

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## Novume Solutions, Inc.

**Form: 8-K/A**

**Date Filed: 2018-01-25**

Corporate Issuer CIK: 1697851

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K/A**

Amendment No. 2

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

November 16, 2017  
Date of Report (date of earliest event reported)

**NOVUME SOLUTIONS, INC.**

(Exact name of Registrant as specified in its charter)

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

**000-55833**  
(Commission  
File Number)

**81-56266334**  
(I.R.S. Employer  
Identification Number)

**14420 Albemarle Point Place, Suite 200,**  
**Chantilly, VA 20151**  
(Address of principal executive offices)

**(703) 953-3838**  
(Registrant's telephone number, including area code)

**N/A**  
(Former name or former address, if changed since last report)

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 (see General Instruction A.2. below):

- 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 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 checkmark 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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## EXPLANATORY NOTE

Novume Solutions, Inc. (the "Company," "Novume," "we" or "us") is filing this amended Current Report on Form 8-K/A (the "Amendment No. 2") to amend Exhibit 99.2 of our amended Current Report on Form 8-K/A, filed with the Securities and Exchange Commission (the "SEC") on November 28, 2017 (the "Amendment No. 1") as related to the anticipated acquisition of NeoSystems, Corp., to restate our unaudited pro forma condensed combined balance sheet as of September 30, 2017 and our earnings per share disclosures in our unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2017 for an error with regard to the accounting for accretion on our Series A Cumulative Convertible Redeemable Preferred Stock (the "Series A Preferred Stock"). The previously filed unaudited pro forma condensed combined financial statements for the referenced period should no longer be relied upon. This Amendment No. 2 also amends certain other items in Amendment No. 1, as listed in "Items Amended in this Amendment No. 2" below.

### Effects of the restatement

We identified and corrected an error in the accounting treatment related to the accretion to redemption value on our Series A Preferred Stock as of September 30, 2017. The Company had previously disclosed that accretion would be recorded as of December 31, 2017. Based on the Company's revised internal analysis, we determined that the accretion was material to our pro forma earnings per share calculations for all quarters reported in fiscal year 2017 through September 30, 2017.

The Company calculated year-to-date accretion of \$400,616 for the nine months ended September 30, 2017.

The adjustment had disclosure impact on the unaudited pro forma condensed combined statements of operations and comprehensive loss relating to earnings (loss) per share disclosures and had no impact on cash flows for the nine-months ended September 30, 2017.

The following table illustrates the impact of the correction to the unaudited pro forma condensed combined balance sheets and our unaudited pro forma condensed combined statement of shareholders' equity:

<b>Novume Solutions, Inc. as of September 30, 2017</b>			
	<b>As previously reported</b>	<b>Adjustment</b>	<b>Restated</b>
Series A Cumulative Convertible Redeemable Preferred Stock	\$ 3,845,925	\$ 400,616	\$ 4,246,541
Additional paid-in capital	\$ 9,325,795	\$ (400,616)	\$ 8,925,179
Total Stockholders' Equity	\$ 6,731,826	\$ (400,616)	\$ 6,331,210

<b>Novume Solutions, Inc. with Global Technical Services, Inc. and Global Contract Professionals as of September 30, 2017</b>			
	<b>As previously reported</b>	<b>Adjustment</b>	<b>Restated</b>
Series A Cumulative Convertible Redeemable Preferred Stock	\$ 3,845,925	\$ 400,616	\$ 4,246,541
Additional paid-in capital	\$ 9,892,045	\$ (400,616)	\$ 9,491,429
Total Stockholders' Equity	\$ 9,701,928	\$ (400,616)	\$ 9,301,311

<b>Novume Solutions, Inc. with Global Technical Services, Inc., Global Contract Professionals, Inc. and NeoSystems, Corp. as of September 30, 2017</b>			
	<b>As previously reported</b>	<b>Adjustment</b>	<b>Restated</b>
Series A Cumulative Convertible Redeemable Preferred Stock	\$ 3,845,925	\$ 400,616	\$ 4,246,541
Additional paid-in capital	\$ 21,504,410	\$ (400,616)	\$ 21,103,794
Total Stockholders' Equity	\$ 21,314,511	\$ (400,616)	\$ 20,913,895

The following table illustrates the impact of the correction on our earnings per share disclosures in our unaudited pro forma condensed combined statements of operations:

<b>Novume Solutions, Inc. for the nine months ended September 30, 2017</b>			
	<b>As previously reported</b>	<b>Adjustment</b>	<b>Restated</b>
Earnings (loss) per share	\$ (0.20)	\$ (0.03)	\$ (0.23)

  

<b>Novume Solutions, Inc. with Brekford Traffic Safety, Inc., Firestorm, LLC &amp; Affiliate, Global Technical Services, Inc. and Global Contract Professionals, Inc. for the nine months ended September 30, 2017</b>			
	<b>As previously reported</b>	<b>Adjustment</b>	<b>Restated</b>
Earnings (loss) per share	\$ (0.21)	\$ (0.05)	\$ (0.26)

  

<b>Novume Solutions, Inc. with Brekford Traffic Safety, Inc., Firestorm, LLC &amp; Affiliate, Global Technical Services, Inc., Global Contract Professionals, Inc. and NeoSystems, Corp. for the nine months ended September 30, 2017</b>			
	<b>As previously reported</b>	<b>Adjustment</b>	<b>Restated</b>
Earnings (loss) per share	\$ (0.21)	\$ (0.02)	\$ (0.23)

**Items Amended in this Amendment No. 2**

The following exhibit in the Amendment No. 1 has been amended as a result of, and to reflect, the restatement:

- Exhibit 99.2 – Novume Solutions, Inc. unaudited pro forma financial information giving effect to the anticipated acquisitions of NeoSystems, Corp.

In addition, the Exhibit Index has been appropriately updated.

**Item 1.01 Entry into a Material Definitive Agreement.**

***Merger Agreement***

On November 16, 2017, Novume Solutions, Inc., a Delaware corporation (“Novume” or the “Company”), entered into an Agreement and Plan of Merger (the “Merger Agreement”) by and among Novume, NeoSystems Holding, LLC, a Delaware limited liability company and wholly owned subsidiary of Novume (“Merger Sub”), NeoSystems HoldCo, Inc., a Virginia corporation (“NeoSystems HoldCo”), NeoSystems LLC, a Virginia limited liability company and a wholly owned subsidiary of NeoSystems HoldCo (“NeoSystems”), Robert W. Wilson, Jr., in his personal capacity, Michael Tinsley, in his personal capacity (Messrs. Wilson and Tinsley, collectively, the “Key Holders”) and Michael Tinsley, in his capacity as the representative of each shareholder of NeoSystems HoldCo that has not demanded and perfected appraisal rights under the Virginia Stock Corporation Act (the “Participating Stockholders”). Pursuant to the Merger Agreement, Novume will acquire NeoSystems through a forward merger, whereby NeoSystems HoldCo will merge with and into Merger Sub, with Merger Sub as the surviving entity and the sole holder of NeoSystems (the “Merger”).

**Item 9.01 Financial Statements and Exhibits.**

The following audited financial statements are attached hereto as Exhibit 99.1:

- Consent of RSM US LLP Independent Auditors
- The balance sheets of NeoSystems as of December 31, 2016 and 2015
- The statements of operations of NeoSystems for the years ended December 31, 2016 and 2015
- The statement of stockholders’ equity of NeoSystems for the years ended December 31, 2016 and 2015
- The statement of cash flows of NeoSystems for the years ended December 31, 2016 and 2015
- Notes to financial statements of NeoSystems

(d) Exhibits

**Exhibit**

<b>No.</b>	<b>Description</b>
23.1	Consent of RSM US LLP, Independent Auditors (1)
99.1	Audited Financial Statements of NeoSystems, Corp. for the years ended December 31, 2016 and 2015 (1)
99.2	Unaudited Pro Forma Financial Information of Novume Solutions, Inc. for the nine months ended September 30, 2017 and for the year ended December 31, 2016 giving effect to the anticipated acquisition of NeoSystems, Corp. (2)

(1) Previously filed as an exhibit to our Current Report on Form 8-K/A, filed with the SEC as of November 28, 2017.

(2) Filed herewith.

## 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.

NOVUME SOLUTIONS, INC.

By: /s/ Robert A. Berman  
Name: Robert A. Berman  
Title: Chief Executive Officer

Date: January 25, 2018

## EXHIBIT INDEX

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">23.1</a>	Consent of RSM US LLP, Independent Auditors (1)
<a href="#">99.1</a>	Audited Financial Statements of NeoSystems, Corp. for the years ended December 31, 2016 and 2015 (1)
<a href="#">99.2</a>	Unaudited Pro Forma Financial Information of Novume Solutions, Inc. for the nine months ended September 30, 2017 and for the year ended December 31, 2016 giving effect to the anticipated acquisition of NeoSystems, Corp. (2)

(1) Previously filed as an exhibit to our Current Report on Form 8-K/A, filed with the SEC as of November 28, 2017.

(2) Filed herewith.

**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

The following unaudited pro forma condensed consolidated financial statements are based on the historical financial statements of Novume Solutions Inc., Global Technical Services, Inc. ("GTS") and Global Contract Professionals, Inc. ("GCP") (collectively "Global") and NeoSystems, Inc. ("NeoSystems") after giving effect to our acquisition of Global and the anticipated acquisitions of NeoSystems, and the assumptions and adjustments described in the accompanying notes to the unaudited pro forma condensed consolidated financial statements. These pro forma condensed consolidated financial statements also give effect to the acquisitions of Firestorm Solutions, LLC and Firestorm Franchising, LLC (collectively "Firestorm") and Brekford, Inc. ("Brekford") which occurred during fiscal year 2017.

The unaudited pro forma condensed consolidated balance sheet of Novume, Global and NeoSystems as of September 30, 2017 is presented as if the Global and anticipated NeoSystems acquisitions had occurred on September 30, 2017. The unaudited pro forma condensed consolidated statement of operations of Novume, Global, NeoSystems, Firestorm and Brekford for the nine months ended September 30, 2017 is presented as if the all of the acquisitions had taken place on January 1, 2017. The unaudited pro forma condensed consolidated balance sheet of Novume, Global, NeoSystems, Firestorm and Brekford as of December 31, 2016 is presented as if the Global and anticipated NeoSystems acquisitions had occurred on December 31, 2016. The unaudited pro forma condensed consolidated statement of operations of Novume, Global, NeoSystems, Firestorm and Brekford for the fiscal year ended December 31, 2016 is presented as if the acquisitions and planned acquisitions had taken place on January 1, 2016.

The unaudited pro forma condensed consolidated financial information does not purport to represent what the Company's results of operations would have been if the acquisition of Global and anticipated acquisition of NeoSystems had occurred on January 1, 2016 or January 1, 2017 or what such results will be for any future periods or what the consolidated balance sheet would have been if the acquisition had occurred on September 30, 2017 or December 31, 2016. The actual results in the periods following the acquisitions may differ significantly from that reflected in the unaudited pro forma condensed consolidated financial information for a number of reasons including, but not limited to, differences between the assumptions used to prepare the unaudited pro forma condensed consolidated financial information and the actual amounts and the completion of a final valuation of the acquisitions. In addition, no adjustments have been made for non-recurring integration plans or operational efficiencies that may have been achieved if the acquisitions had occurred on January 1, 2017 or January 1, 2016.

The unaudited pro forma condensed consolidated financial information has been prepared giving effect to the acquisitions, which are accounted for as a business combinations in accordance with the Financial Accounting Standards Board Accounting Standards Codification 805, "Business Combinations." The unaudited pro forma adjustments are based on management's preliminary estimates of the values of the tangible and intangible assets and liabilities acquired. As a result, the actual adjustments may differ materially from those presented in the unaudited pro forma condensed consolidated financial statements. A change in the unaudited pro forma adjustments of the purchase price for the acquisitions would primarily result in a reallocation affecting the value assigned to tangible and intangible assets. The income statement effect of these changes will depend on the nature and amount of the assets or liabilities adjusted.

These unaudited pro forma condensed consolidated financial statements, including the notes hereto, should be read in conjunction with (i) the historical consolidated financial statements for Novume for the nine months ended September 30, 2017; and (ii) the historical audited financial statements of NeoSystems included in Exhibit 99.1.

**NOVUME SOLUTIONS, INC.**  
**PRO FORMA CONDENSED COMBINED BALANCE SHEET**  
**AS OF SEPTEMBER 30, 2017**  
**(UNAUDITED)**

	Novume Solutions, Inc. (Restated)	Global Technical Services, Inc.	Global Contract Professionals, Inc.	Pro Forma Adjustments	Ref	Novume Solutions, Inc. (Restated)	NeoSystems, Corp.	Pro Forma Adjustments	Ref	Novume Solutions, Inc. (Restated)
<b>ASSETS</b>										
<b>CURRENT ASSETS</b>										
Cash and cash equivalents	\$ 3,762,265	\$ 14,447	\$ 6,487	\$ (1,090,037)	(1)	\$ 2,693,162	\$ 2,022,078	\$ (7,250,000)	(6)	\$ (2,534,760)
Investments	-	-	-	-		-	561,780	-		561,780
Accounts receivable, net	3,300,742	3,103,292	1,015,174	-		7,419,208	7,408,726	-		14,827,934
Note receivable, current portion	300,000	645,505	-	(645,505)	(3)	300,000	165,742	-		465,742
Unbilled receivables	-	-	-	-		-	-	-		-
Inventory	169,232	-	-	-		169,232	-	-		169,232
Prepays and other current assets	253,607	118,722	3,545	-		375,874	813,026	-		1,188,900
Total current assets	7,785,846	3,881,966	1,025,206	(1,735,542)		10,971,352	11,282,779	(7,250,000)		14,678,828
Property and equipment, net	365,036	90,457	23,303	-		478,796	3,272,326	-		3,751,122
Excess purchase price over net assets	1,960,345	-	-	3,725,525	(1)	5,685,870	-	15,833,617	(6)	21,519,487
Intangibles, net	2,168,941	-	-	-		2,168,941	-	-		2,168,941
Note receivable, non-current	1,649,000	-	-	-		1,649,000	-	-		1,649,000
Deferred tax asset	1,184,359	-	-	-		1,184,359	-	-		1,184,359
Investment at cost	262,140	-	-	-		262,140	-	-		262,140
Other non-current assets	39,387	-	9,241	-		48,628	-	-		48,628
<b>TOTAL ASSETS</b>	<b>\$ 15,415,054</b>	<b>\$ 3,972,423</b>	<b>\$ 1,057,750</b>	<b>\$ 1,989,983</b>		<b>\$ 22,435,210</b>	<b>\$ 14,243,678</b>	<b>\$ 8,583,617</b>		<b>\$ 45,262,505</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>										
<b>CURRENT LIABILITIES</b>										
Accounts payable and accrued expenses	\$ 3,290,345	\$ 603,888	\$ 194,930	\$ (48,539)	(1)	\$ 4,040,624	\$ 3,485,624	-		\$ 7,526,248
Obligations under other notes payable - current portion	-	2,656,421	1,402,331	(645,505)	(3)	3,071,750	4,979,404	-		8,051,154
				(341,497)	(1)					
Other current liabilities	72,500	69,940	23,231	4,795	(2)	100,526	468,756	-		569,282
				(69,940)	(1)					
Total current liabilities	3,362,845	3,330,249	1,620,492	(1,100,686)		7,212,900	8,933,784	-		16,146,684
<b>LONG - TERM LIABILITIES</b>										
Notes payable – stockholders	1,419,753	-	-	200,000	(1)	1,619,753	-	-		1,619,753
Other notes payable - net of current portion	-	954,316	-	(954,316)	(1)	-	-	-		-
Derivative liability	-	-	-	-		-	471,470	(471,470)	(6)	-
Deferred compensation liability	-	-	-	-		-	446,678	-		446,678
Deferred rent, net of current portion	54,705	-	-	-		54,705	1,834,249	-		1,888,954
Total long-term liabilities	1,474,458	954,316	-	(754,316)		1,674,458	2,752,397	(471,470)		3,955,385
<b>TOTAL LIABILITIES</b>	<b>4,837,303</b>	<b>4,284,565</b>	<b>1,620,492</b>	<b>(1,855,003)</b>		<b>8,887,358</b>	<b>11,686,181</b>	<b>(471,470)</b>		<b>20,102,069</b>
Series A convertible redeemable preferred stock	4,246,541	-	-	-		4,246,541	-	-		4,246,541
<b>STOCKHOLDERS' (DEFICIT) EQUITY</b>										
Common stock	1,394	10,000	441	(10,441)	(1)	1,431	3,591,903	(3,591,903)	(6)	1,651
				38	(1)			220	(6)	
Additional paid-in capital	8,925,179	565,984	(240,117)	(325,867)	(1)	9,491,429	1,250,383	(1,250,383)	(6)	21,103,794

				566,250	(1)			7,999,781	(6)	
								3,612,584	(6)	
Preferred Stock	-	-	-	2,408,610	(1)	2,408,610	571	(571)	(6)	2,408,610
Treasury Stock	-	(4,464,860)	-	4,464,860	(1)	-	-	-		-
Accumulated										
(Deficit) Earnings	(2,595,363)	3,576,734	(323,065)	(4,795)	(2)	(2,600,158)	(2,285,360)	2,285,359	(6)	(2,600,159)
				(3,253,669)	(1)					
Other										
comprehensive loss	-	-	-	-		-	-	-		-
TOTAL										
STOCKHOLDERS'										
(DEFICIT) EQUITY	6,331,210	(312,142)	(562,742)	3,844,986		9,301,311	2,557,497	9,055,087		20,913,895
TOTAL										
LIABILITIES AND										
STOCKHOLDERS'										
(DEFICIT) EQUITY	<u>\$ 15,415,054</u>	<u>\$ 3,972,423</u>	<u>\$ 1,057,751</u>	<u>\$ 1,989,983</u>		<u>\$ 22,435,210</u>	<u>\$ 14,243,678</u>	<u>\$ 8,583,617</u>		<u>\$ 45,262,505</u>

**NOVUME SOLUTIONS, INC.**  
**PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017**  
**(UNAUDITED)**

	Novume Solutions, Inc. (Restated)	Brekford Traffic Safety, Inc.	Firestorm, LLC & Affiliate (5)	Global Technical Services Inc.	Global Contract Professionals, Inc.	Pro Forma Adjustments	Ref	Novume Solutions, Inc. (Restated)	NeoSystems, Corp.	Pro Forma Adjustments	Novume Solutions, Inc. (Restated)
Net revenue	\$11,131,825	\$ 2,068,759	\$ 36,760	\$13,650,759	\$ 4,936,613	\$ -		\$31,824,716	\$23,383,655	\$ -	\$55,208,371
Cost of revenue	6,017,982	778,378	6,279	12,193,454	4,408,811	-		23,404,904	8,564,289	-	31,969,193
Gross Profit	5,113,843	1,290,381	30,482	1,457,305	527,802	-		8,419,813	14,819,366	-	23,239,179
<b>Operating Expenses</b>											
Salaries and related expenses	-	1,237,539	-	-	-	-		1,237,539	-	-	1,237,539
Selling, general and administrative expenses	8,036,339	825,545	10,741	1,334,855	542,020	-		10,749,500	14,259,102	-	25,008,602
Total operating expenses	8,036,339	2,063,084	10,741	1,334,855	542,020	-		11,987,039	14,259,102	-	26,246,141
Income (loss) from operations	(2,922,496)	(772,703)	19,740	122,450	(14,218)	-		(3,567,227)	560,264	-	(3,006,963)
<b>Other (expense) income</b>											
Interest (expense) income, net	(97,624)	17,546	-	(157,554)	(72,323)	(4,795)	(2)	(314,750)	(676,553)	-	(991,303)
Change in fair value of derivative liability	-	6,132	-	-	-	-		6,132	-	-	6,132
Other income (expense)	142,283	(235,724)	-	10,982	(2,511)	-		(84,970)	13,725	-	(71,245)
Total other (expense) income	44,659	(212,046)	-	(146,572)	(74,834)	(4,795)		(393,588)	(662,828)	-	(1,056,416)
Net income (loss) - before taxes and foreign currency	(2,877,837)	(984,749)	19,740	(24,122)	(89,052)	(4,795)		(3,960,815)	(102,564)	-	(4,063,379)
Benefit from income taxes	964,377	2,068,132	-	-	-	(2,132,725)	(4)	899,784	41,025	-	940,809
Net income (loss) - from continuing operations	\$(1,913,460)	\$ 1,083,383	\$ 19,740	\$(24,122)	\$(89,052)	\$(2,137,520)		\$(3,061,031)	\$(61,539)	\$ -	\$(3,122,570)
Loss per share - basic and diluted	\$ (0.23)	\$ 0.02		\$ (0.55)	\$ (2.02)	.05	(5)	\$ (0.26)	\$ (0.02)	\$ -	\$ (0.23)
Weighted average number of shares - basic and diluted	10,920,866	49,311,264		44,050	44,050	(46,011,446)	(5)	14,308,784	3,507,419	(1,315,638)	16,500,565

- (1) Reflects the impact of the merger of Global with Novume on October 1, 2017, including the elimination of Global's equity of \$824,505 and the related allocation to excess of purchase price over net assets acquired. Consideration paid as part of this merger include \$900,000 in cash, 300,000 shares of Novume common stock, \$1,800,000 of Series A Preferred Stock, and debt reduction payments totaling approximately \$1,195,554.
- (2) Reflects interest expense of \$4,795 on the discounted \$907,407 notes payable issued at 7% per annum by Novume as part of the Firestorm acquisition.
- (3) Reflects the elimination of intercompany balances between Global Technical Services, Inc. and Global Contract Professional, Inc.
- (4) Brekford's vehicle services business (the "Vehicle Services business") was sold to an unrelated third party on February 28, 2017. Brekford met the criteria for the Vehicle Services business to be classified as held for sale in December 2016 as Brekford had entered into a letter of intent with the purchaser and concluded that such sale was probable prior to December 31, 2016. In the three months ended March 31, 2017 and 2016, Brekford reported financial results for both operations and discontinued operations. ASC 740-20-45 sets down the general rule for allocating income tax expense or benefit between operations and discontinued operations. The general rule requires the computation of tax expense or benefit by entity taking into consideration all items of income, expense, and tax credits. Next, a computation is made taking into consideration only those items related to continuing operations. Any difference is allocated to items other than continuing operations (e.g. discontinued operations). Under these general rules, no tax expense or benefit would be allocated to discontinued operations. An exception to these rules apply under ASC 740-20-45-7 where an entity has 1) a loss from continuing operations and income related to other items such as discontinued operations and 2) the entity would not otherwise recognize a benefit for the loss from continuing operations under the approach described in ASC 740-20-45. This fact pattern applies for the three months ended March 31, 2017 and 2016. Application of this rule exception results in the allocation of tax expense to discontinued operations with an offsetting amount of tax benefit reported by the continuing operations. Overall, Brekford allocated \$2,132,725 and \$0 of tax expense to net income from discontinued operations and an offsetting tax benefit to net loss from continuing operations in the three months ended March 31, 2017 and 2016, respectively. This pro forma adjustment reflects the elimination of this \$2,132,725 tax benefit recognized in current operations related to the discontinued operations during the three months ended March 31, 2017.
- (5) Because Firestorm is an LLC, no earnings per share is calculated.
- (6) Reflects the impact of the merger of NeoSystems with Novume, which is anticipated to close in the first quarter of 2018, including the elimination of NeoSystems' equity of \$2,556,926 and the related allocation to excess of purchase price over net assets acquired. Consideration paid for this merger includes \$5,000,000 in cash, \$8,000,000 in Novume common stock, currently estimated at 2,191,781 shares based on closing share price of \$3.65 as of November 11, 2017, debt reduction payments totaling approximately \$2,250,000, and assumed fully-vested options under the existing NeoSystems plan totaling approximately \$3,613,000. Pro forma adjustment assumes that existing notes payable-non current are reclassified as notes payable-current as a result of this transaction.

**NOVUME SOLUTIONS, INC.**  
**PRO FORMA CONDENSED COMBINED BALANCE SHEET**  
**AS OF DECEMBER 31, 2016**  
**(UNAUDITED)**

	Novume Solutions, Inc.	Brekford, Inc.	Firestorm Solutions, LLC and Firestorm Franchising, LLC	Global Technical Services, Inc.	Global Contract Professionals, Inc.	Pro Forma Adjustments	Ref	Novume Solutions, Inc.	NeoSystems, Corp.	Pro Forma Adjustments	Ref	Novume Solutions, Inc.
<b>ASSETS</b>												
<b>CURRENT ASSETS</b>												
Cash and cash equivalents	\$ 2,788,587	\$ 591,618	\$ 3,319	\$ 43,239	\$ 28,458	\$ (627,038)	(1)	\$ 7,619,698	\$ 2,662,891	\$ (7,250,000)	(9)	\$ 3,032,589
						1,865,008	(2)					
						4,048,394	(4)					
						(1,121,887)	(8)					
Accounts receivable, net	1,997,831	115,106	76,517	2,349,756	527,054	-		5,066,264	5,540,963	-		10,607,227
Inter-company receivable	-	-	-	564,537	-	(564,537)	(7)	-	-	-		-
Unbilled receivables	-	314,262	-	-	-	-		314,262	-	-		314,262
Note receivable, net	-	-	-	-	-	-		-	206,930	-		206,930
Inventory	-	221,186	-	-	-	-		221,186	-	-		221,186
Prepays and other current assets	81,011	53,211	8,940	318,295	3,525	-		464,982	822,265	-		1,287,247
Current assets - discontinued operations	-	1,069,511	-	-	-	(1,069,511)	(4)	-	-	-		-
Total current assets	4,867,429	2,364,894	88,776	3,275,827	559,037	2,530,429		13,686,392	9,233,049	(7,250,000)		15,669,441
Property and equipment, net	119,069	208,310	-	122,748	32,952	-		483,079	3,643,631	-		4,126,710
Excess of purchase price over net assets acquired	-	-	-	-	-	2,044,974	(1)	6,259,533	-	15,936,358	(9)	22,195,891
						482,045	(3)					
						3,732,514	(8)					
Notes receivable	-	-	-	-	-	2,000,000	(4)	2,000,000	-	-		2,000,000
Investment at cost	-	-	-	-	-	1,491,000	(4)	1,491,000	-	-		1,491,000
Non-current assets - discontinued operations	-	40,387	-	-	-	(40,387)	(4)	-	-	-		-
Other non-current assets	496,227	9,877	49,811	-	9,241	67,491	(2)	395,684	614,184	-		1,009,868
						(236,963)	(2)					
<b>TOTAL ASSETS</b>	<b>\$ 5,482,725</b>	<b>\$ 2,623,468</b>	<b>\$ 138,587</b>	<b>\$ 3,398,575</b>	<b>\$ 601,230</b>	<b>\$12,071,102</b>		<b>\$24,315,688</b>	<b>\$13,490,864</b>	<b>\$ 8,686,358</b>		<b>\$46,492,910</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>												
<b>CURRENT LIABILITIES</b>												
Accounts payable and accrued expenses	\$ 1,152,471	\$ 738,942	\$ 62,847	\$ 438,448	\$ 56,166	\$ (84,007)	(8)	\$ 2,364,867	\$ 2,805,214	-		\$ 5,170,081
Line of credit	-	-	-	2,074,115	434,587	-		2,508,702	-	-		2,508,702
Inter-company payable	-	-	-	-	564,537	(564,537)	(7)	-	-	-		-
Obligations under other notes payable - current portion	-	-	-	421,193	-	(421,193)	(8)	-	4,491,941	-		4,491,941
Capital lease obligations, current portion	-	-	-	-	-	-		-	110,227	-		110,227
Deferred revenue	-	-	-	-	-	-		-	297,847	-		297,847
Current liabilities - discontinued operations	-	971,466	-	-	-	(971,466)	(4)	-	-	-		-
Other current liabilities	-	99,918	-	69,940	19,628	(137,880)	(8)	51,606	-	-		51,606
Total current liabilities	1,152,471	1,810,326	62,847	3,003,696	1,074,918	(2,179,083)		4,925,175	7,705,229	-		12,630,404
<b>LONG - TERM LIABILITIES</b>												
Notes payable - stockholders	457,289	-	-	-	-	200,000	(8)	657,289	-	-		657,289
Notes payable - net of current portion	-	-	-	682,897	-	(682,897)	(8)	-	177,352	-		177,352
Deferred rent, net of current portion	56,709	6,520	-	-	-	-		63,229	2,032,189	-		2,095,418
Derivative liability	-	-	-	-	-	-		-	471,470	(471,470)	(9)	-
Deferred compensation liability	-	-	-	-	-	-		-	266,223	-		266,223
Deferred tax liability	-	-	-	-	-	-		-	383,645	-		383,645
Long-term liabilities - discontinued operations	-	989,520	-	-	-	(989,520)	(4)	-	-	-		-
Convertible promissory notes, net of debt discounts and issuance costs	-	299,147	-	-	-	907,407	(1)	1,206,554	-	-		1,206,554
Total long-term liabilities	513,998	1,295,187	-	682,897	-	(565,010)		1,927,072	3,330,879	(471,470)		4,786,481
<b>TOTAL LIABILITIES</b>	<b>1,666,469</b>	<b>3,105,513</b>	<b>62,847</b>	<b>3,686,593</b>	<b>1,074,918</b>	<b>(2,744,093)</b>		<b>6,852,247</b>	<b>11,036,108</b>	<b>(471,470)</b>		<b>17,416,885</b>
Series A convertible redeemable preferred stock	2,269,602	-	-	-	-	1,865,008	(2)	3,897,647	-	-		3,897,647
						(236,963)	(2)					
<b>STOCKHOLDERS' (DEFICIT) EQUITY</b>												
Member's (deficit) equity	-	-	75,740	-	-	(75,740)	(1)	-	-	-		-
Common stock	500	4,931	-	10,000	441	49	(1)	587	3,427,654	219	(9)	806
						(4,931)	(3)			(3,427,654)	(9)	
						(10,441)	(8)					

	-	-	-	-	-	38	(8)					
Additional paid-in capital	1,976,549	11,515,472	-	565,984	-	1,203,937	(1)	3,814,227	1,250,383	(1,250,383)	(9)	15,426,592
	-	-	-	-	-	(11,515,472)	(3)			7,999,781	(9)	
	-	-	-	-	-	67,491	(2)			3,612,584	(9)	
	-	-	-	-	-	(565,984)	(8)					
	-	-	-	-	-	566,250	(8)					
Preferred Stock	-	-	-	-	-	2,408,610	(8)	2,408,610	522	(522)	(9)	2,408,610
Treasury Stock, at cost												
10,600 shares at December												
31, 2016	-	(5,890)	-	(4,464,860)	-	5,890	(3)	-	-	-		-
						4,464,860	(8)					
Accumulated (Deficit)												
Earnings	(430,395)	(11,996,783)	-	3,600,858	(474,129)	(617,717)	(1)	7,342,370	(2,223,803)	2,223,803	(9)	7,342,370
	-	-	-	-	-	11,996,783	(3)					
	-	-	-	-	-	8,390,482	(4)					
	-	-	-	-	-	(3,126,729)	(8)					
Other comprehensive loss	-	225	-	-	-	(225)	(3)	-	-	-		-
TOTAL												
STOCKHOLDERS'												
(DEFICIT) EQUITY	1,546,654	(482,045)	75,740	(288,018)	(473,688)	13,187,150		13,565,794	2,454,756	9,157,828		25,178,378
TOTAL LIABILITIES												
AND STOCKHOLDERS'												
(DEFICIT) EQUITY	<u>\$ 5,482,725</u>	<u>\$ 2,623,468</u>	<u>\$ 138,587</u>	<u>\$ 3,398,575</u>	<u>\$ 601,230</u>	<u>\$12,071,102</u>		<u>\$24,315,688</u>	<u>\$13,490,864</u>	<u>\$ 8,686,358</u>		<u>\$46,492,910</u>

**NOVUME SOLUTIONS, INC.**  
**PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(UNAUDITED)**

	Novume Solutions, Inc.	Brekford, Corp.	Firestorm Solutions LLC and Franchising LLC (5)	Global Technical Services, Inc.	Global Contract Professionals, Inc.	Pro Forma Adjustments	Ref	Novume Solutions, Inc.	NeoSystems, Corp.	Pro Forma Adjustments	Novume Solutions, Inc.
Net revenue	\$12,128,406	\$ 2,534,264	\$ 1,195,474	\$18,116,381	\$ 6,272,572	\$ -		\$40,247,097	\$29,821,204	\$ -	\$70,068,301
Cost of revenue	6,959,514	827,304	686,722	16,076,148	5,605,520	-		30,155,208	11,659,346	-	41,814,554
Gross Profit	5,168,892	1,706,960	508,752	2,040,233	667,052	-		10,091,889	18,161,858	-	28,253,747
<b>Operating Expenses</b>											
Salaries and related expenses	-	1,645,073	-	-	-	-		1,645,073	-	-	1,645,073
Selling, general and administrative expenses	5,262,768	1,071,272	563,897	2,313,754	896,702	490,680	(10)	10,599,073	20,256,251	-	30,855,324
Total operating expenses	5,262,768	2,716,345	563,897	2,313,754	896,702	490,680		12,244,146	20,256,251	-	32,500,397
Income (loss) from operations	(93,876)	(1,009,385)	(55,145)	(273,521)	(229,650)	(490,680)		(2,152,257)	(2,094,393)	-	(4,246,650)
<b>Other (expense) income</b>											
Interest expense	(165,079)	(402,168)	-	(125,015)	(71,621)	(63,519)	(6)	(827,402)	(1,229,479)	-	(2,056,881)
Change in fair value of derivative liability	-	74,676	-	-	-	-		74,676	806,568	-	881,244
Other income (expense)	-	-	12,596	2,074	(682)	-		13,988	25,077	-	39,065
Loss on extinguishment of debt	-	(291,911)	-	-	-	-		(291,911)	-	-	(291,911)
Total other (expense) income	(165,079)	(619,403)	12,596	(122,941)	(72,303)	(63,519)		(1,030,649)	(397,834)	-	(1,428,483)
Net income (loss) - before taxes and foreign currency	(258,955)	(1,628,788)	(42,549)	(396,462)	(301,953)	(554,199)		(3,182,906)	(2,492,227)	-	(5,675,133)
Benefit from income taxes / income tax expense	219,971	230,900	-	-	-	-		450,871	1,385,252	-	1,836,123
Net income (loss) - from continuing operations	(38,984)	(1,397,888)	(42,549)	(396,462)	(301,953)	(554,199)		(2,732,035)	(1,106,975)	-	(3,839,010)
Net income from discontinued operations	-	343,485	-	-	-	(343,485)	(4)	-	-	-	-
Net income (loss)	\$ (38,984)	\$ (1,054,403)	\$ (42,549)	\$ (396,462)	\$ (301,953)	\$ (897,684)		\$ (2,732,035)	\$ (1,106,975)	\$ -	\$ (3,839,010)
Loss per share - basic and diluted	\$ (0.01)	\$ (0.02)	\$ (9.00)	\$ (6.85)	\$ 0.01	(5)		\$ (0.19)	\$ (0.32)	\$ -	\$ (0.23)
Weighted average number of shares - basic and diluted	3,958,619	47,357,787	44,050	44,050	(37,095,722)	(5)		14,308,784	3,503,419	(1,311,638)	16,500,565

- (1) Reflects the financial impact of the Firestorm acquisitions by Novume on January 25, 2017, including the elimination of the Firestorm equity, the acquisition consideration paid of \$500,000 in cash, the net present value of the \$1,000,000 notes payable to be issued, 488,094 shares of common stock in the aggregate to be issued to the Firestorm principals valued at \$2 per share, the warrants to be issued to purchase 325,398 Novume Common Shares valued at \$227,700 and excess of purchase price consideration over net asset values as of December 31, 2016. Included in cash paid is \$127,037 in cash that would have been remitted for interest expense on the notes payable issued by Novume for the Firestorm acquisition. Amounts recorded include the impact of the amortization of the excess of purchase price consideration over net asset values of \$490,680 for the year ended December 31, 2016.
- (2) Reflects the impact of the second and third closings of Novume's redeemable, convertible Series A Preferred Stock and Unit Warrants offering, net of offering costs. The aggregate gross proceeds of the second and third closings for 200,757 Units was \$2,007,570 and offering costs netted against the gross proceeds were \$142,565, for net proceeds of \$1,865,008. The Company also eliminated on a pro forma basis \$216,842 of costs that were paid in 2016 and deferred as of December 31, 2016. The fair value of \$67,491 related to the 50,189 Unit Warrants issued related to the second and third closings were recorded to equity.
- (3) Reflects the impact of the Brekford merger with Novume on August 28, 2017, including the elimination of Brekford's equity of \$482,045 as of December 31, 2016 and the related allocation to excess of purchase price over net assets acquired. Equity consideration and related intangible assets will be finalized included upon approval and completion of the merger.
- (4) Reflects the consideration received of \$4,048,394 in net cash and \$2,000,000 in notes receivable, and the disposition of Brekford's vehicle services business (the "Vehicle Services business") which was sold to an unrelated third party on February 28, 2017. Brekford met the criteria for the Vehicle Services business to be classified as held for sale in December 2016 as Brekford had entered into a letter of intent with the purchaser and concluded that such sale was probable prior to December 31, 2016. As such, Brekford reported the Vehicle Services business as discontinued operations in Brekford's consolidated financial statements as of December 31, 2016 and for the years ended December 31, 2016 and 2015, respectively. The Company eliminated current assets - discontinued operations of \$1,069,511, non-current assets - discontinued operations of \$40,387, current liabilities - discontinued operations of \$971,466 and long term liabilities - discontinued operations of \$989,520, that were recorded on Brekford's balance sheet as of December 31, 2016. The Company also recorded the cost investment of \$1,491,000 related to the 19.9% retained ownership (estimated fair value after the purchase price allocation for the Brekford merger) and a net adjustment to accumulated earnings of \$6,883,827, representing the gain on sale of the discontinued operations. For the income statement, Brekford's reported net income from discontinued operations in fiscal year 2016 of \$343,485 and in fiscal year 2015 of \$573,659 were eliminated.
- (5) Because Firestorm is an LLC, no earnings per share is calculated.
- (6) Reflects interest expense of \$63,519 on the discounted \$907,407 notes payable issued at 7% per annum by Novume as part of the Firestorm acquisition for the years ended December 31, 2016 and 2015.
- (7) Reflects the elimination of intercompany balances between Global Technical Services, Inc. and Global Contract Professional, Inc.
- (8) Reflects the impact of the merger of Global with Novume on October 1, 2017 including the elimination of Global's negative equity of \$822,724 and the related allocation to excess of purchase price over net assets acquired. Consideration paid for this merger includes \$900,000 in cash, 300,000 shares of Novume's common stock, \$1,800,000 of Series A Preferred Stock, and debt reduction payments totaling approximately \$1,195,554.
- (9) Reflects the impact of the anticipated merger of NeoSystems with Novume in the first quarter of 2018, including the elimination of NeoSystems' equity of \$2,454,756 and the related allocation to excess of purchase price over net assets acquired. Consideration paid for this merger includes \$5,000,000 in cash, \$10,000,000 in Novume common stock, currently estimated at 2,739,726 shares based on closing share price of \$3.65 as of November 11, 2017, debt reduction payments totaling approximately \$2,250,000 and the value of assumed fully-vested options under the existing NeoSystems option plan totaling approximately \$3,613,000.
- (10) Reflects amortization expense of \$490,680 on the excess of purchase price consideration over net asset values related to the acquisition of Firestorm for the year ended December 31, 2016.