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

FORM 8-K

Current Report

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

Date of Report (Date of earliest event reported): November 14, 2018

**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))

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.

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**Item 2.02 Results of Operations and Financial Condition.**

Attached hereto as Exhibit 99.1 is a copy of a press release of DropCar, Inc., dated November 14, 2018, announcing certain operating results for the three and nine months ended September 30, 2018. The information in the press release is incorporated by reference into this Item 2.02 of this Current Report on Form 8-K.

The information set forth under this Item 2.02 of this Current Report on Form 8-K, including the exhibit attached hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference.

**Item 9.01 Financial Statements and Exhibits.**

**(d) Exhibits.**

| Exhibit<br>Number           | Description of Exhibits                 |
|-----------------------------|---|
| <a href="#"><u>99.1</u></a> | Press release, dated November 14, 2018. |

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**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: November 14, 2018

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

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# DropCar Announces Financial Results for Three and Nine Months Ended September 30, 2018

## *Provides Guidance on Progress of New Developments Including Improvements to Profit Margins and Liquidity*

**NEW YORK** – November 14, 2018 (Business Wire) – [DropCar, Inc.](#) (Nasdaq: DCAR) (“DropCar” or the “Company”), a leading provider of “last mile” logistics technology, mobility services and cloud based software for both the automotive industry and consumers, today announced its fiscal 2018 third quarter and financial results for the period ended September 30, 2018 and provided an update on a series of initiatives to improve operating margins and liquidity.

Spencer Richardson, DropCar’s Chief Executive Officer, stated, “We are extremely encouraged by the current state of our business, as a result of a series of measures we began implementing in late August 2018 to dramatically improve both our business to consumer (“B2C”) and business to business (“B2B”) business models, new business opportunities, and, more recently, two updates that we expect will improve the Company’s financial position. As a result, while these positive developments are not fully reflected in the last quarter or year-to-date historical results, we believe they set the stage for substantive progress in the quarters ahead.”

The Company is pleased to announce two new developments that management believes will solidify its short-term liquidity as it continues working towards building top-line revenue and improving operating margins:

- (i) the completion of an offering of approximately \$1,000,000 of Pre-Funded Warrants to purchase Common Stock at a cumulative purchase price per Warrant of \$0.60 per share of Common Stock; and
- (ii) the progress made towards the execution of a definitive agreement to sell the Company’s WPCS International - Suisun City, Inc. subsidiary for \$3.5 million, which sale management believes is likely to close during the fourth quarter of 2018.

During the past few months, DropCar has taken the following demonstrative actions to reduce its cash burn and revamp its business models to ensure positive gross profit margins:

- (i) converted its B2C business model creating positive margins and revamping its pricing structure to a self-park model. Results have been an immediate improvement from a negative gross profit margin to a positive gross profit margin for self-park model of approximately 35%;
- (ii) revised its B2B managed services pricing model that management believes will improve its B2B gross profit margin and labor efficiency; and
- (iii) reduced annual operating and corporate overhead expenses by over \$650,000 per month in September primarily through reductions in valet driver and operations staffing attributable to its former consumer model, corporate payroll and certain outside services.

Not only did the Company achieve profitable gross margins with self-park immediately upon making the change, but its pipeline of new B2B opportunities has begun to accelerate, as evidenced by the growing demand for professional third-party logistical services from original equipment manufacturer customers (“OEMs”), car-sharing companies, fleets and other automotive industry related businesses, which if and when finalized would be under the new, higher-margin B2B revenue model.

In addition to the Company’s recent expansion into Washington DC, San Francisco, Los Angeles and Baltimore, fueled by the Company’s partnership with General Motors’ Maven brand car sharing program, the Company:

- (i) has recently expanded its logistic and fleet mobility services with an OEM;
- (ii) is in advanced discussions with several name brand automotive partners in the vehicle subscription, peer-to-peer and car share space to provide SaaS technology and/or DropCar managed services that it expects to formally announce soon;
- (iii) will be potentially launching new pilot programs through one of the largest fleet organizations in the country.

“We believe that our managed services and Mobility Cloud technology has not only placed us in the enviable position as a “last-mile” solution for top-tier automotive partners but has also led to deeper discussions on how our mobility technology platform can further support the next generation of last mile logistics concepts they are presently investing in,” added Richardson.

**Financial Results for the Three Months Ended September 30, 2018 (in 000s)**

Revenue for the three months ended September 30, 2018 increased approximately \$3,342, or 263%, to \$4,612 as compared to \$1,270 for the same period in 2017, as: (i) DropCar Operating revenue increased by \$120, or nine percent, due to an increase in on-demand services of \$63, and an increase in subscription revenue of \$56 and (ii) WPCS revenue increased \$3,223, or 100%, as there was no comparative information reported for the prior period.

The Company's approximate \$3,329 net loss for the three months ended September 30, 2018 was comprised of the \$84 net loss from WPCS and a net loss of \$3,245 from DropCar Operating. This compared to a net loss of \$2,903 for the same period in 2017.

Meanwhile, the net loss attributable to common stockholders for the three-month period totaled approximately \$4,348, due to the \$3,329 net loss and \$1,019 of deemed dividends on the exchange of warrants.

**Financial Results for the Nine Months Ended September 30, 2018 (in 000s)**

Revenue for the nine months ended September 30, 2018 increased \$13,030, or 466%, to \$15,827 as compared to \$2,797 for the same period in 2017, as: (i) DropCar Operating revenue increased by \$2,158, or 77%, due to increases in subscription revenue of \$1,593 and on-demand service revenue of \$565 and (ii) WPCS revenue increased \$10,872, or 100%, as there was no comparative information reported for the prior period.

The Company's approximate \$10,682 net loss for the nine months ended September 30, 2018 was comprised of the \$377 net income from WPCS offset by the \$11,060 net loss from DropCar Operating. This compared to a net loss of \$5,088 for the same period in 2017.

Net loss attributable to common stockholders for the nine-month period totaled \$12,018, due to the \$10,682 net loss and \$1,336 of deemed dividends on the exchange of warrants.

**Conference Call with DropCar CEO and CFO**

DropCar will host a conference call on November 15, 2018 at 8:30 AM Eastern Time (ET) featuring remarks by, and Q&A with, CEO Spencer Richardson and CFO Paul Commons. The dial-in number for the conference call is toll-free: 877-407-0782 (U.S. domestic) or +1 (201) 689-8567 (international). Please make sure to call at least five minutes before the scheduled start time.

To listen online, please click: <http://www.investorcalendar.com/event/39723>

For interested individuals unable to join the live event, a replay will be available until November 22, 2018 (08:30 AM EDT). To access the recording, dial toll-free (domestic) 877-481-4010 or (internationally) 919-882-2331. The replay passcode is 39723.

## **About DropCar**

Founded and launched in New York City in 2015, DropCar's mission is to power the next generation of mobility by bringing the automotive industry's products and services to everyone's front door. DropCar's core Mobility Cloud platform, and integrated mobile apps help consumers and automotive-related companies reduce the cost, hassles and inefficiencies of owning a car, or fleet of cars, in urban centers. Dealerships, fleet owners, OEMs and shared mobility companies use DropCar's last mile logistics platform to reduce costs, streamline logistics and deepen relationships with customers. More information is available at <https://drop.car/>

### ***Forward-Looking Statements***

This press release contains “forward-looking statements” that involve substantial risks and uncertainties for purposes of the safe harbor provided by the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this press release regarding strategy, future operations, future financial position, future revenue, projected expenses, prospects, plans and objectives of management are forward-looking statements. Such statements are based on management’s current expectations and involve risks and uncertainties. Actual results and performance could differ materially from those projected in the forward-looking statements as a result of many factors, including, without limitation, the ability to project future cash utilization and reserves needed for contingent future liabilities and business operations, the availability of sufficient resources of the company to meet its business objectives and operational requirements and the impact of competitive products and services and technological changes. 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 under the heading “Risk Factors” in DropCar’s filings with the Securities and Exchange Commission. 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.

### **Contact Investor Relations**

[ir@DropCar.com](mailto:ir@DropCar.com)  
(646) 916-4595

**DropCar, Inc. and Subsidiaries**  
**Consolidated Balance Sheets Data**

|   | <u>September 30,</u><br><u>2018</u> | <u>December 31,</u><br><u>2017</u> |
|---|-------------------------------------|------------------------------------|
|   | <u>(unaudited)</u>                  |                                    |
| <b>ASSETS</b>   |                                     |                                    |
| <b>CURRENT ASSETS:</b>                                      |                                     |                                    |
| Cash  | \$ 1,960,553                        | \$ 372,011                         |
| Accounts receivable, net                                    | 4,096,228                           | 187,659                            |
| Contract assets   | 427,480                             | -                                  |
| Prepaid expenses and other current assets                   | 431,186                             | 51,532                             |
| Total current assets  | <u>6,915,447</u>                    | <u>611,202</u>                     |
| Property and equipment, net                                 | 323,463                             | 5,981                              |
| Capitalized software costs, net                             | 679,304                             | 589,584                            |
| Intangible assets, net                                      | 1,680,000                           | -                                  |
| Goodwill  | 3,410,000                           | -                                  |
| Other assets  | 14,484                              | 3,000                              |
| <b>TOTAL ASSETS</b>   | <u>\$ 13,022,698</u>                | <u>\$ 1,209,767</u>                |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>       |                                     |                                    |
| <b>CURRENT LIABILITIES:</b>                                 |                                     |                                    |
| Accounts payable and accrued expenses                       | \$ 3,330,456                        | \$ 1,820,731                       |
| Deferred income   | 23,215                              | 236,433                            |
| Accrued interest  | -                                   | 135,715                            |
| Current portion of loans payable                            | 52,515                              | -                                  |
| Contract liabilities  | 1,961,758                           | -                                  |
| Total current liabilities                                   | <u>5,367,944</u>                    | <u>2,192,879</u>                   |
| Loans payable, net of current portion                       | 69,373                              | -                                  |
| Convertible note payable, net of debt discount              | -                                   | 3,506,502                          |
| <b>TOTAL LIABILITIES</b>                                    | <u>5,437,317</u>                    | <u>5,699,381</u>                   |
| <b>TOTAL STOCKHOLDERS' EQUITY (DEFICIT)</b>                 | 7,585,381                           | (4,489,614)                        |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b> | <u>\$ 13,022,698</u>                | <u>\$ 1,209,767</u>                |



**DropCar, Inc. and Subsidiaries**  
**Consolidated Statements of Operations Data**  
(Unaudited)

|  | For the Three Months Ended September |                       | For the Nine Months Ended September |                       |
|--|--------------------------------------|-----------------------|-------------------------------------|-----------------------|
|  | 30,                                  |                       | 30,                                 |                       |
|  | <u>2018</u>                          | <u>2017</u>           | <u>2018</u>                         | <u>2017</u>           |
| <b>NET REVENUES</b>  | \$ 4,612,062                         | \$ 1,269,556          | \$ 15,826,983                       | \$ 2,797,409          |
| <b>COST OF REVENUES, excluding depreciation and amortization</b>               | <u>4,438,189</u>                     | <u>1,426,874</u>      | <u>15,190,430</u>                   | <u>2,869,995</u>      |
| <b>GROSS PROFIT (LOSS)</b>   | <u>173,873</u>                       | <u>(157,318)</u>      | <u>636,553</u>                      | <u>(72,586)</u>       |
| <b>OPERATING EXPENSES</b>  |                                      |                       |                                     |                       |
| Selling, general and administrative expenses                                   | 3,324,874                            | 2,319,433             | 10,426,604                          | 4,170,450             |
| Depreciation and amortization  | <u>174,650</u>                       | <u>45,576</u>         | <u>479,337</u>                      | <u>136,403</u>        |
| <b>TOTAL OPERATING EXPENSES</b>  | <u>3,499,524</u>                     | <u>2,365,009</u>      | <u>10,905,941</u>                   | <u>4,306,853</u>      |
| <b>OPERATING LOSS</b>  | <u>(3,325,650)</u>                   | <u>(2,522,327)</u>    | <u>(10,269,388)</u>                 | <u>(4,379,439)</u>    |
| Interest income (expense), net   | (3,123)                              | (380,598)             | (413,076)                           | (708,991)             |
| <b>NET LOSS</b>  | <u>(3,328,774)</u>                   | <u>(2,902,925)</u>    | <u>(10,682,464)</u>                 | <u>(5,088,430)</u>    |
| Deemed dividend on exchange of warrants  | <u>(1,019,040)</u>                   | <u>-</u>              | <u>(1,335,901)</u>                  | <u>-</u>              |
| <b>NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS</b>                            | <u>\$ (4,347,814)</u>                | <u>\$ (2,902,925)</u> | <u>\$ (12,018,365)</u>              | <u>\$ (5,088,430)</u> |
| <b>NET LOSS PER COMMON SHARE, BASIC AND DILUTED</b>                            | <u>\$ (0.50)</u>                     | <u>\$ (1.38)</u>      | <u>\$ (1.59)</u>                    | <u>\$ (2.77)</u>      |
| <b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC AND DILUTED</b> | <u>8,609,778</u>                     | <u>2,106,799</u>      | <u>7,574,452</u>                    | <u>1,839,379</u>      |