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**

**August 31, 2017
Date of Report (Date of earliest event reported)**

NCS Multistage Holdings, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	**001-38071**	**46-1527455**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

**19450 State Highway 249, Suite 200
Houston, Texas 77070**
(Address of principal executive offices) (Zip code)

(281) 453-2222
(Registrant's telephone number, including area code)

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. ☑

Introductory Note

As previously reported on a Current Report on Form 8-K originally filed by NCS Multistage Holdings, Inc. (the "Company") on September 1, 2017 (the "Original Form 8-K"), pursuant to that certain Agreement and Plan of Merger, dated as of August 30, 2017 (the "Merger Agreement"), by and among Spectrum Tracer Services, LLC, an Oklahoma limited liability company ("Spectrum"), the Company, Pioneer Investment, Inc., a Delaware corporation and indirect wholly owned subsidiary of the Company ("Pioneer Investment"), Spartan Merger Sub, LLC, a Delaware limited liability company and wholly owned subsidiary of Pioneer Investment ("Merger Sub") and STSR LLC, an Oklahoma limited liability company, solely in its capacity as the Representative (as defined in the Merger Agreement), the Company acquired Spectrum through the merger of Merger Sub with and into Spectrum, with Spectrum continuing as the surviving entity and an indirect wholly owned subsidiary of the Company (the "Merger").

This amendment to the Original Form 8-K (this "Form 8-K/A") is being filed by the Company solely to amend and supplement Item 9.01 of the Original Form 8-K to provide financial statements and pro forma financial information required by Item 9.01 (a) and (b) of Form 8-K, which were not previously filed with the Original Form 8-K. Any information required to be set forth in the Original Form 8-K which is not being amended or supplemented pursuant to this Form 8-K/A is hereby incorporated by reference. Except as set forth herein, no modifications have been made to the information contained in the Original Form 8-K and the Company has not updated any information contained therein to reflect events that have occurred since the date of the Original Form 8-K. Accordingly, this Form 8-K/A should be read in conjunction with the Original Form 8-K.

Item 9.01 Financial Statements and Exhibits

(a) Financial statements of businesses acquired.

Audited consolidated financial statements of Spectrum as of December 31, 2016 and for the year then ended and unaudited consolidated financial statements of Spectrum as of June 30, 2017 and for the six months ended June 30, 2017 and 2016 are attached hereto and filed as Exhibit 99.1 and 99.2, respectively, and incorporated by reference herein.

(b) Pro forma financial information.

Unaudited pro forma condensed combined financial information of the Company as of and for the six months ended June 30, 2017 and for the year ended December 31, 2016 is attached hereto and filed as Exhibit 99.3 and incorporated by reference herein. Such unaudited pro forma consolidated financial information is not necessarily indicative of the operating results and financial position that would have been achieved if the Merger had been in effect on the dates indicated or that may be achieved for future periods, and should be read in conjunction with the financial statements of the Company and Spectrum.

(d) Exhibits.

Exhibit Number	Description
23.1	Consent of HoganTaylor LLP.
99.1	Audited consolidated financial statements of Spectrum Tracer Services, LLC as of December 31, 2016 and for the year then ended.
99.2	Unaudited consolidated financial statements of Spectrum Tracer Services, LLC as of June 30, 2017 and for the six months ended June 30, 2017 and 2016.
99.3	Unaudited pro forma condensed combined financial information of NCS Multistage Holdings, Inc. as of and for the six months ended June 30, 2017 and for the year ended December 31, 2016.

SIGNATURE

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.

Date: November 13, 2017	**NCS Multistage Holdings, Inc.**
	By: /s/ Ryan Hummer Ryan Hummer Chief Financial Officer

EXHIBIT INDEX

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Exhibit 23.1

CONSENT OF INDEPENDENT AUDITOR

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-217516 and No. 333-220165) of NCS Multistage Holdings, Inc. of our report dated November 13, 2017, relating to the consolidated financial statements of Spectrum Tracer Services, LLC, appearing in this Current Report on Form 8-K/A of NCS Multistage Holdings, Inc.

/s/ HoganTaylor LLP

Tulsa, Oklahoma
November 13, 2017

SPECTRUM TRACER SERVICES, LLC

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

WITH

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Spectrum Tracer Services, LLC and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Spectrum Tracer Services, LLC and its subsidiaries which comprise the consolidated balance sheet as of December 31, 2016, and the related consolidated statements of income and comprehensive income, changes in members' equity, and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Spectrum Tracer Services, LLC and its subsidiaries as of December 31, 2016, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the 2016 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

/s/ HoganTaylor LLP

Tulsa, Oklahoma
November 13, 2017

SPECTRUM TRACER SERVICES, LLC

CONSOLIDATED BALANCE SHEET

December 31, 2016

Assets		
Current assets:		
Cash	$	1,368,790
Accounts receivable		3,125,861
Inventories		3,005,716
Prepaid expenses and other		316,504
Total current assets		7,816,871
Properties and equipment, at cost, net		3,006,241
Other long-term assets		2,500
Total assets	$	10,825,612
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable	$	201,972
Current portion of notes payable		534,592
Accrued liabilities		238,636
Capital lease obligations due within one year		215,175
Total current liabilities		1,190,375
Capital lease obligations due after one year		61,051
Notes payable, long term		1,203,546
Deferred compensation		784,153
Total liabilities		3,239,125
Members' equity:		
Members' equity		7,584,881
Accumulated other comprehensive income - foreign currency translation adjustment		1,606
Total members' equity		7,586,487
Total liabilities and members' equity	$	10,825,612

See notes to consolidated financial statements.

SPECTRUM TRACER SERVICES, LLC

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

Year ended December 31, 2016

Revenues, net	$	18,868,632
Costs and expenses:		
Cost of revenues		9,298,694
Selling, general and administrative		7,675,970
Depreciation and amortization		910,925
Total costs and expenses		17,885,589
Income from operations		983,043
Other income (expense):		
Interest expense		(105,820)
Other income		134,551
Other income (expense), net		28,731
Income before taxes		1,011,774
Foreign income tax expense		132,989
Net income		878,785
Other comprehensive income:		
Foreign currency translation adjustment		(42,525)
Comprehensive income	$	836,260

See notes to consolidated financial statements.

SPECTRUM TRACER SERVICES, LLC

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

Year ended December 31, 2016

	Membership Interests	Accumulated Other Comprehensive Income	Total Equity
Balance, December 31, 2015	$ 8,230,942	$ 44,131	$ 8,275,073
Net income	878,785	-	878,785
Distributions to members	(1,524,846)	-	(1,524,846)
Foreign currency translation adjustment	-	(42,525)	(42,525)
Balance, December 31, 2016	$ 7,584,881	$ 1,606	$ 7,586,487

See notes to consolidated financial statements.

SPECTRUM TRACER SERVICES, LLC

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2016

Cash Flows from Operating Activities		
Net income	$	878,785
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization		910,925
Amortization of debt issuance cost		1,720
Loss on disposition of properties and equipment		1,232
Bad debt expense		136,906
Deferred compensation		658,263
Change in assets and liabilities:		
Receivables		(729,461)
Inventories		(863,294)
Prepaid expenses and other		(85,044)
Accounts payable		(98,727)
Accrued expenses		(1,957,577)
Net cash used in operating activities		(1,146,272)
Cash Flows from Investing Activities		
Purchases of properties and equipment		(349,157)
Proceeds from sales of properties and equipment		63,821
Net cash used in investing activities		(285,336)
Cash Flows from Financing Activities		
Proceeds from borrowings on notes payable		2,166,482
Principal payments on notes payable		(419,746)
Payment of debt issuance costs		(10,318)
Payments on capital lease obligations		(508,298)
Distributions to members		(1,524,846)
Net cash used in financing activities		(296,726)
Effect of exchange rate on change in cash		(42,525)
Net decrease in cash		(1,770,859)
Cash, beginning of year		3,139,649
Cash, end of year	$	1,368,790
Noncash Investing and Financing Activity		
Vehicles acquired under capital leases	$	55,689
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$	105,820
Cash paid for income taxes	$	88,325

See notes to consolidated financial statements.

Note 1 – Organization, Business and Summary of Significant Accounting Policies

<u>Organization and business</u>

Spectrum Tracer Services, LLC, (the Company) an Oklahoma limited liability company (LLC), is in the business of producing radioactive, chemical and oil soluble tracers and providing tracing services used by oil and gas operators to determine hydraulic fracture efficiencies and reservoir diagnostics. As an LLC, members are not personally liable for any debts, liabilities or obligations of the Company beyond their equity in the Company. The Company will continue in existence until it is liquidated or dissolved in accordance with the Operating Agreement and the State of Oklahoma Limited Liability Company Act. Spectrum Tracer Services, LLC operates in Oklahoma, Texas, West Virginia, Montana and Canada.

On August 30, 2017, the Company entered into an agreement with NCS Multistage Holdings, Inc. (NCS), a publicly traded company, whereby NCS acquired 100% of the equity interests in the Company in exchange for $83 million, which was comprised of (i) $76 million in cash and (ii) 0.4 million shares of common stock of NCS, which shares were issued to certain unitholders of the Company who elected to receive a portion of the consideration payable to them in equity. The cash consideration is subject to certain adjustments, including an earn-out that would permit up to an additional $12.5 million in consideration if certain financial performance measures related to the Company's operations are achieved, working capital adjustments and reimbursement by NCS for specified capital expenditures. This transaction closed on August 31, 2017.

<u>Consolidation</u>

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, STS Logistics and Analytics, LLC, STS Holdings, Inc. and STS Tracer Services, Ltd., a Canadian subsidiary. All material intercompany transactions have been eliminated in consolidation.

<u>Use of estimates</u>

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

<u>Accounts receivable</u>

Accounts receivable are recorded at the invoiced amount and do not bear interest. Accounts receivable are uncollateralized customer obligations due under normal trade terms, requiring payment within 30 days from the invoice date. The carrying amount of accounts receivable is reduced, if needed, by a valuation allowance that reflects management's best estimate of the amounts that may not be collected. Management individually reviews all balances which exceed 90 days from invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Management provides for probable uncollectible amounts through a charge to earnings and a credit to the valuation allowance based on its assessment of the current status of the individual accounts. Balances which are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. At December 31, 2016, the allowance for doubtful accounts was $11,102.

Inventories

Inventories are stated at the lower of cost (determined using the average cost of inventory) or market (net realizable value).

Revenue recognition

Revenue, net of discounts, is recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the fee is fixed or determinable and collection is reasonably assured. Revenue recognized is net of discounts of $45,051,451 at December 31, 2016.

Properties and equipment

Depreciation of properties and equipment, which includes amortization of assets under capital leases, is provided for financial reporting purposes using the straight-line method over the following estimated useful lives:

Description	Useful Lives
Trucks and other vehicles (A)	5 years
Furniture and fixtures	7 years
Tools, machinery and equipment	7 years
Computers and software	3 - 5 years

(A) Including assets under capital leases

Foreign currency translation

STS Tracer Services, Ltd., a foreign subsidiary, uses Spectrum Tracer Services, LLC’s local currency, the U.S. Dollar, as its reporting currency. Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains and losses which are reflected as other comprehensive income within Members' equity.

Unit-based compensation

The Company recognizes compensation expense on a straight-line basis for unit appreciation rights awarded with time-based service conditions (see Note 6). The Company measures its liability awards based on the award's intrinsic value remeasured at each reporting date until date of settlement.

Income taxes

As a limited liability company, the Company's U.S. federal taxable income or loss is allocated to its members in accordance with their respective percentage ownership. Therefore, no provision or liability for U.S. federal income taxes has been included in the accompanying consolidated balance sheets. The Company is subject to income taxes in certain states which do not recognize LLCs as disregarded entities. Foreign income tax expense relates to the Company's operations in Canada.

Subsequent events

Management has evaluated subsequent events through November 13, 2017, the date the consolidated financial statements were available to be issued.

Note 2 – Inventories

Inventories consist of the following at December 31:

		2016
Raw materials	$	1,816,737
Finished goods		1,188,979
Inventories	$	3,005,716

Note 3 – Properties and Equipment

Properties and equipment, including assets under capital leases, consist of the following at December 31:

		2016
Trucks and other vehicles	$	1,601,671
Tools, machinery and equipment		3,960,348
Leasehold improvements		36,482
Furniture and fixtures		21,780
		5,620,281
Less accumulated depreciation		2,614,040
Properties and equipment, net	$	3,006,241

Note 4 – Revolving Line of Credit and Notes Payable

In April 2016, the Company entered into a nonrevolving line of credit and term loan agreement with a bank for up to $4,000,000, due April 2020. The Company received an advance of $2,000,000 under this agreement during 2016. The note requires monthly payments of $45,836 at a fixed interest rate of 4.75%. The note is collateralized by substantially all the assets of the Company as well as personal guarantees of certain members. The balance as of December 31, 2016 is $1,691,242.

The Company has a $1,000,000 revolving line of credit with a bank, which matures in May 2017. Borrowings bear interest at a variable interest rate, are collateralized by the Company's accounts receivable, and are guaranteed by the subsidiaries of Spectrum Tracer Services, LLC and the majority owners of the Company. The line of credit agreement contains various affirmative and negative covenants, which, among other things, requires the Company maintain a minimum tangible net worth and limits the incurrence of debt. The Company did not have any borrowings during 2016.

The Company financed the purchase of annual insurance policies totaling $243,243 at a fixed rate of 4.55% during the year ended December 31, 2016. Principal and interest are payable in three quarterly installments in the amount of $56,560 beginning in August 2016. The balance as of December 31, 2016 is $55,494.

In 2016, the Company adopted Accounting Standards Update (ASU) 2015-03, *Interest – Imputation of Interest*. ASU 2015-03 is intended to simplify the presentation of debt issuance costs. Debt issuance costs related to a recognized debt liability are presented on the balance sheet as a direct deduction from the debt liability to be amortized over the term of the associated loan. The Company had approximately $10,000 in debt issuance costs related to its term loan in 2016.

Long-term notes payable maturities are as follows:

Year	Amount
2017	$ 534,592
2018	502,688
2019	527,438
2020	182,018
	1,746,736
Less unamortized debt issuance costs	8,598
	$ 1,738,138

Note 5 – Members' Equity

The Company has a total of 2,583.33 units outstanding to its members at December 31, 2016, and each Member receives units in proportion to the cash and estimated fair value of property or services contributed.

Contributions

In accordance with the Operating Agreement, additional cash contributions can be required at the discretion of the Manager. With the exception of certain members who contributed property or loan guarantees, members would be required to contribute an amount equal to their pro rata share of units they own applied to the amount of the capital call.

Allocations and distributions

Allocations of operating profits to the members are determined on the basis of whether the allocation occurs during one of the following phases: Before Payout, After Payout or Earn-out.

Cash available for distributions is determined by a majority vote of the Board of Directors and distributed to the members on the basis of whether such distribution occurs Before Payout, After Payout or during Earn-out.

The Company distributed $1,524,846 to its members in 2016.

Note 6 – Unit Appreciation Rights Plan

The Company has established a Unit Appreciation Rights Plan (the Plan). Under the Plan, Unit Appreciation Rights (Rights) may be granted by the Board of Directors to key employees. Each Right entitles a participant to the excess of fair value of one Company membership unit (Unit) on the exercise date over the fair value of the Unit on the grant date. The determination of fair value is made at the sole discretion of the Board of Directors.

Rights may be exercised upon the sale of all or substantially all of the assets or Units of the Company (Triggering Event). Participants vest in one-third of the Rights after five years of employment; one-third after ten years of employment; and one-third after 15 years of employment. Rights vest immediately upon the occurrence of a Triggering Event during the participant's employment. Due to the nature of rights-based transactions, the Rights are accounted for as liability awards and unit appreciation for each Right awarded are charged to expense over the vesting period.

In February 2013, the Board of Directors granted Rights as follows:

(a) Rights for 55.355 units at such time as the Company attains After Payout;

(b) Rights for 34.06825 units at such time as the Company attains Earn-out Phase I;

(c) Rights for 39.74325 units at such time as the Company attains Earn-out Phase II.

The fair value of a Unit was determined by the Board of Directors to be $5,000 on the grant date. The Company was in the Earn-out Phase II at December 31, 2015. The accumulated intrinsic value of the Rights expensed at December 31, 2016, is reflected as deferred compensation of $644,940.

In March 2014, the Company granted 129.16 Rights to an employee. The Rights were awarded ratably over a 12-month period beginning April 30, 2014. The fair value of a Unit was determined by the Board of Directors to be $13,548 on the grant date. The accumulated intrinsic value of the Rights expensed at December 31, 2016, is reflected as deferred compensation of $139,213.

As of December 31, 2016, there was $4,496,579 of unrecognized compensation expense related to the Plan. The sale of the Company on August 30, 2017 (See Note 1) was a Triggering Event resulting in immediate vesting of all outstanding Rights and recognition of the remaining compensation expense subsequent to period end.

Note 7 – Leasing Arrangements

The Company leases office space, as well as certain vehicles and equipment. Many of these leases include renewal options.

Future minimum lease payments under operating leases at December 31 are as follows:

Year		Amount
2017	$	770,695
2018		614,488
2019		357,233
2020		266,033
2021		107,308
	$	2,115,757

The Company leases certain vehicles under capital leases with various expiration dates from April 2017 to November 2018. Monthly payments are due in amounts ranging from $1,027 to $1,320, including interest at rates ranging from 6.25% to 6.95%. At December 31, 2016, assets under capital leases amounted to $1,093,919, net of accumulated depreciation of $418,443.

The following is a schedule of future minimum lease payments under capital leases together with the present value of the net minimum lease payments at December 31, 2016:

Year		Amount
2017	$	222,611
2018		69,802
Total minimum lease payments		292,413
Less interest		16,187
Present value of minimum lease payments	$	276,226

Note 8 – Legal Matters

The Company and certain members of the Company were defendants in a lawsuit filed by a member's former employer alleging misappropriation of trade secrets for the alleged theft of customer lists and certain software related to fracking services. The legal proceedings concluded in April 2016. The final judgment against the Company of $915,000 was accrued at December 31, 2015, and paid during the year ended December 31, 2016.

During 2015, the Company entered into a confidential settlement agreement relating to alleged violations of the Fair Labor Standards Act for $875,000. This amount was accrued at December 31, 2015 and paid during the year ended December 31, 2016.

Note 9 – Concentration of Risk

The Company conducts business primarily with customers who rely on the oil and natural gas exploration and production industry and could therefore be materially affected by economic fluctuations in the supply, demand and price of oil and natural gas.

The Company maintains cash balances that typically exceed Federal Deposit Insurance Corporation limits.

Note 10 – Contingencies

The Company voluntarily disclosed to the Environmental Protection Agency (EPA) that it was not in compliance with the Toxic Substances Control Act. The EPA is currently conducting an examination and the potential exists for fines. The amount of the fines cannot be reasonably estimated yet; however, the Company does not believe it will be material. The examination was concluded in the first half of 2017.

Note 11 – Restatement

The consolidated balance sheet as of December 31, 2016, and consolidated statements of income and comprehensive income, changes in members' equity and cash flows were restated to record the cost of inventory held at district site locations.

As of December 31, 2016, inventories, total current assets, total assets, members' equity and total liabilities and members' equity increased by $923,509 from amounts previously reported. For the year ended December 31, 2016, cost of revenues and total costs and expenses decreased by $41,160, while, income from operations, income before taxes and net income increased by $41,160 from amounts previously reported.

For the year ended December 31, 2015, net income increased by $370,375 from amounts previously reported.

Exhibit 99.2

SPECTRUM TRACER SERVICES, LLC

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2017
(Unaudited)

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SPECTRUM TRACER SERVICES, LLC

CONSOLIDATED BALANCE SHEETS

	June 30, 2017 (unaudited)	December 31, 2016
Assets		
Current assets:		
Cash	$ 2,143,778	$ 1,368,790
Accounts receivable	5,944,620	3,125,861
Inventories	3,681,118	3,005,716
Prepaid expenses and other	92,368	316,504
Total current assets	11,861,884	7,816,871
Properties and equipment, at cost, net	3,362,648	3,006,241
Other long-term assets	28,193	2,500
Total assets	$ 15,252,725	$ 10,825,612
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable	$ 897,679	$ 201,972
Current portion of notes payable	490,719	534,592
Accrued liabilities	430,357	238,636
Capital lease obligations due within one year	379,295	215,175
Total current liabilities	2,198,050	1,190,375
Capital lease obligations due after one year	320,603	61,051
Notes payable, long term	957,063	1,203,546
Deferred compensation	1,064,586	784,153
Total liabilities	4,540,302	3,239,125
Members' equity:		
Members' equity	10,714,314	7,584,881
Accumulated other comprehensive income - foreign currency translation adjustment	(1,891)	1,606
Total members' equity	10,712,423	7,586,487
Total liabilities and members' equity	$ 15,252,725	$ 10,825,612

See notes to consolidated financial statements.

SPECTRUM TRACER SERVICES, LLC

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

Six months ending June 30, 2017 and 2016
(Unaudited)

	2017	2016
Revenues, net	$ 13,335,614	$ 8,373,936
Costs and expenses:		
Cost of revenues	5,558,844	4,175,637
Selling, general and administrative	3,411,119	4,893,086
Depreciation and amortization	471,598	412,212
Total costs and expenses	9,441,561	9,480,935
Income (loss) from operations	3,894,053	(1,106,999)
Other income (expense):		
Interest expense	(40,239)	(38,084)
Other income (expense)	(3,933)	110,262
Other income (expense), net	(44,172)	72,178
Income (loss) before taxes	3,849,881	(1,034,821)
Foreign income tax expense	204,648	128,190
Net income (loss)	3,645,233	(1,163,011)
Other comprehensive income:		
Foreign currency translation adjustment	43,588	64,009
Comprehensive income (loss)	$ 3,688,821	$ (1,099,002)

See notes to consolidated financial statements.

SPECTRUM TRACER SERVICES, LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS

Six months ending June 30, 2017 and 2016
(Unaudited)

	2017	2016
Cash Flows from Operating Activities		
Net income (loss)	$ 3,645,233	$ (1,163,011)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	471,598	412,212
Amortization of debt issuance cost	1,050	430
Loss (gain) on disposition of properties and equipment	3,933	(10,262)
Bad debt expense	-	131,604
Deferred compensation	280,433	586,648
Change in assets and liabilities:		
Receivables	(2,818,759)	(733,868)
Inventories	(675,402)	(338,321)
Prepaid expenses and other	198,443	(36,812)
Accounts payable	695,707	(11,070)
Accrued expenses	191,721	(1,685,063)
Net cash provided by (used in) operating activities	1,993,957	(2,847,513)
Cash Flows from Investing Activities		
Purchases of properties and equipment	(275,080)	(342,154)
Proceeds from sales of properties and equipment	97,081	38,747
Net cash used in investing activities	(177,999)	(303,407)
Cash Flows from Financing Activities		
Proceeds from borrowings on notes payable	-	2,166,482
Principal payments on notes payable	(291,406)	(77,512)
Payment of debt issuance costs	-	(10,318)
Payments on capital lease obligations	(230,267)	(264,716)
Distributions to members	(515,800)	(432,701)
Net cash (used in) provided by financing activities	(1,037,473)	1,381,235
Effect of exchange rate on change in cash	(3,497)	(42,178)
Net increase (decrease) in cash	774,988	(1,811,863)
Cash, beginning of period	1,368,790	3,139,649
Cash, end of period	$ 2,143,778	$ 1,327,786
Noncash Investing and Financing Activity		
Vehicles acquired under capital leases	$ 653,939	$ 30,439
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 40,239	$ 38,084
Cash paid for income taxes	$ 35,097	$ 45,906

See notes to consolidated financial statements.

Note 1 – Organization, Business and Summary of Significant Accounting Policies

Organization and business

Spectrum Tracer Services, LLC, (the Company) an Oklahoma limited liability company (LLC), is in the business of producing radioactive, chemical and oil soluble tracers and providing tracing services used by oil and gas operators to determine hydraulic fracture efficiencies and reservoir diagnostics. As an LLC, members are not personally liable for any debts, liabilities or obligations of the Company beyond their equity in the Company. The Company will continue in existence until it is liquidated or dissolved in accordance with the Operating Agreement and the State of Oklahoma Limited Liability Company Act. Spectrum Tracer Services, LLC operates in Oklahoma, Texas, West Virginia, Montana and Canada.

On August 30, 2017, the Company entered into an agreement with NCS Multistage Holdings, Inc. (NCS), a publicly traded company, whereby NCS acquired 100% of the equity interests in the Company in exchange for $83 million, which was comprised of (i) $76 million in cash and (ii) 0.4 million shares of common stock of NCS, which shares were issued to certain unitholders of the Company who elected to receive a portion of the consideration payable to them in equity. The cash consideration is subject to certain adjustments, including an earn-out that would permit up to an additional $12.5 million in consideration if certain financial performance measures related to the Company's operations are achieved, working capital adjustments and reimbursement by NCS for specified capital expenditures. This transaction closed on August 31, 2017.

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, STS Logistics and Analytics, LLC, STS Holdings, Inc. and STS Tracer Services, Ltd., a Canadian subsidiary. All material intercompany transactions have been eliminated in consolidation.

Basis of presentation

The accompanying interim financial statements for the six months ended June 30, 2017 and 2016 are unaudited. The unaudited interim financial statements were prepared on the same basis as the audited financial statements for the year ended December 31, 2016. In the opinion of management, the unaudited interim financial statements reflect all the adjustments necessary, which consist of normal recurring adjustments, to state fairly the interim financial statements for the six-month periods ended June 30, 2017 and 2016. The financial statements for the interim periods ended June 30, 2017 and 2016 are not necessarily indicative of results that may be expected for the year ended December 31, 2017, or any future periods.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Inventories

Inventories at June 30, 2017 and December 31, 2016, were as follows:

	June 30, 2017	December 31, 2016
Raw materials	$ 2,138,548	$ 1,816,737
Finished goods	1,542,570	1,188,979
Inventories	$ 3,681,118	$ 3,005,716

Note 3 – Properties and Equipment

Properties and equipment, including assets under capital leases, at June 30, 2017 and December 31, 2016 were as follows:

	June 30, 2017	December 31, 2016
Trucks and other vehicles	$ 1,829,995	$ 1,601,671
Tools, machinery and equipment	4,458,756	3,960,348
Leasehold improvements	36,482	36,482
Furniture and fixtures	22,285	21,780
	6,347,518	5,620,281
Less accumulated depreciation	2,984,870	2,614,040
Properties and equipment, net	$ 3,362,648	$ 3,006,241

Note 4 – Revolving Line of Credit and Notes Payable

In April 2016, the Company entered into a nonrevolving line of credit and term loan agreement with a bank for up to $4,000,000, due April 2020. The Company received an advance of $2,000,000 under this agreement during 2016. The note requires monthly payments of $45,836 at a fixed interest rate of 4.75%. The note is collateralized by substantially all the assets of the Company as well as personal guarantees of certain members. The balance was $1,455,091 and $1,691,242 at June 30, 2017 and December 31, 2016, respectively.

The Company had a $1,000,000 revolving line of credit with a bank, which matured in May 2017. The Company did not have any borrowings on this line of credit during 2017 or 2016.

The Company financed the purchase of annual insurance policies totaling $166,482 at a fixed rate of 4.55% during the six-month period ended June 30, 2016. Principal and interest are payable in three quarterly installments in the amount of $56,560 beginning in August 2016. The balance was $55,560 at December 31, 2016, and was repaid in full prior to June 30, 2017.

Note 5 – Members' Equity

The Company has a total of 2,583.33 units outstanding to its members at June 30, 2017 and 2016, and each Member receives units in proportion to the cash and estimated fair value of property or services contributed.

Contributions

In accordance with the Operating Agreement, additional cash contributions can be required at the discretion of the Manager. With the exception of certain members who contributed property or loan guarantees, members would be required to contribute an amount equal to their pro rata share of units they own applied to the amount of the capital call.

Allocations and distributions

Allocations of operating profits to the members are determined on the basis of whether the allocation occurs during one of the following phases: Before Payout, After Payout or Earn-out.

Cash available for distributions is determined by a majority vote of the Board of Directors and distributed to the members on the basis of whether such distribution occurs Before Payout, After Payout or during Earn-out.

The Company distributed $515,800 and $432,701 to its members during the six-month periods ending June 30, 2017 and 2016, respectively.

Note 6 – Unit Appreciation Rights Plan

The Company has established a Unit Appreciation Rights Plan (the Plan). Under the Plan, Unit Appreciation Rights (Rights) may be granted by the Board of Directors to key employees. Each Right entitles a participant to the excess of fair value of one Company membership unit (Unit) on the exercise date over the fair value of the Unit on the grant date. The determination of fair value is made at the sole discretion of the Board of Directors.

Rights may be exercised upon the sale of all or substantially all of the assets or Units of the Company (Triggering Event). Participants vest in one-third of the Rights after five years of employment; one-third after ten years of employment; and one-third after 15 years of employment. Rights vest immediately upon the occurrence of a Triggering Event during the participant's employment. Due to the nature of rights-based transactions, the Rights are accounted for as liability awards and unit appreciation for each Right awarded is charged to expense over the vesting period.

In February 2013, the Board of Directors granted Rights as follows:

(a) Rights for 55.355 units at such time as the Company attains After Payout;

(b) Rights for 34.06825 units at such time as the Company attains Earn-out Phase I;

(c) Rights for 39.74325 units at such time as the Company attains Earn-out Phase II.

The fair value of a Unit was determined by the Board of Directors to be $5,000 on the grant date. The Company was in the Earn-out Phase II at December 31, 2015. The accumulated intrinsic value of the Rights expensed at June 30, 2017 and December 31, 2016, is reflected as deferred compensation of $751,359 and $644,940, respectively.

In March 2014, the Company granted 129.16 Rights to an employee. The Rights were awarded ratably over a 12-month period beginning April 30, 2014. The fair value of a Unit was determined by the Board of Directors to be $13,548 on the grant date. The accumulated intrinsic value of the Rights expensed at June 30, 2017 and December 31, 2016, is reflected as deferred compensation of $313,227 and $139,213, respectively.

As of June 30, 2017, there was $4,216,145 of unrecognized compensation expense related to the Plan. The sale of the Company on August 30, 2017 (See Note 1) was a Triggering Event resulting in immediate vesting of all outstanding Rights and recognition of the remaining compensation expense subsequent to period end.

Note 7 – Leasing Arrangements

The Company leases office space, as well a certain vehicles and equipment. Many of these leases include renewal options.

The Company leases certain vehicles under capital leases with various expiration dates from September 2017 to June 2019. Monthly payments are due in amounts ranging from $839 to $1,308, including interest at rates ranging from 5.36% to 7.34%. At June 30, 2017 and December 31, 2016, assets under capital leases amounted to $1,167,144 and $1,093,919, respectively, net of accumulated depreciation of $489,180 and $418,443, respectively.

The following is a schedule of future minimum lease payments under capital leases together with the present value of the net minimum lease payments at June 30, 2017:

Year	Amount
July 1, 2017 - December 31, 2017	$ 208,373
2018	411,123
2019	126,214
Total minimum lease payments	745,710
Less interest	45,812
Present value of minimum lease payments	$ 699,898

Note 8 – Legal Matters

The Company and certain members of the Company were defendants in a lawsuit filed by a member's former employer alleging misappropriation of trade secrets for the alleged theft of customer lists and certain software related to fracking services. The legal proceedings concluded in April 2016. The final judgment against the Company of $915,000 was accrued at December 31, 2015, and paid during the six-month period ended June 30, 2016.

During 2015, the Company entered into a confidential settlement agreement relating to alleged violations of the Fair Labor Standards Act for $875,000. This amount was accrued at December 31, 2015 and paid during the year ended December 31, 2016.

Note 9 – New and Recently Adopted Accounting Pronouncements

In July 2015, the FASB issued ASU No. 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory* ("ASU 2015-11"). ASU 2015-11 requires inventory measured using all methods other than the last-in, first-out (LIFO) or retail methods to be measured at the lower of cost or net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business less reasonably predictable costs of completion, disposal and transportation. ASU 2015-11 became effective for the Company on January 1, 2017. Adoption of ASU 2015-11 did not have a material impact on the Company's financial position, results of operations and cash flows.

In 2016, the Company adopted Accounting Standards Update (ASU) 2015-03, *Interest – Imputation of Interest*. ASU 2015-03 is intended to simplify the presentation of debt issuance costs. Debt issuance costs related to a recognized debt liability are presented on the balance sheet as a direct deduction from the debt liability to be amortized over the term of the associated loan. The Company had approximately $10,000 in debt issuance costs related to its term loan in 2016. Unamortized debt issuance costs were $7,309 and $9,888 at June 30, 2017 and 2016, respectively.

In October 2016, the FASB issued ASU No. 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory* ("ASU 2016-16"). ASU 2016-16 requires the recognition of the income tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs. ASU 2016-16 is effective for public companies for interim and annual reporting periods beginning after December 15, 2017, with early adoption permitted. The amendments in this ASU should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. Management is currently assessing the impact ASU 2016-16 will have on the Company's financial position and results of operations.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"). ASU 2016-15 will make eight targeted changes to how cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 is effective for public companies for interim and annual periods beginning after December 15, 2017, with early adoption permitted. The new standard will require adoption on a retrospective basis unless it is impracticable to apply, in which case it would be required to apply the amendments prospectively as of the earliest date practicable. Management is currently assessing the impact ASU 2016-15 will have on the Company, but it is not expected to have a material impact on the Company's cash flows.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"). ASU 2016-02 requires lessees to recognize lease assets and lease liabilities on the balance sheet but did not make significant changes to the effects of lessee accounting on the statement of operations or statement of cash flows. ASU 2016-02 is effective for public companies for annual and interim periods beginning after December 15, 2018, with early adoption permitted. Management is currently assessing the impact ASU 2016-02 will have on the Company's financial position.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"). ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 and all subsequently issued clarifying ASUs will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The standard permits the use of either the retrospective or cumulative effect transition method upon adoption. Management intends to adopt ASU 2014-09 on January 1, 2018, using the modified retrospective method of adoption. Management is assessing the impacts of the new standard on the Company's revenues and financial statement disclosures. Management put in place a team during the second quarter of 2017, including a third-party consultant, to develop and carry out the Company’s implementation plan. The team has reviewed the Company’s revenue streams, compared the Company’s historical accounting policies and practices to the new accounting guidance and continues to finalize the Company’s application of the new standard.

Exhibit 99.3

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The unaudited pro forma condensed combined statements of operations for the six months ended June 30, 2017 and for the year ended December 31, 2016 combines the historical consolidated statements of operation for NCS Multistage Holdings, Inc. ("NCS") and Spectrum Tracer Services, LLC ("Spectrum"), giving effect to the acquisition of Spectrum and related financing as if it had occurred on January 1, 2016. The unaudited pro forma condensed combined balance sheet as of June 30, 2017 combines the historical consolidated balance sheets of NCS and Spectrum, giving effect to the acquisition of Spectrum and related financing as if it had occurred on June 30, 2017. The historical consolidated financial information has been adjusted in the unaudited pro forma condensed combined financial statements to give effect to pro forma events that are (1) directly attributable to the acquisition of Spectrum, (2) factually supportable, and (3) with respect to the statements of operations, expected to have a continuing impact on the combined results.

The unaudited pro forma condensed combined financial information should be read in conjunction with the accompanying notes to the unaudited pro forma condensed combined financial statements. In addition, the unaudited pro forma condensed financial information was based on and should be read in conjunction with the consolidated financial information of NCS and Spectrum. The NCS consolidated financial information has been filed separately by NCS with the United States Securities and Exchange Commission (the "SEC"). The Spectrum consolidated financial information has been filed as Exhibits 99.1 and 99.2 to NCS's Current Report on Form 8-K.

The unaudited pro forma condensed combined financial statements have been presented for informational purposes only. Such pro forma information is not necessarily indicative of what the combined company's financial position or results of operations actually would have been had the acquisition and related financing been completed as of the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the combined company.

The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting under U.S. generally accepted accounting principles and the regulations of the SEC. The acquisition accounting is dependent upon certain valuations of the acquired assets and liabilities and is assumed preliminary as management is still reviewing the acquired assets and liabilities' existence, characteristics and assumptions. Accordingly, the pro forma adjustments are preliminary and have been made solely for the purpose of providing these unaudited pro forma condensed combined financial statements in accordance with the rules and regulation of the SEC. Differences between these preliminary estimates and the final acquisition accounting will 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 results of operations and financial position.

The unaudited pro forma condensed combined financial information does not reflect any potential impact of any revenue enhancements, synergies, operating efficiencies or cost savings that may be achieved or any integration costs that do not have a continuing impact.

NCS MULTISTAGE HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF JUNE 30, 2017
(In thousands)

	NCS Multistage Holdings, Inc.	Spectrum Tracer Services, LLC	Pro Forma Adjustments		Pro Forma Combined
Assets					
Current assets					
Cash and cash equivalents	$ 79,991	$ 2,144	$ (56,484)	**a**	$ 25,651
Accounts receivable—trade, net	36,656	5,945	—		42,601
Inventories	22,382	3,681	80	**b**	26,143
Prepaid expenses and other current assets	1,561	92	—		1,653
Other current receivables	1,284	—	—		1,284
Deferred income taxes, net	—	—	—		—
Total current assets	141,874	11,862	(56,404)		97,332
Noncurrent assets					
Property and equipment, net	18,307	3,363	1,362	**c**	23,032
Goodwill	141,439	—	39,190	**d**	180,629
Identifiable intangibles, net	113,910	—	31,900	**e**	145,810
Deposits and other assets	1,491	28	226	**f**	1,745
Total noncurrent assets	275,147	3,391	72,678		351,216
Total assets	$ 417,021	$ 15,253	$ 16,274		$ 448,548
Liabilities and Stockholders' Equity					
Current liabilities					
Accounts payable—trade	$ 10,623	$ 898	$ —		$ 11,521
Accrued expenses	4,749	430	—		5,179
Income taxes payable	4,763	—	244	**g**	5,007
Other current liabilities	1,975	379	5	**g**	2,359
Current maturities of long-term debt	2,059	491	(491)	**h**	2,059
Total current liabilities	24,169	2,198	(242)		26,125
Noncurrent liabilities					
Long-term debt, less current maturities	1,133	957	19,043	**i**	21,133
Other long-term liabilities	8,493	1,386	352	**j**	10,231
Deferred income taxes, net	32,825	—	926	**k**	33,751
Total noncurrent liabilities	42,451	2,343	20,321		65,115
Total liabilities	66,620	4,541	20,079		91,240
Stockholders' equity					
Members' equity	—	10,714	(10,714)	**l**	—
Preferred stock	—	—	—		—
Common stock	436	—	4	**m**	440
Additional paid-in capital	388,243	—	6,903	**m**	395,146
Accumulated other comprehensive loss	(74,422)	(2)	2	**n**	(74,422)
Retained earnings	23,821	—	—		23,821
Treasury stock	(175)	—	—		(175)
Total stockholders' equity	337,903	10,712	(3,805)		344,810
Non-controlling interest	12,498	—	—		12,498
Total equity	350,401	10,712	(3,805)		357,308
Total liabilities and stockholders' equity	$ 417,021	$ 15,253	$ 16,274		$ 448,548

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial information.

NCS MULTISTAGE HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In thousands, except per share data)

	NCS Multistage Holdings, Inc.	Spectrum Tracer Services, LLC	Pro Forma Adjustments		Pro Forma Combined
Revenues					
Product sales	$ 74,971	$ —	$ —		$ 74,971
Services	20,522	13,336	(51)	o	33,807
Total revenues	95,493	13,336	(51)		108,778
Cost of sales					
Cost of product sales, exclusive of depreciation and amortization expense shown below	40,448	—	—		40,448
Cost of services, exclusive of depreciation and amortization expense shown below	7,791	5,559	—		13,350
Total cost of sales, exclusive of depreciation and amortization expense shown below	48,239	5,559	—		53,798
Selling, general and administrative expenses	28,935	3,411	(122)	p	32,224
Depreciation	1,242	472	112	q	1,826
Amortization	11,995	—	839	r	12,834
Change in fair value of contingent consideration	767	—	—		767
Income (loss) from operations	4,315	3,894	(880)		7,329
Other income (expense)					
Interest expense, net	(3,516)	(40)	(552)	s	(4,108)
Other income (expense), net	1,038	(4)	—		1,034
Foreign currency exchange gain (loss)	1,011	—	—		1,011
Total other expense	(1,467)	(44)	(552)		(2,063)
Income (loss) before income tax	2,848	3,850	(1,432)		5,266
Income tax expense	1,245	205	618	t	2,068
Net income (loss)	1,603	3,645	(2,050)		3,198
Net loss attributable to non-controlling interest	(456)	—	—		(456)
Net income (loss) attributable to NCS Multistage Holdings, Inc.	$ 2,059	$ 3,645	$ (2,050)		$ 3,654
Earnings (loss) per common share					
Basic earnings (loss) per common share attributable to NCS Multistage Holdings, Inc. (1)	$ 0.05				$ 0.09
Diluted earnings (loss) per common share attributable to NCS Multistage Holdings, Inc.	$ 0.05				$ 0.09
Weighted average common shares outstanding					
Basic	37,119		356	u	37,475
Diluted	40,188		356	u	40,544

(1) Excludes income attributable to participating shares of $147 thousand

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial information.

NCS MULTISTAGE HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016
(In thousands, except per share data)

	NCS Multistage Holdings, Inc.	Spectrum Tracer Services, LLC	Pro Forma Adjustments		Pro Forma Combined
Revenues					
Product sales	$ 73,220	$ —	$ —		$ 73,220
Services	25,259	18,869	(137)	o	43,991
Total revenues	98,479	18,869	(137)		117,211
Cost of sales					
Cost of product sales, exclusive of depreciation and amortization expense shown below	40,511	—	—		40,511
Cost of services, exclusive of depreciation and amortization expense shown below	13,322	9,299	—		22,621
Total cost of sales, exclusive of depreciation and amortization expense shown below	53,833	9,299	—		63,132
Selling, general and administrative expenses	37,061	7,676	(1,181)	p	43,556
Depreciation	1,766	911	255	q	2,932
Amortization	23,801	—	1,677	r	25,478
Change in fair value of contingent consideration	—	—	—		—
(Loss) income from operations	(17,982)	983	(888)		(17,887)
Other income (expense)					
Interest expense, net	(6,286)	(106)	(1,080)	s	(7,472)
Other income (expense), net	45	135	—		180
Foreign currency exchange (loss) gain	(2,522)	—	—		(2,522)
Total other (expense) income	(8,763)	29	(1,080)		(9,814)
(Loss) income before income tax	(26,745)	1,012	(1,968)		(27,701)
Income tax (benefit) expense	(8,818)	133	(424)	t	(9,109)
Net (loss) income	(17,927)	879	(1,544)		(18,592)
Net loss attributable to non-controlling interest	—	—	—		—
Net (loss) income attributable to NCS Multistage Holdings, Inc.	$ (17,927)	$ 879	$ (1,544)		$ (18,592)
(Loss) earnings per common share					
Basic (loss) earnings per common share attributable to NCS Multistage Holdings, Inc.	$ (0.53)				$ (0.54)
Diluted (loss) earnings per common share attributable to NCS Multistage Holdings, Inc.	$ (0.53)				$ (0.54)
Weighted average common shares outstanding					
Basic	34,008		356	u	34,364
Diluted	34,008		356	u	34,364

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial information.

Note 1. Description of Transaction

On August 31, 2017, NCS completed its acquisition of 100% of the equity interests of Spectrum for approximately $83 million, subject to certain adjustments, which was comprised of (i) approximately $76 million in cash and (ii) 0.4 million shares of NCS's common stock using a fair market value of $19.42 per share. The cash portion was funded with available cash and borrowings under NCS's senior secured revolving credit facility. We believe Spectrum's tracer diagnostics services will strengthen NCS's ability to provide its customers with actionable data and analysis to optimize oil and natural gas well completions and field development strategies.

The acquisition of Spectrum also includes an earn-out provision that could provide up to $12.5 million in additional cash consideration to Spectrum's former unitholders if Spectrum's actual gross profit amount during the earn-out period that commenced on October 1, 2017 and ends on December 31, 2018 is greater than the earn-out threshold.

On August 31, 2017, NCS and certain of its subsidiaries also entered into an amendment to its senior secured revolving credit facility, which increased the loan commitment available to Pioneer Investment, Inc, a U.S. subsidiary of NCS, from $25.0 million to $50.0 million. The loan commitment available under the senior secured revolving credit facility to NCS Multistage, Inc., a Canadian subsidiary of NCS, remains at $25.0 million.

Note 2. Basis of Presentation

The unaudited pro forma condensed combined financial information is based on NCS's and Spectrum's historical consolidated financial statements as adjusted to give pro forma effect to the acquisition of Spectrum by NCS in addition to the related financing. The pro forma effects relate to events that are (i) directly attributable to the acquisition and the related financing, (ii) factually supportable, and (iii) with respect to the unaudited pro forma condensed combined statements of operations, expected to have a continuing impact on the combined results. The pro forma adjustments are preliminary and based on estimates of the fair value and useful lives of the assets acquired and liabilities assumed and have been prepared by NCS's management to estimate the effect of the acquisition, borrowings under the senior secured revolving credit facility and other adjustments. The purchase price allocation and adjustments to provisional amounts may occur as we continue to analyze information. These amounts will be finalized as soon as practicable, but not later than one year from the acquisition date.

For purposes of the unaudited pro forma condensed combined balance sheet as of June 30, 2017, the acquisition and its related financing were assumed to have occurred as of June 30, 2017. For purposes of the unaudited pro forma condensed combined statements of operations, the acquisition and its related financing were assumed to have occurred as of January 1, 2016.

The unaudited pro forma condensed combined financial information is not necessarily indicative of operating results that would have been achieved had the acquisition and its related financing been completed and does not intend to project the future financial results of NCS after the acquisition and its related financing. Additionally, the unaudited pro forma condensed combined financial information does not reflect any potential impact of any revenue enhancements, synergies, operating efficiencies or cost savings that may be achieved or any integration costs that do not have a continuing impact.

Accounting Policies

The acquisition of Spectrum was accounted for under the acquisition method of accounting in accordance with Accounting Standards Codification (“ASC”) 805, *Business Combinations*. Under the acquisition method of accounting, the total consideration transferred in connection with the acquisition is allocated to the tangible and intangible assets acquired and the liabilities assumed based on their fair values. The excess of the consideration transferred over the net tangible and identifiable intangible assets acquired will be recorded as goodwill.

The accounting policies used in the preparation of the unaudited pro forma condensed combined financial information are those set out in NCS’s consolidated financial statements as of and for the year ended December 31, 2016. With the information currently available, NCS has determined that, other than those pro forma accounting policy adjustments identified, and as more fully described in (o) in Note 5, no other significant accounting policy adjustments are necessary to conform Spectrum’s combined financial statements to the accounting policies used by NCS in the preparation of the unaudited pro forma condensed combined financial information.

Note 3. Consideration Transferred

The following details the fair value of the consideration transferred to effect the acquisition of Spectrum (in thousands):

Consideration		
Cash consideration (a)	$	76,258
Equity consideration (b)		6,907
Earn-out liability recognized (c)		352
Total consideration	$	83,517

(a) Cash consideration was funded by available cash on hand and $20.0 million of borrowings under NCS’s senior secured revolving credit facility.

(b) Equity consideration is comprised of 355,658 shares of NCS’s common stock issued to certain unitholders of Spectrum who elected to have a portion of the consideration paid to them in equity. The number of shares of NCS common stock provided to such unitholders was calculated by dividing the portion of consideration elected to be paid in equity by $19.42, the fair market value of NCS’s common stock on the closing date, which was valued using a five day volume weighted average price from the date immediately prior to closing.

(c) The fair value of the earn-out recognized on the acquisition date was $0.4 million. The earn-out payment can be up to an additional $12.5 million in cash consideration to Spectrum’s former unitholders, with the amount to be paid based on the extent to which the actual gross profit exceeds the earn-out threshold during the earn-out period that commenced on October 1, 2017 and ends on December 31, 2018.

Note 4. Preliminary Purchase Price Allocation

The following is a preliminary estimate of the assets acquired and the liabilities assumed by NCS, reconciled to the estimate of consideration expected to be transferred (in thousands):

Cash	$	2,144
Accounts receivable		5,945
Inventories		3,761
Other current assets		92
Property and equipment		4,725
Intangible assets		31,900
Other long-term assets		28
Total identifiable assets acquired		48,595
Accounts payable—trade		898
Accrued expenses		430
Income taxes payable		244
Other current liabilities		384
Deferred tax liability		926
Other long-term liabilities		1,386
Total liabilities assumed		4,268
Net identifiable assets acquired		44,327
Goodwill		39,190
Net assets acquired	$	83,517

Note 5. Unaudited Pro Forma Adjustments to Historical Financial Information

The adjustments in each of the statements presented give effect to the following:

- adjustments associated with the effects of adjusting the historical net book values of the assets acquired and liabilities assumed to their estimated fair values and related impact on the condensed combined financial statements, such as revised depreciation expense on the estimated fair value of the acquired property and equipment;
- adjustments associated with the amortization of acquired intangible assets;
- consideration of non-recurring items directly attributable to NCS's acquisition of Spectrum such as transaction costs;
- adjustments to the historical financial statements of Spectrum to present its financial statements in conformity with NCS's accounting policies;
- the impact of the purchase price of the Spectrum acquisition, including payment of cash and issuance of NCS common stock as part of the consideration transferred to effect the Spectrum acquisition;
- the borrowings under NCS's senior secured revolving credit facility, including interest expense, and additional debt issuance costs and related amortization for the amendment to increase the senior secured revolving credit facility available to NCS's U.S. subsidiary from $25.0 million to $50.0 million
- the payment of Spectrum's debt that was paid in full at the time of the closing of the transaction, including the elimination of Spectrum's historical interest expense and amortization on debt issuance costs; and

- income tax adjustments to the historical U.S. financial statements of Spectrum.

The unaudited pro forma condensed combined balance sheet and statements of operations give effect to the following adjustments:

(a) ***Cash***

The pro forma adjustments for cash are comprised of the following (in thousands):

Cash consideration paid for acquisition, including $1,448 to pay Spectrum debt in full at time of closing acquisition	$	(76,258)
Additional debt fees incurred as a result of the amendment on the senior secured revolving credit facility		(226)
Borrowings under the senior secured revolving credit facility		20,000
Net pro forma adjustments to cash	$	(56,484)

(b) ***Inventories***

Represents the adjustment to recognize the preliminary fair value of the acquired inventory.

(c) ***Property and equipment***

Represents the adjustments to recognize the preliminary fair value of the acquired property and equipment.

(d) ***Goodwill***

Represents the adjustment to recognize goodwill as the amount of purchase consideration that is in excess of the preliminary fair value of the assets acquired and the liabilities assumed.

(e) ***Identifiable intangibles***

Represents the adjustment to recognize the preliminary fair value of the acquired intangible assets. The adjustment for the intangibles is comprised of the following (in thousands):

		Fair Value	Estimated Useful Lives (Years)
Technology	$	5,600	16
Trademark		1,600	10
Customer relationships		24,700	21
Total intangible assets	$	31,900	

(f) ***Deposits and other assets***

Represents additional debt fees incurred as a result of the amendment to the senior secured revolving credit facility.

(g) ***Income taxes payable and Other current liabilities***

Represents additional income taxes, penalties and interest due to pre-closing Spectrum activity.

(h) ***Current maturities of long-term debt***

Represents the current maturities of long-term debt on Spectrum's historical financials of $0.5 million that was paid in full at the time of the closing of the acquisition.

(i) ***Long-term debt, less current maturities***

Represents the $20.0 million in borrowings under the senior secured revolving credit facility less the long-term portion of debt on Spectrum's historical financials of $1.0 million that was paid in full at the time of the closing of the transaction.

(j) ***Other long-term liabilities***

Represents the preliminary fair value of the earn-out provision included as part of the purchase consideration which is described in Note 1.

(k) ***Deferred income taxes***

As of the effective date of the acquisition, adjustments are made for deferred taxes as part of the accounting for the acquisition. This adjustment reflects the estimated deferred tax liability impact of the acquisition on the balance sheet, primarily relating to estimated fair value adjustments for acquired inventory and intangible assets. For purposes of these unaudited pro forma combined financial statements, these deferred taxes are provided using approximately a 27% Canadian blended statutory income tax rate for the Canadian adjustments.

(l) ***Members' equity***

Represents the elimination of Spectrum's historical members' equity.

(m) ***Common stock and Additional paid-in capital***

Represents the shares of NCS common stock issued to certain unitholders of Spectrum who elected to have a portion of the consideration paid to them in equity. See Note 3.

(n) ***Accumulated other comprehensive loss***

Represents the elimination of Spectrum's historical accumulated other comprehensive loss.

(o) ***Service revenue***

Represents the revenue removed from Spectrum's historical financials to conform with NCS's revenue recognition accounting policy.

(p) ***Selling, general and administrative expenses***

Represents adjustments of $0.4 million for the six months ended June 30, 2017 and $1.3 million for the year ended December 31, 2016 to eliminate acquisition-related transaction costs expensed in NCS's and Spectrum's historical consolidated statements of operations as they are non-recurring, direct and incremental costs of the acquisition. The decrease is partially offset by an increase in salaries of $0.3 million for the six months ended June 30, 2017 and $0.1 million for the year ended December 31, 2016 for the Spectrum employees who entered into new employment agreements in connection with the acquisition.

(q) ***Depreciation***

Represents additional depreciation expense resulting from the purchase accounting valuation adjustments to property and equipment.

(r) ***Amortization***

Reflects amortization expense associated with intangible assets recorded in this transaction, which have been recorded at estimated fair value on a pro forma basis and will be amortized over the estimated useful lives on a straight-line basis as provided for each class of intangible asset. (See (e) above for the estimated useful lives.)

(s) ***Interest expense, net***

Represents interest expense using an effective interest rate of 5.5% on the $20.0 million of borrowings under the senior secured revolving credit facility incurred in connection with the acquisition. Additionally, the adjustment includes amortization on the transaction fees incurred as a result of the amendment on the senior secured revolving credit facility related thereto, which are capitalized and amortized to interest expense over the term of the debt. These increases were partially offset by decreases due to the elimination of Spectrum's historical interest expense and amortization on debt issuance costs as Spectrum's historical debt was paid off at the closing of the acquisition.

(t) ***Income tax (benefit) expense***

NCS has assumed an approximately 36% U.S. federal and state blended statutory income tax rate and an approximately 27% Canadian blended statutory income tax rate related to the Spectrum entities when estimating the tax impacts of the appropriate pro forma adjustments.

On a historical basis, Spectrum's U.S. operations were treated as a non-taxable partnership for federal and generally state income tax purposes. Therefore, the adjustments represent additional pro forma income tax (benefit) expense for Spectrum's U.S. historical income using an approximately 36% U.S. federal and state blended statutory income tax rate.

These blended statutory rates of the combined company could be significantly different from what is presented in these unaudited pro forma condensed combined financial statements for a variety of reasons, including post acquisition activities.

(u) ***Earnings (loss) per common share***

Represents an adjustment to reflect the issuance of 355,658 shares of NCS's common stock to certain unitholders of Spectrum who elected to have a portion of the consideration paid to them in equity. As a result of the pro forma combined consolidated net loss reported for the year ended December 31, 2016, the basic and diluted net loss per share were the same, with no consideration given to potentially anti-dilutive securities.