	-	-	-
Related Party Payables	15,000	-	-	15,000	-	15,000
Notes Payable, net of debt discount, current portion	452,604	-	-	452,604	(445,801)(2)	6,803
Total current liabilities	3,429,558	1,833,480	(1,833,480)	3,429,558	(1,722,533)	1,707,025
Notes payable, net of debt discount	23,399	-	-	23,399	137,729(8)	161,128
TOTAL LIABILITIES	3,452,957	1,833,480	(1,833,480)	3,452,957	(1,584,804)	1,868,153
COMMITMENTS AND CONTINGENCIES						
STOCKHOLDERS' EQUITY:						
Ayro Preferred stock, \$0.001 par value, 8,472,500 shares authorized						
Ayro Series Seed 1 Preferred Stock 3,272,500 shares designated, 3,272,500 shares issued and outstanding;	3,272,500	-	-	3,272,500	(3,272,500)(4)	-
Ayro Series Seed 2 Preferred Stock 2,200,000 shares designated, 1,907,682 shares issued and outstanding;	3,268,444	-	-	3,268,444	(3,268,444)(4)	-
Ayro Series Seed 3 Preferred Stock 3,000,000 shares designated, 303,500 shares issued and outstanding;	607,000	-	-	607,000	(607,000)(4)	-
DropCar Preferred stock, \$0.0001 par value, 5,000,000 shares authorized						
DropCar Series seed preferred stock, 842,405 shares authorized, zero issued and outstanding	-	-	-	-	-	-
DropCar Series A preferred stock, 1,963,877 shares authorized, zero issued and outstanding	-	-	-	-	-	-
DropCar Convertible Series H, 8,500 shares designated, 8 shares issued and outstanding;	-	-	-	-	-	-
DropCar Convertible Series H-1, 9,488 shares designated, zero shares issued and outstanding	-	-	-	-	-	-
DropCar Convertible Series H-2, 3,500 shares designated, zero shares issued and outstanding	-	-	-	-	-	-
DropCar Convertible Series H-3, 8,461 shares designated, 2,189 shares issued and outstanding;	-	-	-	-	-	-
DropCar Convertible Series H-4, 30,000 shares designated, 5,028 and 26,619 shares issued and outstanding as of September 30, 2019 and December 31, 2018, respectively;	-	1	(1)	-	-	-
Ayro Common stock, \$0.001 par value; 26,347,500 shares authorized, 10,614,545 issued and outstanding as of September 30, 2019	12,819	-	-	12,819	(12,819)(5)	-
DropCar Common stock, \$0.0001 par value; 100,000,000 shares authorized, 4,061,882 issued and outstanding as of September 30, 2019	-	406	(406)	-	1,663 (1) (4) (5) (1) (2) (3) (4) (5) (6) (7)	1,663
Additional paid in capital	2,734,852	35,192,968	(35,192,968)	2,734,852	14,765,604 (8) (9) (10)	17,500,456
Accumulated deficit	(10,508,529)	(33,430,391)	33,430,391	(10,508,529)	(21,700) (8) (9) (10)	(10,530,229)
TOTAL STOCKHOLDERS' EQUITY	(612,914)	1,762,984	(1,762,984)	(612,914)	7,584,804	6,971,890
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,840,043	\$ 3,596,464	\$ (3,596,464)	\$ 2,840,043	\$ 6,000,000	\$ 8,840,043

- (1) - Investment in Ayro of \$6,000,000 included as part of the merger and stock purchase agreements
(2) - Conversion of \$640,000 notes payable, net of \$194,199 discount on debt into shares of the Company's stock
(3) - Conversion of \$39,003 of accrued expenses on notes payable into shares of Company's stock
(4) - Conversion of Ayro preferred stock into common stock 1:1
(5) - Conversion of Ayro common stock into Dropcar common stock
(6) - Interest expense of \$49,344 on debt issued in 2019 to 12 individual lenders converted to stock prior to signing of the merger agreement
(7) - Interest expense of \$60,649 expensed as discount on debt for debt issued in 2019, converted to equity prior to signing of the merger agreement
(8) - conversion of \$137,729 account payable to service provider to long term note payable
(9) - conversion of \$1,100,000 account payable to Cenntro Automotive Group to 1,100,000 shares of the company's preferred stock
(10) - Stock-based compensation expense for DropCar employees that is triggered by a change of control of \$131,693

DropCar, Inc., and Subsidiaries
PROFORMA Condensed Consolidated Statements of Operations
For the Nine Months Ended September 30, 2019
(Unaudited)

	AYRO, Inc.	DropCar, Inc.	Pro Forma Adjustments for Disposition	Pro Forma As Adjusted	Pro Forma Adjustments for AYRO Reverse Acquisition	Pro Forma Results
REVENUES	\$ 745,530	\$ 3,441,307	\$ (3,441,307)	\$ 745,530	\$ -	\$ 745,530
COST OF REVENUE	577,539	3,206,524	(3,206,524)	577,539	-	577,539
GROSS PROFIT (LOSS)	167,991	234,783	(234,783)	167,991	-	167,991
OPERATING EXPENSES						
Research and development expenses	987,350	460,426	(460,426)	987,350	-	987,350
Sales and marketing expenses	932,903	601,746	(601,746)	932,903	-	932,903
General and administrative expenses	3,230,430	2,865,218	(2,865,218)	3,230,430	131,693 ⁽¹⁰⁾	3,362,123
TOTAL OPERATING EXPENSES	5,150,683	3,927,390	(3,927,390)	5,150,683	131,693	5,282,376
OPERATING LOSS	(4,982,691)	(3,692,607)	3,692,607	(4,982,691)	(131,693)	(5,114,384)
Other income (expense), net	(231,886)	15,937	(15,937)	(231,886)	109,993 ⁽¹¹⁾⁽¹²⁾	(121,893)
LOSS FROM CONTINUING OPERATIONS	(5,214,578)	(3,676,670)	3,676,670	(5,214,578)	(21,700)	(5,236,278)
NET LOSS	\$ (5,214,578)	\$ (3,676,670)	\$ 3,676,670	\$ (5,214,578)	\$ (21,700)	\$ (5,236,278)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ (5,214,578)	\$ (3,676,670)	\$ 3,676,670	\$ (5,214,578)	\$ (21,700)	\$ (5,236,278)
LOSS PER SHARE FROM CONTINUING OPERATIONS:						
Basic	\$ (0.51)	\$ (1.09)	\$ -	\$ (0.38)	\$ -	\$ (0.10)
Diluted	\$ (0.51)	\$ (1.09)	\$ -	\$ (0.38)	\$ -	\$ (0.10)
EARNINGS (LOSS) PER SHARE FROM DISCONTINUED OPERATIONS:						
Basic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Diluted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET LOSS PER SHARE:						
Basic	\$ (0.51)	\$ (1.09)	\$ -	\$ (0.38)	\$ -	\$ (0.10)
Diluted	\$ (0.51)	\$ (1.09)	\$ -	\$ (0.38)	\$ -	\$ (0.10)
WEIGHTED AVERAGE SHARES OUTSTANDING						
Basic	10,263,192	3,381,026	-	13,644,218	41,366,763 ⁽¹³⁾⁽¹⁴⁾	55,010,981
Diluted	10,263,192	3,381,026	-	13,644,218	41,366,763	55,010,981

(10) - Stock-based compensation expense for DropCar employees that is triggered by a change of control of \$131,693

(11) - Interest expense of \$49,344 on debt issued in 2019 to 12 individual lenders converted to stock prior to signing of the merger agreement

(12) - Interest expense of \$60,649 expensed as discount on debt for debt issued in 2019, converted to equity prior to signing of the merger agreement

(13) - AYRO outstanding shares multiplied by Merger Exchange Ratio of 1.1893 represents an adjustment of 2,582,850 shares

(14) - To give effect of the \$6m equity raise with merger representing 30,609,288 shares

DropCar, Inc., and Subsidiaries
PROFORMA Condensed Consolidated Statements of Operations
For the Year Ended December 31, 2018

	<u>AYRO, Inc.</u>	<u>DropCar, Inc.</u>	<u>Pro Forma Adjustments for Disposition</u>	<u>Pro Forma As Adjusted</u>	<u>Pro Forma Adjustments for AYRO Reverse Acquisition</u>	<u>Pro Forma Results</u>
NET REVENUES	\$ 5,302,964	\$ 6,077,667	\$ (6,077,667)	\$ 5,302,964	\$ -	\$ 5,302,964
COST OF REVENUES	<u>5,008,700</u>	<u>7,863,673</u>	<u>(7,863,673)</u>	<u>5,008,700</u>	<u>-</u>	<u>5,008,700</u>
GROSS LOSS	<u>294,264</u>	<u>(1,786,006)</u>	<u>1,786,006</u>	<u>294,264</u>	<u>-</u>	<u>294,264</u>
OPERATING EXPENSES						
Research and development expenses	768,381	322,269	(322,269)	768,381	-	768,381
Sales and marketing expenses	999,723	-	-	999,723	-	999,723
General and administrative expenses	2,578,079	-	-	2,578,079	-	2,578,079
Sales, general and administrative expenses (1)	-	11,350,406	(11,350,406)	-	-	-
Depreciation and amortization (1)	-	354,657	(354,657)	-	-	-
TOTAL OPERATING EXPENSES	<u>4,346,183</u>	<u>12,027,332</u>	<u>(12,027,332)</u>	<u>4,346,183</u>	<u>-</u>	<u>4,346,183</u>
OPERATING LOSS	(4,051,920)	(13,813,338)	13,813,338	(4,051,920)	-	(4,051,920)
Other income (expense), net	<u>(144,571)</u>	<u>(1,081,226)</u>	<u>1,081,226</u>	<u>(144,571)</u>	<u>-</u>	<u>-144,571</u>
LOSS FROM CONTINUING OPERATIONS	(4,196,491)	(14,894,564)	14,894,564	(4,196,491)	-	(4,196,491)
DISCONTINUED OPERATIONS						
Income from operations of discontinued component	-	315,119	(315,119)	-	-	0
Loss on sale of component	-	(4,169,718)	4,169,718	-	-	0
LOSS ON DISCONTINUED OPERATIONS	<u>-</u>	<u>(3,854,599)</u>	<u>3,854,599</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET LOSS	(4,196,491)	(18,749,163)	18,749,163	(4,196,491)	-	(4,196,491)
Deemed dividend on exchange of warrants	<u>-</u>	<u>(1,399,661)</u>	<u>1,399,661</u>	<u>-</u>	<u>-</u>	<u>0</u>
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	<u>\$ (4,196,491)</u>	<u>\$ (20,148,824)</u>	<u>\$ 20,148,824</u>	<u>\$ (4,196,491)</u>	<u>\$ -</u>	<u>\$ (4,196,491)</u>
AMOUNTS ATTRIBUTABLE TO COMMON STOCKHOLDERS						
Loss from continuing operations	\$ (4,196,491)	\$ (16,294,225)	\$ 16,294,225	\$ (4,196,491)	\$ -	\$ (4,196,491)
Loss from discontinued operations	-	(3,854,599)	3,854,599	-	-	-
NET LOSS	<u>\$ (4,196,491)</u>	<u>\$ (20,148,824)</u>	<u>\$ 20,148,824</u>	<u>\$ (4,196,491)</u>	<u>\$ -</u>	<u>\$ (4,196,491)</u>
NET LOSS PER COMMON SHARE, BASIC AND DILUTED						
Continuing operations	\$ (0.41)	\$ (12.04)	\$ -	\$ (0.36)	\$ -	\$ (0.08)
Discontinued operations	-	(2.85)	-	-	-	-
NET LOSS PER COMMON SHARE, BASIC AND DILUTED	<u>\$ (0.41)</u>	<u>\$ (14.89)</u>	<u>\$ -</u>	<u>\$ (0.36)</u>	<u>\$ -</u>	<u>\$ (0.08)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC AND DILUTED	<u>10,242,650</u>	<u>1,352,826</u>	<u>-</u>	<u>11,595,476</u>	<u>43,415,505⁽¹³⁾ (14)</u>	<u>55,010,981</u>

(1) as previously reported on DropCar, Inc.'s Form 10-K for the year ended December 31, 2018

Notes to merger proforma adjustments

The following pro forma adjustments are based on preliminary estimates, which may change significantly as additional information is obtained:

- (1) Investment in Ayro of \$6,000,000 included as part of the merger and stock purchase agreements
 - (2) Conversion of \$640,000 notes payable, net of \$194,199 discount on debt into shares of the Company's stock
 - (3) Conversion of \$39,003 of accrued expenses on notes payable into shares of Company's stock
 - (4) Conversion of Ayro preferred stock into common stock 1:1
 - (5) Conversion of Ayro common stock into Dropcar common stock
 - (6) Interest expense of \$49,344 on debt issued in 2019 to 12 individual lenders converted to stock prior to signing of the merger agreement
 - (7) Interest expense of \$60,649 expensed as discount on debt for debt issued in 2019, converted to equity prior to signing of the merger agreement
 - (8) Conversion of \$137,729 account payable to service provider to long term note payable
 - (9) Conversion of \$1,100,000 account payable to Cenntro Automotive Group to 1,100,000 shares of the company's preferred stock
 - (11) Stock-based compensation expense for DropCar employees that is triggered by a change of control of \$131,693
 - (12) Interest expense of \$49,344 on debt issued in 2019 to 12 individual lenders converted to stock prior to signing of the merger agreement
 - (13) Interest expense of \$60,649 expensed as discount on debt for debt issued in 2019, converted to equity prior to signing of the merger agreement
 - (14) AYRO outstanding shares multiplied by Merger Exchange Ratio of 1.1893 represents an adjustment of 2,582,850 shares
 - (15) To give effect of the \$6m equity raise with merger representing 30,609,288 shares
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Notes to Unaudited Pro Forma Condensed Combined Financial Statements

2. Accounting Policies and Merger Pro Forma Adjustments

Based on Ayro's review of DropCar's summary of significant accounting policies disclosed in DropCar's financial statements, the nature and amount of any adjustments to the historical financial statements of DropCar to conform its accounting policies to those of Ayro are not expected to be significant.
