

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): June 13, 2017 (June 7, 2017)

**KBL MERGER CORP. IV**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**001-38105**

(Commission File Number)

**81- 3832378**

(I.R.S. Employer  
Identification Number)

**527 Stanton Christiana Rd.  
Newark, DE**

(Address of principal executive offices)

**19713**

(Zip Code)

Registrant's telephone number, including area code: **(302) 502-2727**

**Not Applicable**

(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 to 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 as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 8.01 Other Events**

On June 7, 2017, KBL Merger Corp. IV (the “Company”) consummated its initial public offering (“IPO”) of 10,000,000 units (“Units”), each Unit consisting of one share of common stock, \$0.0001 par value per share (“Common Stock”), one right entitling the holder thereof to receive one-tenth (1/10) of one share of Common Stock upon the consummation of an initial business combination, and one warrant (“Warrant”) to purchase one-half of one share of Common Stock, pursuant to the registration statement on Form S-1 (File No. 333-217475). The Units were sold at an offering price of \$10.00 per Unit, generating gross proceeds of \$100,000,000. The Company has granted the underwriters a 45-day option to purchase up to 1,500,000 additional Units to cover over-allotments, if any.

As previously reported on a Current Report on Form 8-K of the Company, on June 7, 2017, simultaneously with the consummation of the IPO, the Company completed a private placement (the “Private Placement”) of an aggregate of 450,000 placement units to KBL IV Sponsor LLC and the underwriters of the IPO, generating gross proceeds of \$4,500,000.

A total of \$101,000,000 of the net proceeds from the IPO and the Private Placement were deposited in a trust account established for the benefit of the Company’s public stockholders. An audited balance sheet as of June 7, 2017 reflecting receipt of the proceeds upon consummation of the IPO and the Private Placement has been issued by the Company and is included as Exhibit 99.1 to this Current Report on Form 8-K.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

99.1 [Audited Balance Sheet](#)

**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.

Dated: June 13, 2017

KBL MERGER CORP. IV

By: /s/ Marlene Krauss, M.D.

Name: Marlene Krauss, M.D.

Title: Chief Executive Officer

KBL MERGER CORP. IV

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of

KBL Merger Corp. IV

We have audited the accompanying balance sheet of KBL Merger Corp. IV (the "Company"), as of June 7, 2017. The balance sheet is the responsibility of the Company's management. Our responsibility is to express an opinion on the balance sheet based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheet presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above present fairly, in all material respects, the financial position of KBL Merger Corp. IV as of June 7, 2017 in accordance with accounting principles generally accepted in the United States of America.

/s/ WithumSmith+Brown, PC

Whippany, New Jersey  
June 13, 2017

**KBL MERGER CORP. IV  
BALANCE SHEET**

**June 7,  
2017**

<b>Assets</b>	
Current assets:	
Cash	\$ 798,469
Prepaid expenses	20,100
Total current assets	818,569
Cash held in Trust Account	101,000,000
<b>Total Assets</b>	<b>\$ 101,818,569</b>
<b>Liabilities and Stockholders' Equity</b>	
Current liabilities:	
Accounts payable	\$ 83,161
Accrued expenses	28,066
Note payable - related party	170,000
Total current liabilities	281,227
Deferred underwriting fees	3,500,000
<b>Total Liabilities</b>	<b>3,781,227</b>
<b>Commitments</b>	
Common stock subject to possible redemption, \$0.0001 par value; 9,211,617 shares at redemption value	93,037,332
<b>Stockholders' Equity:</b>	
Preferred stock, \$0.0001 par value; 1,000,000 shares authorized; no shares issued and outstanding	-
Common stock, \$0.0001 par value; 35,000,000 shares authorized; 4,113,383 shares issued and outstanding (excluding 9,211,617 shares subject to possible redemption) (1)	411
Additional paid-in capital	5,041,821
Accumulated deficit	(42,222)
<b>Total Stockholders' Equity</b>	5,000,010
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 101,818,569</b>

(1) This number includes an aggregate of up to 375,000 shares of common stock subject to forfeiture if the over-allotment option is not exercised by the underwriters.

**KBL MERGER CORP. IV**  
**NOTES TO BALANCE SHEET**

**Note 1. Organization and Business Operations**

KBL Merger Corp. IV (the “Company”) is a newly organized blank check company organized under the laws of the State of Delaware on September 7, 2016. The Company was formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses that the Company has not yet identified (“Business Combination”). Although the Company is not limited to a particular industry or geographic region for purposes of consummating a Business Combination, the Company intends to focus on the healthcare and related wellness industry. The Company is an emerging growth company and, as such, the Company is subject to all of the risks associated with early stage and emerging growth companies.

At June 7, 2017, the Company had not yet commenced operations. All activities from September 7, 2016 (inception) through June 7, 2017 relates to the Company’s formation and the initial public offering (“Initial Public Offering”), which is described below. The Company will not generate any operating revenues until after completion of its initial Business Combination, at the earliest. The Company will generate non-operating income in the form of interest income from the proceeds held in trust derived from the Initial Public Offering. The Company has selected December 31 as its fiscal year end.

The registration statement for the Company’s Initial Public Offering was declared effective on June 1, 2017. The Company consummated the Initial Public Offering of 10,000,000 units at \$10.00 per unit (“Units” and, with respect to the shares of the Company’s common stock included in the Units being offered, the “Public Shares”), which is discussed in Note 3, on June 7, 2016, generated gross proceeds of \$100 million. The Company incurred offering costs of approximately \$6.5 million, inclusive of approximately \$6 million of underwriting fees. The Company paid \$2.5 million of underwriting fees upon the closing of the Initial Public Offering and deferred \$3.5 million of underwriting fees until the consummation of the initial Business Combination.

Simultaneously with the closing of the Initial Public Offering, the Company consummated the private placement (“Private Placement”) of 450,000 units (“Private Units” and, with respect to the shares of the Company’s common stock included in the Private Units being offered, the “Private Shares”) at a price of \$10.00 per Private Unit in a private placement to the Company’s sponsor, KBL IV Sponsor LLC (the “Sponsor”) and the underwriters, generated gross proceeds of \$4.5 million.

The Company has granted the representatives of the several underwriters in the Initial Public Offering, a 45-day option to purchase up to 1,500,000 additional Units to cover over-allotments, if any. The Sponsor and the underwriters also committed to purchase an addition of 52,500 Private Units if the underwriters’ over-allotment option is exercised in full.

Upon the closing of the Initial Public Offering and the Private Placement, an amount of \$101 million (\$10.10 per Unit) from the net proceeds of the sale of the Units in the Initial Public Offering and the Private Units was held in a trust account (“Trust Account”), located in the United States with Continental Stock Transfer & Trust Company acting as trustee, and invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 180 days or less or in any open-ended investment company that holds itself out as a money market fund selected by the Company meeting the conditions of Rule 2a-7 of the Investment Company Act, as determined by the Company, until the earlier of: (i) the completion of a Business Combination and (ii) the distribution of the Trust Account as described below.

The Company’s management has broad discretion with respect to the specific application of the net proceeds of its Initial Public Offering and Private Units, although substantially all of the net proceeds are intended to be applied generally toward consummating a Business Combination. There is no assurance that the Company will be able to complete a Business Combination successfully. The Company must complete one or more initial Business Combinations having an aggregate fair market value of at least 80% of the assets held in the Trust Account (excluding the deferred underwriting commissions and taxes payable on income earned on the trust account) at the time of the agreement to enter into the initial Business Combination. However, the Company will only complete a Business Combination if the post-transaction company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target sufficient for it not to be required to register as an investment company under the Investment Company Act 1940, as amended, or the Investment Company Act.

**KBL MERGER CORP. IV**  
**NOTES TO BALANCE SHEET**

The Company will provide its holders of the outstanding shares of the Company's common stock sold in the Initial Public Offering ("public stockholders") with the opportunity to redeem all or a portion of their Public Shares upon the completion of a Business Combination either (i) in connection with a stockholder meeting called to approve the Business Combination or (ii) by means of a tender offer. The decision as to whether the Company will seek stockholder approval of a Business Combination or conduct a tender offer will be made by the Company, solely in its discretion. The public stockholders will be entitled to redeem their Public Shares for a pro rata portion of the amount then in the Trust Account (initially approximately \$10.10 per share, plus any pro rata interest earned on the funds held in the Trust Account and not previously released to the Company for tax obligations). The per-share amount to be distributed to public stockholders who redeem their Public Shares will not be reduced by the deferred underwriting commissions the Company will pay to the underwriters (as discussed in Note 5). These Public Shares will be recorded at a redemption value and classified as temporary equity upon the completion of the Initial Public Offering, in accordance with Accounting Standards Codification ("ASC") Topic 480 "*Distinguishing Liabilities from Equity*." In such case, the Company will proceed with a Business Combination if the Company has net tangible assets of at least \$5,000,001 upon such consummation of a Business Combination and a majority of the shares voted are voted in favor of the Business Combination. If a stockholder vote is not required by law and the Company does not decide to hold a stockholder vote for business or other legal reasons, the Company will, pursuant to its amended and restated certificate of incorporation, conduct the redemptions pursuant to the tender offer rules of the Securities and Exchange Commission ("SEC"), and file tender offer documents with the SEC prior to completing a Business Combination. If, however, a stockholder approval of the transactions is required by law, or the Company decides to obtain stockholder approval for business or legal reasons, the Company will offer to redeem shares in conjunction with a proxy solicitation pursuant to the proxy rules and not pursuant to the tender offer rules. Additionally, each public stockholder may elect to redeem their Public Shares irrespective of whether they vote for or against the proposed transaction. If the Company seeks stockholder approval in connection with a Business Combination, the initial stockholder (as defined below), officers and directors have agreed to vote their Founder Shares (as defined in Note 4), Private Shares, and any Public Shares purchased during or after the Initial Public Offering in favor of a Business Combination. In addition, the initial stockholder, officers and directors have agreed to waive their redemption rights with respect to their Founder Shares, Private Shares and Public Shares in connection with the completion of a Business Combination.

Notwithstanding the foregoing, the Company's amended and restated memorandum and articles of association provides that a public stockholder, together with any affiliate of such stockholder or any other person with whom such stockholder is acting in concert or as a "group" (as defined under Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), will be restricted from redeeming its shares with respect to more than an aggregate of 15% or more of the shares of the Company's common stock sold in the Initial Public Offering, without the prior consent of the Company.

The Company's Sponsor (the "initial stockholder"), officers and directors have agreed not to propose an amendment to the Company's amended and restated article of incorporation that would affect the substance or timing of the Company's obligation to redeem 100% of its Public Shares if the Company does not complete a Business Combination, unless the Company provides the public stockholders with the opportunity to redeem their shares of the Company's common stock in conjunction with any such amendment.

If the Company is unable to complete a Business Combination within 18 months (or 21 months, as applicable) from the closing of the Initial Public Offering (the "Combination Period"), the Company will (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but not more than ten business days thereafter, redeem the Public Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest (which interest shall be net of taxes payable and less up to \$50,000 of interest to pay dissolution expenses), divided by the number of then outstanding Public Shares, which redemption will completely extinguish public stockholders' rights as stockholders (including the right to receive further liquidation distributions, if any), subject to applicable law, and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the remaining stockholders and the Company's Board of Directors, dissolve and liquidate, subject in the case of clauses (ii) and (iii) to the Company's obligations under Delaware law to provide for claims of creditors and the requirements of other applicable law. There will be no redemption rights or liquidating distributions with respect to the Company's Warrants and Private Placement Warrants (as defined in Note 3), which will expire worthless if the Company fails to complete its Business Combination within the 18-month (or 21-month, as applicable) time period.



**KBL MERGER CORP. IV**  
**NOTES TO BALANCE SHEET**

In connection with the redemption of 100% of the Company's outstanding Public Shares for a portion of the funds held in the Trust Account, each holder will receive a full pro rata portion of the amount then in the Trust Account, plus any pro rata interest earned on the funds held in the Trust Account and not previously released to the Company for working capital, taxes payable and up to \$50,000 of interest to pay dissolution expenses.

The initial stockholder, officers, directors and underwriters have agreed to waive their liquidation rights with respect to the Founder Shares and Private Shares if the Company fails to complete a Business Combination within the Combination Period. However, if they should acquire Public Shares in or after the Initial Public Offering, they will be entitled to liquidating distributions from the Trust Account with respect to such Public Shares if the Company fails to complete a Business Combination within the Combination Period. The underwriters have agreed to waive their rights to their deferred underwriting commission (see Note 5) held in the Trust Account in the event the Company does not complete a Business Combination within the Combination Period and, in such event, such amounts will be included with the other funds held in the Trust Account that will be available to fund the redemption of the Company's Public Shares. In the event of such distribution, it is possible that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be only \$10.10 per share initially held in the Trust Account. In order to protect the amounts held in the Trust Account, the Sponsor has agreed to be liable to the Company if and to the extent any claims by a vendor for services rendered or products sold to the Company, or a prospective target business with which the Company has discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account. This liability will not apply with respect to any claims by a third party who executed a waiver of any right, title, interest or claim of any kind in or to any monies held in the Trust Account or to any claims under the Company's indemnity of the underwriters of the Initial Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"). Moreover, in the event that an executed waiver is deemed to be unenforceable against a third party, our sponsor will not be responsible to the extent of any liability for such third party claims. The Company will seek to reduce the possibility that our sponsor will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers prospective target businesses or other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

**Note 2. Significant Accounting Policies**

**Basis of presentation**

The accompanying balance sheet is presented in U.S. dollars in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the SEC.

**Emerging growth company**

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, as amended, (the "Securities Act"), as modified by the Jumpstart our Business Startups Act of 2012, (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

**KBL MERGER CORP. IV**  
**NOTES TO BALANCE SHEET**

**Concentration of credit risk**

Financial instruments that potentially subject the Company to concentration of credit risk consist of a cash account in a financial institution which, at times may exceed the Federal depository insurance coverage of \$250,000. At June 7, 2017, the Company had not experienced losses on this account and management believes the Company is not exposed to significant risks on such account.

**Use of estimates**

The preparation of the balance sheet in conformity with U.S. GAAP 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 balance sheet.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the balance sheet, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

**Offering costs**

Offering costs consisting of legal, accounting, underwriting fees and other costs incurred through the balance sheet date that are directly related to the Initial Public Offering were charged to stockholders' equity upon the completion of the Initial Public Offering.

**Common stock subject to possible redemption**

The Company accounts for its common stock subject to possible redemption in accordance with the guidance in Accounting Standards Codification ("ASC") Topic 480 "*Distinguishing Liabilities from Equity*." Common stock subject to mandatory redemption (if any) are classified as liability instruments and are measured at fair value. Conditionally redeemable common stock (including common stock that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, common stock are classified as stockholders' equity. The Company's common stock features certain redemption rights that are considered to be outside of the Company's control and subject to occurrence of uncertain future events. Accordingly, at June 7, 2017, 9,211,617 shares of common stock subject to possible redemption at the redemption amount are presented as temporary equity, outside of the stockholders' equity section of the Company's balance sheet.

**Income taxes**

The Company complies with the accounting and reporting requirements of ASC Topic 740, "*Income Taxes*," which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statements and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

**KBL MERGER CORP. IV**  
**NOTES TO BALANCE SHEET**

ASC Topic 740 prescribes a recognition threshold and a measurement attribute for the financial statements recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Company's management determined that Delaware is the Company's only major tax jurisdiction. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were no unrecognized tax benefits and no amounts accrued for interest and penalties as of June 7, 2017. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

The Company may be subject to potential examination by U.S. federal, U.S. state or foreign taxing authorities in the area of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with U.S. federal, U.S. state and foreign tax laws. The Company's management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

**Fair value of financial instruments**

The fair value of the Company's assets and liabilities, which qualify as financial instruments under ASC Topic 820, "*Fair Value Measurements and Disclosures*," approximates the carrying amounts represented in the accompanying balance sheet, primarily due to their short-term nature.

**Recent Accounting Pronouncements**

Management does not believe that any recently issued, but not yet adopted accounting pronouncements, would have a material effect on the Company's financial statements.

**Subsequent Events**

Management has evaluated subsequent events to determine if events or transactions occurring through the date the balance sheet was available for issuance, require potential adjustment to or disclosure in the notes to the balance sheet and has concluded that all such events that would require recognition or disclosure have been recognized or disclosed.

**Note 3. Initial Public Offering and Private Placement**

*Initial Public Offering*

On June 7, 2017, the Company sold 10,000,000 Units at a purchase price of \$10.00 per Unit in the Initial Public Offering, generated gross proceeds of \$100 million. The Company incurred offering costs of approximately \$6.5 million, inclusive of approximately \$6 million of underwriting fees. The Company paid \$2.5 million of underwriting fees upon the closing of the Initial Public Offering and deferred \$3.5 million of underwriting fees until the consummation of the initial Business Combination.

Each Unit consists of one share of the Company's common stock, one right to receive one-tenth of one share of the Company's common stock ("Right"), and one redeemable warrant to purchase one-half of one share of the Company's common stock ("Warrant"). Each Warrant will entitle the holder to purchase one Common stock at an exercise price of \$5.75 per half share, subject to adjustment. No fractional shares will be issued upon exercise of the warrants. The Warrants will become exercisable on the later of (i) 30 days after the completion of the initial Business Combination and (ii) 12 months from the closing of the Initial Public Offering, and will expire five years after the completion of the initial Business Combination or earlier upon redemption or liquidation.

**KBL MERGER CORP. IV**  
**NOTES TO BALANCE SHEET**

The Company may redeem the Warrants, in whole and not in part, at a price of \$0.01 per Warrant upon 30 days' notice ("30-day redemption period"), only in the event that the last sale price of the common stock equals or exceeds \$18.00 per share for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which notice of redemption is given, provided there is an effective registration statement with respect to the shares of common stock underlying such Warrants and a current prospectus relating to those shares of common stock is available throughout the 30-day redemption period. If the Company calls the Warrants for redemption as described above, the Company's management will have the option to require all holders that wish to exercise Warrants to do so on a "cashless basis." In determining whether to require all holders to exercise their warrants on a "cashless basis," the management will consider, among other factors, the Company's cash position, the number of Warrants that are outstanding and the dilutive effect on the Company's stockholders of issuing the maximum number of shares of common stock issuable upon the exercise of the Warrants.

Each holder of a Right will receive one-tenth (1/10) of one share of common stock upon consummation of a Business Combination. No fractional shares will be issued upon exchange of the Rights. No additional consideration will be required to be paid by a holder of Rights in order to receive its additional shares upon consummation of a Business Combination as the consideration related thereto has been included in the Unit purchase price paid for by investors in the Proposed Offering. If the Company enters into a definitive agreement for a Business Combination in which the Company will not be the surviving entity, each holder of a right will be required to affirmatively convert its rights in order to receive the 1/10 share of common stock underlying each right (without paying any additional consideration).

There will be no redemption rights or liquidating distributions with respect to the Warrants and Rights, which will expire worthless if the Company fails to complete its Business Combination within the Combination Period.

*Private Placement*

Concurrently with the closing of the Initial Public Offering, the Sponsor and the underwriters purchased an aggregate of 450,000 Private Units at \$10.00 per Private Unit, generated gross proceeds of \$4.5 million in a Private Placement. Of these, 350,000 Private Units were purchased by the Sponsor and 100,000 Private Units were purchased by the underwriters. The proceeds from the Private Units was added to the proceeds from the Initial Public Offering held in the Trust Account. The Private Units (including their component securities) will not be transferable, assignable or salable until 30 days after the completion of the initial Business Combination and the warrants included in the Private Units (the "Private Placement Warrants") will be non-redeemable so long as they are held by the Sponsor, the underwriters or their permitted transferees. If the Private Placement Warrants are held by someone other than the Sponsor, the underwriters or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the warrants included in the Units being sold in the Initial Public Offering. In addition, for as long as the Private Placement Warrants are held by the underwriters or its designees or affiliates, they may not be exercised after five years from the effective date of the registration statement related to the Initial Public Offering. Otherwise, the Private Placement Warrants have terms and provisions that are identical to those of the warrants being sold as part of the Units in the Initial Public Offering and have no net cash settlement provisions.

If the Company does not complete a Business Combination within the Combination Period, the proceeds of the Private Placement will be part of the liquidating distribution to the public stockholders and the Private Units and their component securities issued to the Sponsor will expire worthless.

**KBL MERGER CORP. IV**  
**NOTES TO BALANCE SHEET**

**Note 4. Related Party Transactions**

**Due to Related Party**

The Company's Sponsor loaned the Company in the form of a promissory note of \$170,000 to be used for the payment of costs related to the Initial Public Offering. The loan is non-interest bearing, unsecured and due on the earlier of June 30, 2017 or the closing of the Initial Public Offering. The Company repaid this loan from the proceeds of the Initial Public Offering not being placed in the Trust Account on June 8, 2017.

In addition, in order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of the Company's officers and directors may, but are not obligated to, loan the Company funds as may be required ("Working Capital Loans"). If the Company completes a Business Combination, the Company would repay the Working Capital Loans out of the proceeds of the Trust Account released to the Company. Otherwise, the Working Capital Loans would be repaid only out of funds held outside the Trust Account. In the event that a Business Combination does not close, the Company may use a portion of proceeds held outside the Trust Account to repay the Working Capital Loans but no proceeds held in the Trust Account would be used to repay the Working Capital Loans. Except for the foregoing, the terms of such Working Capital Loans, if any, have not been determined and no written agreements exist with respect to such loans. The Working Capital Loans would either be repaid upon consummation of a Business Combination, without interest, or, at the lender's discretion, up to \$1 million of such Working Capital Loans may be convertible into units of the post Business Combination entity at a price of \$10.00 per unit. The units would be identical to the Private Units.

**Founder Shares**

In September 2016, the Company issued 2,875,000 shares of the Company's common stock to the Sponsor (the "Founder Shares") in exchange for a capital contribution of \$25,000. The 2,875,000 Founder Shares include an aggregate of up to 375,000 shares subject to forfeiture by the Sponsor to the extent that the underwriters' over-allotment option is not exercised in full or in part.

The initial stockholder has agreed not to transfer, assign or sell any of the Founder Shares (except to certain permitted transferees) until the earlier to occur of (i) one year after the completion of a Business Combination, and (ii) the date following the completion of a Business Combination on which the Company completes a liquidation, merger, share exchange or other similar transaction which results in all of the Company's stockholders having the right to exchange their shares of the Company's common stock for cash, securities or other property (the "Lock-Up Period"). Notwithstanding the foregoing, if the last sale price of the Company's common stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after its initial Business Combination, then the lock-up will terminate.

**Administrative Service Fee**

The Company has agreed, commencing on the effective date of the Initial Public Offering through the earlier of the Company's consummation of a Business Combination and its liquidation, to pay the Sponsor a monthly fee of \$10,000 for office space, utilities and secretarial and administrative support.

**Note 5. Commitments & Contingencies**

**Registration Rights**

The holders of the Founder Shares and Private Units and warrants that maybe issued upon conversion of Working Capital Loans (and any shares of the Company's common stock issuable upon the exercise of the Private Units and warrants that may be issued upon conversion of Working Capital Loans) are entitled to registration rights pursuant to a registration rights agreement signed on the effective date of the Initial Public Offering. The holders of these securities are entitled to make up to three demands, excluding short form demands, that the Company register such securities. In addition, the holders have certain "piggy-back" registration rights with respect to registration statements filed subsequent to the consummation of a Business Combination. However, the registration rights agreement provides that the Company will not permit any registration statement filed under the Securities Act to become effective until termination of the applicable Lock-Up Period. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

**KBL MERGER CORP. IV**  
**NOTES TO BALANCE SHEET**

**Underwriting Agreement**

The Company granted the underwriters a 45-day option from the date of the prospectus to purchase up to 1,500,000 additional Units to cover over-allotments, if any, at the Initial Public Offering price less the underwriting discounts and commissions. The Sponsor and the underwriters also committed to purchase an addition of up to 52,500 Private Units if the underwriters' over-allotment option is exercised in full.

The underwriters were entitled to an underwriting discount of \$0.25 per unit, or \$2.5 million in the aggregate, paid upon the closing of the Initial Public Offering. \$0.35 per unit, or \$3.5 million in the aggregate is payable to the underwriters for deferred underwriting commissions ("Deferred Fee"). The Deferred Fee will become payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement.

**Note 6. Stockholders' equity**

**Common stock** - The Company is authorized to issue 35,000,000 shares of the Company's common stock with a par value of \$0.0001 per share. Holders of the Company's shares of the Company's common stock are entitled to one vote for each share. At June 7, 2017, there were 13,325,000 shares of common stock issued and outstanding, of which up to 375,000 are subject to forfeiture by the Sponsor to the extent that the underwriters' over-allotment option is not exercised in full or in part, and includes 9,211,617 shares of the Company's common stock subject to possible redemption.

**Preferred Shares** - The Company is authorized to issue 1,000,000 preferred shares with a par value of \$0.0001 per share. At June 7, 2017, there are no preferred shares issued or outstanding.