

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, 2019

**DROPCAR, INC.**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**  
(State or other jurisdiction of incorporation)

**001-34643**  
(Commission File Number)

**98-0204758**  
(I.R.S. Employer Identification No.)

**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.

**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, 2019, announcing certain operating results for the three and nine months ended September 30, 2019. 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.**

<b>Exhibit Number</b>	<b>Description of Exhibits</b>
<a href="#">99.1</a>	Press release, dated November 14, 2019.

**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.**

Dated: November 14, 2019

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

## DropCar Announces Financial Results for the Three and Nine Months Ended September 30, 2019

### *Q3 Shows 133% Increase in Gross Profit and 83% Decrease in Net Loss Versus Prior Year as Company Continues Evaluating Strategic Opportunities*

**NEW YORK** – November 14, 2019 (Business Wire) – DropCar, Inc. (Nasdaq: DCAR) (“DropCar” or the “Company”), a provider of micro logistics technology, mobility services and cloud based software for both the automotive industry and consumers, today announced financial results and the filing of its Form 10-Q for the three and nine months ended September 30, 2019, including an update on the results of initiatives implemented to conserve cash on hand, while focusing on its most profitable business segments.

Spencer Richardson, DropCar’s Chief Executive Officer, stated, “Our plan is to continue to focus on our most profitable business segments which has translated into continued improvements to our gross margin. These improvements have also afforded the Company the opportunity to thoroughly explore the best options for strategic growth and alternatives.”

During the past few months, DropCar has taken the following actions to continue to reduce its cash burn and focus on the most profitable segments of its business:

- (i) leverage improvements to its in-house technology and data analysis to refine labor scheduling and service pricing models, resulting in the Company transitioning from a gross loss of \$399,887 for the quarter ended September 30, 2018 to a gross profit of \$131,628, or 133% increase for the quarter ended September 30, 2019; and
- (ii) improving efficiency of overall backend and driver field operations while reducing low margin services, resulting in the Company transitioning from a gross loss of \$1,658,377 for the nine months ended September 30, 2018 to a gross profit of \$234,783, or 114% increase for the nine months ended September 30, 2019.

#### **Financial Results for the Three Months Ended September 30, 2019 versus Three Months Ended September 30, 2018**

Revenue for the three months ended September 30, 2019 decreased \$294,000, or 21%, to \$1,095,000, as compared to \$1,389,000 for the same period in 2018, as DropCar Operating revenue decreased by \$329,000, or 29%, due to the discontinued “Steve” parking offering. This was partially offset by an increase in “Will” valet on-demand service and DropCar 360 service revenue of \$25,000, or 54%, to \$71,000, compared to \$46,000 for the three months ended September 30, 2018 primarily due to the cancellation of the tip payment to NY valets, as well as an increase in B2B service revenue of \$9,000, or 4%, to \$234,000 as compared to \$225,000 for the three months ended September 30, 2018.

Cost of revenue during the three months ended September 30, 2019 totaled \$964,000, a decrease of \$825,000, or 46%, compared to \$1,789,000 recorded for the three months ended September 30, 2018. This decrease was primarily due to a decrease of \$825,000 in the Company’s valet and field support workforce.

The Company’s \$750,000 net loss for the three months ended September 30, 2019 was comprised of \$753,000 operating loss from DropCar Operations and offset by \$3,000 of interest income. This compared to a net loss of \$4,348,000 for the same period in 2018, a reduction of 83%.

#### **Financial Results for the Nine Months Ended September 30, 2019 versus Nine Months Ended September 30, 2018**

Revenue for the nine months ended September 30, 2019 decreased \$1,514,000, or 31%, to \$3,441,000, as compared to \$4,955,000 for the nine months ended September 30, 2018, as (i) DropCar Operating subscription service revenue decreased by \$1,510,000, or 40% due to the discontinued “Steve” parking and valet on-demand service, and (ii) a decrease in “Will” valet on-demand service and DropCar 360 service revenue of \$220,000, or 45%, to \$267,000, compared to \$487,000 for the nine months ended September 30<sup>th</sup> 2018. This decrease was offset by an increase in B2B revenue of \$216,000, or 30%, to \$926,000, compared to \$710,000 for the nine months ended September 30, 2018.

Cost of revenue during the nine months ended September 30, 2019 totaled \$3,207,000, a decrease of \$3,407,000, or 52% compared to \$6,614,000 recorded for the nine months ended September 30, 2018. This decrease was primarily due to \$3,207,000 in wages and related expenses, \$432,000 in repairs and damages, \$197,000 in cost of gas, car wash and other service sold, partially offset by increase of \$429,000 in parking garage fees and insurance costs.

The Company’s \$3,677,000 net loss for the nine months ended September 30, 2019 was comprised of \$3,693,000 operating loss from DropCar Operations and offset by \$16,000 of interest income. This compared to a net loss of \$11,802,000 for the nine months ended September 30, 2018, a reduction of 69%.

## **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**

Spencer Richardson  
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(646) 916-4595

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

	<u>September 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
	(unaudited)	
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 2,594,888	\$ 4,303,480
Accounts receivable, net	176,328	295,626
Prepaid expenses and other current assets	<u>311,567</u>	<u>328,612</u>
Total current assets	3,082,783	4,927,718
Property and equipment, net	28,255	39,821
Capitalized software costs, net	478,129	659,092
Operating lease right-of-use asset	3,772	-
Other assets	<u>3,525</u>	<u>3,525</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,596,464</u>	<u>\$ 5,630,156</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 1,528,797	\$ 2,338,560
Deferred income	<u>304,683</u>	<u>253,200</u>
Total current liabilities	1,833,480	2,591,760
<b>TOTAL STOCKHOLDERS' EQUITY</b>	1,762,984	3,038,396
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 3,596,464</u>	<u>\$ 5,630,156</u>

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

	<b>For the Three Months Ended</b>	
	<b>September 30,</b>	
	<b>2019</b>	<b>2018</b>
	(Restated)	
<b>SERVICE REVENUES</b>	\$ 1,095,320	\$ 1,389,134
<b>COST OF REVENUES</b>	963,692	1,789,021
<b>GROSS PROFIT (LOSS)</b>	<u>131,628</u>	<u>(399,887)</u>
<b>OPERATING EXPENSES</b>		
Research and development	43,690	60,299
Selling, general and administrative expenses	745,827	2,690,991
Depreciation and amortization	<u>95,360</u>	<u>94,031</u>
<b>TOTAL OPERATING EXPENSES</b>	884,877	2,845,321
<b>OPERATING LOSS</b>	<u>(753,249)</u>	<u>(3,245,208)</u>
Interest income (expense), net	3,240	171
<b>LOSS FROM CONTINUING OPERATIONS</b>	<u>(750,009)</u>	<u>(3,245,037)</u>
<b>DISCONTINUED OPERATIONS</b>		
Loss from operations of discontinued component	-	(83,736)
<b>LOSS FROM DISCONTINUED OPERATIONS</b>	-	(83,736)
<b>NET LOSS</b>	\$ (750,009)	\$ (3,328,773)
Deemed dividend on exchange of warrants	-	(1,019,040)
<b>NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS</b>	<u>\$ (750,009)</u>	<u>\$ (4,347,813)</u>
<b>LOSS PER SHARE FROM CONTINUING OPERATIONS:</b>		
Basic	\$ (0.19)	\$ (2.26)
Diluted	\$ (0.19)	\$ (2.26)
<b>LOSS PER SHARE FROM DISCONTINUED OPERATIONS:</b>		
Basic	-	\$ (0.06)
Diluted	-	\$ (0.06)
<b>NET LOSS PER SHARE:</b>		
Basic	\$ (0.19)	\$ (3.03)
Diluted	\$ (0.19)	\$ (3.03)
<b>WEIGHTED AVERAGE SHARES OUTSTANDING</b>		
Basic	4,050,006	1,434,963
Diluted	4,050,006	1,434,963

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

	For the Nine Months Ended September	
	2019	2018 (Restated)
<b>SERVICE REVENUES</b>	\$ 3,441,307	\$ 4,955,206
<b>COST OF REVENUES</b>	3,206,524	6,613,583
<b>GROSS PROFIT (LOSS)</b>	<u>234,783</u>	<u>(1,658,377)</u>
<b>OPERATING EXPENSES</b>		
Research and development	161,002	238,431
Selling, general and administrative expenses	3,464,312	8,943,389
Depreciation and amortization	302,076	257,440
<b>TOTAL OPERATING EXPENSES</b>	<u>3,927,390</u>	<u>9,439,260</u>
<b>OPERATING LOSS</b>	<u>(3,692,607)</u>	<u>(11,097,637)</u>
Interest income (expense), net	15,937	(1,081,328)
<b>LOSS FROM CONTINUING OPERATIONS</b>	<u>(3,676,670)</u>	<u>(12,178,965)</u>
<b>DISCONTINUED OPERATIONS</b>		
Income from operations of discontinued component	-	377,207
<b>INCOME FROM DISCONTINUED OPERATIONS</b>	<u>-</u>	<u>377,207</u>
<b>NET LOSS</b>	\$ (3,676,670)	\$ (11,801,758)
Deemed dividend on exchange of warrants	-	(1,335,901)
<b>NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS</b>	<u>\$ (3,676,670)</u>	<u>\$ (13,137,659)</u>
<b>LOSS PER SHARE FROM CONTINUING OPERATIONS:</b>		
Basic	\$ (1.09)	\$ (9.65)
Diluted	\$ (1.09)	\$ (9.65)
<b>EARNINGS PER SHARE FROM DISCONTINUED OPERATIONS:</b>		
Basic	-	\$ 0.30
Diluted	-	\$ 0.30
<b>NET LOSS PER SHARE:</b>		
Basic	\$ (1.09)	\$ (10.41)
Diluted	\$ (1.09)	\$ (10.41)
<b>WEIGHTED AVERAGE SHARES OUTSTANDING</b>		
Basic	3,381,026	1,262,409
Diluted	3,381,026	1,262,409