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

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): **November 6, 2020**

180 LIFE SCIENCES CORP.
(Exact Name of Registrant as Specified in Charter)

Delaware	**001-38105**	**81-3832378**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

830 Menlo Avenue, Suite 100 Menlo Park, CA	**94025**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: **678-570-6791**

None
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e 4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in 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. ☐

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, par value $0.0001 per share	ATNF	The NASDAQ Stock Market LLC
Warrants to purchase shares of Common Stock	ATNFW	The NASDAQ Stock Market LLC

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Current Report (the "Report") contains forward-looking statements, including, without limitation, in the sections captioned "*Description of Business*," "*Risk Factors*," and "*Management's Discussion and Analysis of Financial Condition and Plan of Operations*," and elsewhere. Any and all statements contained in this Report that are not statements of historical fact may be deemed forward-looking statements. Terms such as "may," "might," "would," "should," "could," "project," "estimate," "pro-forma," "predict," "potential," "strategy," "anticipate," "attempt," "develop," "plan," "help," "believe," "continue," "intend," "expect," "future," and terms of similar import (including the negative of any of the foregoing) may be intended to identify forward-looking statements. However, not all forward-looking statements may contain one or more of these identifying terms. Forward-looking statements in this Report may include, without limitation, statements regarding (i) the plans and objectives of management for future operations, (ii) a projection of income (including income/loss), earnings (including earnings/loss) per share, capital expenditures, dividends, capital structure or other financial items, (iii) our future financial performance, including any such statement contained in a discussion and analysis of financial condition by management or in the results of operations included pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"), (iv) estimates of our future revenue, expenses, capital requirements and our need for financing, and (v) the assumptions underlying or relating to any statement described in points (i), (ii), (iii), or (iv) above.

The forward-looking statements are not meant to predict or guarantee actual results, performance, events or circumstances and may not be realized because they are based upon our current projections, plans, objectives, beliefs, expectations, estimates and assumptions and are subject to a number of risks and uncertainties and other influences, many of which we have no control over. Actual results and the timing of certain events and circumstances may differ materially from those described by the forward-looking statements as a result of these risks and uncertainties. Factors that may influence or contribute to the accuracy of the forward-looking statements or cause actual results to differ materially from expected or desired results may include, without limitation:

- our ability to meet anticipated clinical trial commencement, enrollment and completion dates and regulatory filing dates for our product candidates and to move new development candidates into the clinic;
- the occurrence of adverse safety events with our product candidates;
- the costs associated with our research, development, manufacturing, commercialization and other activities;
- the conduct, timing and results of preclinical and clinical studies of our product candidates, including that preclinical data and early-stage clinical data may not be replicated in later-stage clinical studies;
- the adequacy of our capital resources and the availability of additional funding;
- patent protection and third-party intellectual property claims;
- risks related to key employees, markets, economic conditions, health care reform, prices and reimbursement rates; and
- other risks and uncertainties, including those listed under the section title "*Risk Factors*."

Readers are cautioned not to place undue reliance on forward-looking statements because of the risks and uncertainties related to them and to the risk factors. We disclaim any obligation to update the forward-looking statements contained in this Report to reflect any new information or future events or circumstances or otherwise, except as required by law.

Readers should read this Report in conjunction with the discussion under the caption "*Risk Factors*," our financial statements and the related notes thereto in this Report, and other documents which we may file from time to time with the SEC.

INTRODUCTORY NOTE

On November 6, 2020 (the "***Closing Date***"), the registrant consummated the previously announced business combination (the "***Business Combination***") following a special meeting of stockholders held on November 5, 2020 (the "***Special Meeting***"), where the stockholders of KBL Merger Corp. IV (the "***Company***" or, prior to the closing of the Business Combination, sometimes referred to herein as "***KBL***") considered and approved, among other matters, a proposal to adopt that certain Business Combination Agreement (as amended, the "***Business Combination Agreement***"), dated as of July 25, 2019, entered into by and among KBL, KBL Merger Sub, Inc. ("***Merger Sub***"), 180 Life Corp. (f/k/a 180 Life Sciences Corp.) ("***180***"), Katexco Pharmaceuticals Corp. ("***Katexco***"), CannBioRex Pharmaceuticals Corp. ("***CBR Pharma***"), 180 Therapeutics L.P. ("***180 LP***" and together with Katexco and CBR Pharma, the "***180 Subsidiaries***" and, together with 180, the "***180 Parties***"), and Lawrence Pemble, in his capacity as representative of the stockholders of the 180 Parties (the "***Stockholder Representative***"). Pursuant to the Business Combination Agreement, among other things, Merger Sub merged with and into 180, with 180 continuing as the surviving entity and a wholly-owned subsidiary of the Company (the "***Merger***" and the "***Surviving Company***"). The Merger became effective on November 6, 2020 (such time, the "***Effective Time***", and the closing of the Merger being referred to herein as the "***Closing***"). In connection with, and prior to, the Closing, 180 filed a Certificate of Amendment of its Certificate of Incorporation in Delaware to change its name to 180 Life Corp., and KBL Merger Corp. IV changed its name to 180 Life Sciences Corp.

At the Effective Time, each share of 180 common stock issued and outstanding prior to the Effective Time was automatically converted into the right to receive approximately 168.3784 shares of the common stock, par value $0.0001 per share, of the Company ("***Common Stock***"; and such shares of Common Stock issuable to the common stockholders of 180 pursuant to the Business Combination Agreement, the "***Merger Consideration Shares***"). An aggregate of 15,736,438 shares of Common Stock are issuable to the common stockholders of 180 as Merger Consideration Shares, including the Escrow Shares (as defined below). Also at the Effective Time, each share of 180 preferred stock issued and outstanding prior to the Effective Time was converted into the right to receive one Class C Special Voting Share of the Company, or one Class K Special Voting Share of the Company, as applicable (such shares, the "***Special Voting Shares***"). The Special Voting Shares entitle the holder thereof to an aggregate number of votes, on any particular matter, proposition or question, equal to the number of Exchangeable Shares (as defined below) of each of CannBioRex Purchaseco ULC and Katexco Purchaseco ULC, Canadian subsidiaries of 180 (and now also of the Company as a result of the Merger), respectively, that are outstanding from time to time.

As a result of the Merger, the existing exchangeable shares (collectively, the "***Exchangeable Shares***") of CannBioRex Purchaseco ULC and/or Katexco Purchaseco ULC were adjusted in accordance with the share provisions in the articles of CannBioRex Purchaseco ULC or Katexco Purchaseco ULC, as applicable, governing the Exchangeable Shares such that they were multiplied by the exchange ratio for the Merger and became exchangeable into shares of Common Stock. The Exchangeable Shares entitle the holders to dividends and other rights that are substantially economically equivalent to those of holders of Common Stock, and holders of Exchangeable Shares have the right to vote at meetings of the stockholders of the Company. An aggregate of 1,763,562 shares of Common Stock are reserved for issuance to the holders of the Exchangeable Shares upon the exchange thereof.

The issuance of the Merger Consideration Shares, as well as the issuance of the shares of Common Stock to the holders of the Exchangeable Shares upon the exchange thereof, were registered on a Registration Statement on Form S-4 that was originally filed with the U.S. Securities and Exchange Commission (the "***SEC***") by KBL on November 12, 2019 and that was declared effective by the SEC on October 9, 2020 (Registration No. 333-234650).

Pursuant to the Business Combination Agreement, 1,050,000 of the Merger Consideration Shares (such shares, the "***Escrow Shares***") were deposited into an escrow account (the "***Escrow Account***") to serve as security for, and the exclusive source of payment of, the Company's indemnity rights under the Business Combination Agreement.

As a result of the Business Combination, the former shareholders of 180 became the controlling shareholders of the Company and 180 became a subsidiary of the Company. The Business Combination was accounted for as a reverse merger, whereby 180 is considered the acquirer for accounting and financial reporting purposes.

Prior to the Business Combination, KBL was a "shell company" (as such term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended). As a result of the Business Combination, the Company has ceased to be a "shell company" and will continue the existing business operations of 180 as a publicly traded company under the name "180 Life Sciences Corp."

Following the Business Combination, the Company's Common Stock and public warrants were listed for trading on The Nasdaq Capital Market under the symbols "ATNF" and "ATNFW," respectively, and the CUSIP numbers relating to the Common Stock and public warrants are 68236V 104 and 68236V 112, respectively.

As used in this Report henceforward, unless otherwise stated or the context clearly indicates otherwise, the terms the "Registrant," "Company," "we," "us" and "our" refer to 180 Life Sciences Corp. (f/k/a KBL Merger Corp. IV), and its subsidiaries at and after the Closing, giving effect to the Business Combination.

The foregoing description of the Business Combination Agreement is a summary only and is qualified in its entirety by reference to the Business Combination Agreement, a copy of which was attached as Exhibit 2.1 to the Current Report on Form 8-K filed by KBL with the U.S. Securities and Exchange Commission on July 26, 2019, as amended by Amendment No. 1, a copy of which was attached as Exhibit 2.1 to the Current Report on Form 8-K filed by KBL on February 3, 2010, and as amended by Amendment No. 2, a copy of which was attached as Exhibit 2.1 to the Current Report on Form 8-K filed by KBL on August 13, 2020, each of which is incorporated herein by reference.

Item 1.01. Entry into a Material Definitive Agreement.

The information contained in Item 2.01 below is incorporated herein by reference.

Lock-Up Agreements

Immediately prior to the Effective Time, and as a condition to the Closing of the Merger, the Company entered into lock-up agreements with the holders of not less than seventy-five percent (75%) of the outstanding shares of the common stock of 180 prior to the Effective Time, in substantially the form attached to the Business Combination Agreement (each, a "***Lock-Up Agreement***").

In such Lock-Up Agreement, each stockholder of 180 who delivered a Lock-Up Agreement agreed not to, except in limited circumstances, sell or transfer, or engage in swap or similar transactions with respect to, shares of the Common Stock of the Company, including the Merger Consideration Shares, until the earlier of (i) one year after the Closing, or (ii) such earlier date as provided in clauses (x) or (y) below if, subsequent to the Closing, (x) the last sale price of the Common Stock equals or exceeds $12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any twenty (20) trading days within any 30-day trading period commencing at least 150 days after the Closing or (y) the date following the Closing on which the Company completes a liquidation, merger, stock exchange or other similar transaction that results in all of its stockholders having the right to exchange their shares of Common Stock for cash, securities or other property.

The agreed form of the Lock-Up Agreement is filed with this Report as Exhibit 10.1 and is incorporated herein by reference. The foregoing description of the Lock-Up Agreement does not purport to be complete and is subject to, and is qualified in its entirety by, the full text of the Lock-Up Agreement.

Escrow Agreement

On November 6, 2020, the Company entered into an escrow agreement (the "***Escrow Agreement***") with the Stockholder Representative and Continental Stock Transfer & Trust Company, as escrow agent (the "***Escrow Agent***"). Pursuant to the Escrow Agreement and the Business Combination Agreement, the Escrow Shares were deposited in the Escrow Account to serve as full security for the Company's indemnity rights under the Business Combination Agreement.

The Escrow Agreement is filed with this Report as Exhibit 10.2 and is incorporated herein by reference. The foregoing description of the Escrow Agreement does not purport to be complete and is subject to, and is qualified in its entirety by, the full text of the Escrow Agreement.

Item 2.01. Completion of Acquisition of Disposition of Assets.

THE MERGER AND RELATED TRANSACTIONS

The disclosure set forth under "Introductory Note" above is incorporated in this Item 2.01 by reference. The material terms and conditions of the Business Combination Agreement and its related agreements are described beginning on page 82 of KBL's definitive proxy statement/prospectus on Form S-4 dated October 9, 2020 (the "***Definitive Proxy Statement***") in the sections entitled "*The Business Combination Proposal—The Business Combination Agreement",* and "*The Business Combination Proposal—Related Agreements",* which are incorporated by reference herein.

DESCRIPTION OF BUSINESS

The business of the Company following the Closing of the Business Combination is described in Definitive Proxy Statement in the section entitled "*Business of 180*" beginning on page 194, and that information is incorporated herein by reference.

Specifically, subsection "*Company Overview*" begins on page 194, "*Corporate History and Reorganization*" begins on page 194, "*Business Strategy*" begins on page 195, "*Overview of Product Development Platforms*" begins on page 196, "*Product Candidates*" begins on page 199, "*Outsourcing and Manufacturing*" begins on page 203, "*Material Agreements*" begins on page 203, "*Intellectual Property*" begins on page 212, "*Competition*" begins on page 212, "*Government Regulation*" begins on page 214, "*Employees*" begins on page 225, "*Properties*" begins on page 226, "*Legal Proceedings*" begins on page 226, "*Reorganization*" begins on page 226, and "*Management*" begins on page 227.

RISK FACTORS

The risks associated with the Company's business, including the risks associated with the business of 180 following the Closing of the Business Combination, are described in the Definitive Proxy Statement in the section entitled "*Risk Factors*" beginning on page 35, and are incorporated herein by reference.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The disclosures contained in the sections of the Definitive Proxy Statement entitled "*Management's Discussion And Analysis of Financial Condition and Results of Operations of KBL*" beginning on page 142 thereof, and "*Management's Discussion and Analysis of Financial Condition and Results of Operations of 180*" beginning on page 165 thereof, are incorporated herein by reference.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information known to the Company regarding the beneficial ownership of the Common Stock immediately following the Closing of the Business Combination (taking into account the automatic exchange of rights into Common Stock at the Closing, the issuances described in Item 3.02 of this Current Report on Form 8-K, and the issuance of the Merger Consideration Shares (including all of the Escrow Shares and the shares of Common Stock set aside and reserved for issuance to holders of Exchangeable Shares)), by:

- each person who is the beneficial owner of more than 5% of the outstanding shares of Common Stock;
- each of the executive officers and directors of the Company; and
- all executive officers and directors of the Company as a group.

Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power over that security, including options and warrants that are currently exercisable or exercisable within 60 days.

The beneficial ownership of our voting common stock prior to the Closing of the Business Combination is based on 24,383,330 shares of Common Stock issued and outstanding in the aggregate immediately following the Closing of the Business Combination.

Unless otherwise indicated, the Company believes that all persons named in the table below have sole voting and investment power with respect to all shares of Common Stock beneficially owned by them. Unless otherwise indicated, the business address of each of the entities, directors and executive officers in this table is 830 Menlo Avenue, Suite 100, Menlo Park, CA 94025.

Name and Address of Beneficial Owners	Number of Shares	%
Directors and Executive Officers post-Business Combination		
Jonathan Rothbard	536,142	2.2%
Lawrence Steinman	569,773	2.3%
Marc Feldmann	2,560,694	10.5%
James N. Woody	24,252	*
Richard W. Barker	—	—
Larry Gold	—	—
Donald A. McGovern	—	—
Shoshana Shendelman	—	—
Five Percent Holders		
KBL IV Sponsor LLC(1)	2,924,323	11.9%
Ron Bauer(2)	2,259,733	9.3%
Craig Bridgman(3)	1,753,542	7.2%
All directors and executive officers as a group (eight individuals)	3,690,861	15.1%

* Less than one percent.

(1) Represents shares held by KBL IV Sponsor LLC, of which Marlene Krauss, M.D., the Chief Executive Officer, and a member of the Board of Directors, of the Company prior to the Closing of the Business Combination, is the sole managing member. Includes warrants to purchase up to 236,507 shares of Common Stock.

(2) Represents (i) 1,406,250 shares held by Tyche Capital LLC, a Delaware limited liability company whose sole member is Ron Bauer and whose registered office is The Corporation Trust Company, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801, and (ii) 853,483 shares held by Theseus Capital Ltd., a Cayman Islands company whose sole shareholder is Ron Bauer and whose registered office is One Capital Place, Third Floor, P.O. Box 1564, Grand Cayman, Cayman Islands, KY1-1110. Does not include 790,768 shares held by Astatine Capital Ltd., a Cayman Islands company whose sole shareholder is Samantha Bauer, the wife of Ron Bauer, and whose registered office is One Capital Place, Third Floor, P.O. Box 1564, Grand Cayman, Cayman Islands, KY1-1110. Ron Bauer disclaims beneficial ownership (voting and/or dispositive power) over the shares held by Astatine Capital Ltd.

(3) Represents (i) 22,120 shares held by Craig Bridgman, (ii) 522,334 shares held by Capri Mercantile Ltd., whose principal is Craig Bridgman and whose registered office is The Grove, 21 Pine Road, Belleville, St Michael, BB111113, Barbados, (iii) 673,513 shares held by Hoja Inc., whose principal is Craig Bridgman and whose registered office is 303 Shirley St, Nassau, Bahamas, (iv) 423,618 shares held by Cambridge Capital Ltd., whose principal is Craig Bridgman and whose registered office is The Grove, 21 Pine Road, Belleville, St Michael, BB111113, Barbados, (v) 61,469 shares held by Biovation Sciences Ltd., whose principal is Craig Bridgman and whose registered office is The Grove, 21 Pine Road, Belleville, St Michael, BB111113, Barbados, and (iv) 50,488 shares held by Anamasam Inc., whose principal is Craig Bridgman and whose registered office is Cinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ.

DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

The disclosure contained in the Definitive Proxy Statement in the section entitled "*Officers and Directors of KBL Following Closing of the Business Combination*" beginning on page 231 thereof is incorporated herein by reference.

DIRECTOR COMPENSATION

The disclosure contained in the Definitive Proxy Statement in the section entitled "*Executive Compensation*" beginning on page 161 thereof, including, in particular, the subsections entitled "*Executive Compensation – Director Compensation*" beginning on page 164, and "*Executive Compensation – Compensation of Directors and Executive Officers after the Business Combination*" beginning on page 164, is incorporated herein by reference.

EXECUTIVE COMPENSATION

The disclosure contained in the Definitive Proxy Statement in the section entitled "*Executive Compensation*" beginning on page 161 thereof is incorporated herein by reference.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The certain relationships and related party transactions of the Company and 180, including the policies and procedures for the approval thereof, are described in the Definitive Proxy Statement in the section entitled "*Certain Relationships and Related Person Transactions*" beginning on page 239 thereof, which disclosure is incorporated herein by reference.

DESCRIPTION OF SECURITIES

The disclosure contained in the Definitive Proxy Statement in the sections entitled "*Description of Securities*" beginning on page 244 and "*Information on KBL Securities and Dividends*" beginning on page 257 is incorporated herein by reference.

Specifically, subsections "*General*", "*Units*" and "*KBL Common Stock*" each begin on page 244, subsections "*Founder Shares and Private Placement Shares*" and "*KBL Preferred Stock*" each begin on page 245, subsection "*Rights*" begins on page 246, subsection "*Redeemable Warrants*" begins on page 247, subsection "*Secured Convertible Promissory Notes*" begins on page 250, subsections "*Dividends*" and "*Our Transfer Agent, Rights Agent and Warrant Agent*" each begin on page 251, subsection "*Our Charter*" begins on page 252, subsections "*Certain Anti-Takeover Provisions of Delaware Law and our Charter and Bylaws*" and "*Exclusive Forum for Certain Lawsuits*" each begin on page 253, subsections "*Special Meeting of Stockholders*", "*Advance Notice Requirements for Stockholder Proposals and Director Nominations*" and "*Securities Eligible for Future Sale*" each begin on page 254, subsection "*Registration Rights*" begins on page 255, and subsection "*Listing of Securities*" begins on page 256.

LEGAL PROCEEDINGS

From time to time, the Company may be involved in various claims and legal proceedings arising in the ordinary course of business. Neither the Company nor 180 is currently a party to any such claims or proceedings which, if decided adversely to the Company or 180, as applicable, would either, individually or in the aggregate, have a material adverse effect on the business, financial condition, results of operations or cash flows of the Company or 180, as applicable.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145(a) of the DGCL empowers a corporation to indemnify any director, officer, employee or agent, or former director, officer, employee or agent, who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of his service as a director, officer, employee or agent of the corporation, or his service, at the corporation's request, as a director, officer, employee or agent of another corporation or enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding provided that such director or officer acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, provided that such director or officer had no reasonable cause to believe his conduct was unlawful.

Section 145(b) of the DGCL empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another enterprise, against expenses (including attorneys' fees) actually and reasonably incurred in connection with the defense or settlement of such action or suit provided that such director or officer acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification may be made in respect of any claim, issue or matter as to which such director or officer shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such director or officer is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Section 145 of the DGCL further provides that to the extent a director or officer of a corporation has been successful in the defense of any action, suit or proceeding referred to in Section 145(a) or Section 145(b) of the DGCL or in the defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith, provided that indemnification provided for by Section 145 of the DGCL or granted pursuant thereto shall not be deemed exclusive of any other rights to which the indemnified party may be entitled, and empowers the corporation to purchase and maintain insurance on behalf of a director or officer of the corporation against any liability asserted against him or incurred by him in any such capacity or arising out of his status as such whether or not the corporation would have the power to indemnify him against such liabilities under Section 145 of the DGCL.

The Second Amended and Restated Certificate of Incorporation of the Company, as well as the By-Laws of the Company, provide for indemnification of the directors, officers, employees and other agents of the Company to the maximum extent permitted by the DGCL.

Item 3.02. Unregistered Sales of Equity Securities.

The disclosure set forth under Item 2.01 above is incorporated in this Item 3.02 by reference. Upon the Closing of the Business Combination, the Company issued 198,751 shares of Common Stock to KBL IV Sponsor LLC (the "***Sponsor***") upon the automatic conversion of a convertible promissory note in the principal amount of $795,003 that the Company previously issued to the Sponsor. In addition, upon the Closing of the Business Combination, the Company issued an aggregate of 73,629 shares of Common Stock to three holders of promissory notes in the principal amount of approximately $278,509 that were previously issued by 180 upon the automatic conversion of such notes. Further, upon the Closing of the Business Combination, the Company also issued an aggregate of 250,000 shares of Common Stock to two vendors in satisfaction of amounts payable to such vendors. The foregoing shares of Common Stock were issued in reliance upon an exemption from the registration requirements of the Securities Act of 1933, as amended (the "***Securities Act***"), pursuant to the Section 4(a)(2) of the Securities Act and/or Rule 506(b) of Regulation D promulgated thereunder.

Item 3.03 Material Modification to Rights of Security Holders.

On November 6, 2020, immediately prior to the Effective Time, KBL filed a Second Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware. The material terms of the Second Amended and Restated Certificate of Incorporation and the general effect upon the rights of holders of Common Stock are included in the sections of the Definitive Proxy Statement entitled "*The Special Voting Shares Charter Proposal*" beginning on page 127, "*The Authorized KBL Common Stock Charter Proposal*" beginning on page 129, "*The Authorized KBL Preferred Stock Charter Proposal*" beginning on page 130, "*The Name Change Proposal*" beginning on page 131, and "*The Additional Charter Proposal*" beginning on page 132, each of which is incorporated herein by reference.

A copy of the Second Amended and Restated Certificate of Incorporation of the Company is included as Exhibit 3.1 to this Current Report on Form 8-K, and is incorporated herein by reference.

Item 5.01. Changes in Control of Registrant.

The description of the Business Combination Agreement and the agreements relating thereto in the Definitive Proxy Statement in the section entitled "*The Business Combination Proposal*" beginning on page 82, is incorporated herein by reference. The information contained in Item 2.01 to this Report is also incorporated by reference into this Item 5.01.

As a result of the issuance of the Merger Consideration Shares to the stockholders of 180 pursuant to the Business Combination Agreement and the consummation of the transactions related thereto, a change in control of the Company occurred as of November 6, 2020. Except as described in this Report, no arrangements or understandings exist among present or former controlling shareholders with respect to the election of members of the Board of Directors of the Company, and, to the knowledge of the Company, no other arrangements exist that might result in a change of control of the Company.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Changes to Executive Officers and Directors

Upon the Closing of the Business Combination, all of the directors and executive officers of the Company resigned from their positions with the Company. Specifically, Marlene Krauss, M.D. resigned as a member of the Company's Board of Directors and as Chief Executive Officer of the Company, Joseph A. Williamson resigned as a member of the Board of Directors and as Chief Operating Officer of the Company, and each of George Hornig, Andrew Sherman and Sherrill Neff resigned as a member of the Board of Directors of the Company.

Upon the Closing of the Business Combination, each of Prof. Marc Feldmann, Dr. Lawrence Steinman, Dr. James N. Woody, Prof. Richard W. Barker, MA, D.Phil, OBE, Larry Gold, Ph.D., Donald A. McGovern, Jr. and Shoshana Shendelman, Ph.D. were appointed to serve as members of the Board of Directors of the Company. Further, upon the Closing of the Business Combination, Prof. Feldmann and Dr. Steinman were appointed to serve as Co-Executive Chairmen of the Board of Directors of the Company, Dr. Woody was appointed to serve as Chief Executive Officer of the Company, and Dr. Rothbard was appointed to serve as Chief Scientific Officer of the Company.

In addition, the following persons were appointed to serve on the following committees of the Board of Directors: (A) Audit Committee – Donald A. McGovern, Jr. (Chair), Larry Gold, Ph.D. and Prof. Richard W. Barker, MA; (B) Compensation Committee – Shoshana Shendelman, Ph.D. (Chair), Prof. Richard W. Barker, MA and Donald A. McGovern, Jr.; and (C) Nominating and Corporate Governance Committee – Larry Gold, Ph.D. (Chair), Prof. Richard W. Barker, MA and Shoshana Shendelman, Ph.D.

For a detailed description, including information regarding the incoming directors and executive officers of the Company, please see the section entitled "*Officers and Directors of KBL Following Closing of the Business Combination*" beginning on page 231 of the Definitive Proxy Statement, which is incorporated by reference herein.

Adoption of 2020 Omnibus Incentive Plan

At the Special Meeting, the stockholders of the Company considered and approved the 2020 Omnibus Plan (the "***Incentive Plan***") and reserved 3,718,140 shares of Common Stock for issuance thereunder. The Incentive Plan was previously approved, subject to stockholder approval, by the Board of Directors of the Company. The Incentive Plan became effective immediately upon the Closing of the Business Combination. A summary of the terms of the Incentive Plan is set forth in the Definitive Proxy Statement in the section entitled "*The Omnibus Incentive Plan Proposal*" beginning on page 135.That summary and the foregoing description are qualified in their entirety by reference to the text of the Incentive Plan, which is filed as Exhibit 10.3 hereto and incorporated herein by reference.

Item 5.06. Change in Shell Company Status.

On November 6, 2020, as a result of the Closing of the Business Combination, the Company ceased to be a shell company. The material terms of the Business Combination are described in the Definitive Proxy Statement in the section entitled "*The Business Combination Proposal*" beginning on page 82, which is incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits

(a) Financial Statements of Business Acquired.

In accordance with Item 9.01(a), the following financial statements of the 180 Parties are attached to this Current Report on Form 8-K, and are attached as Exhibit 99.1 to 99.6 hereto, respectively:

- Audited financial statements of 180 for the fiscal year ended December 31, 2019 and for the period from March 7, 2018 (Inception) through December 31, 2018 (Exhibit 99.1);
- Unaudited financial statements of 180 for the six months ended June 30, 2020 and 2019 (Exhibit 99.2);
- Audited financial statements of CannBioRex Pharmaceuticals Corp. for the period from March 8, 2018 (Inception) to December 31, 2018 (Exhibit 99.3);
- Unaudited financial statements of CannBioRex Pharmaceuticals Corp. for the six months ended June 30, 2019 and for the period from March 8, 2018 (Inception) through June 30, 2018 (Exhibit 99.4);
- Audited financial statements of 180 Therapeutics L.P. for the fiscal years ended December 31, 2018 and 2017 (Exhibit 99.5); and
- Unaudited financial statements of 180 Therapeutics L.P. for the six months ended June 30, 2019 and 2018 (Exhibit 99.6).

(b) Pro Forma Financial Information.

In accordance with Item 9.01(b), unaudited pro forma condensed combined financial statements for the year ended December 31, 2019 and for the period ended June 30, 2020 are attached to this Current Report as Exhibit 99.7 hereto.

(d) Exhibits

Exhibit No.	Description
2.1	Business Combination Agreement, dated as of July 25, 2019, by and among KBL Merger Corp. IV, KBL Merger Sub, Inc., 180 Life Sciences Corp., Katexco Pharmaceuticals Corp., CannBioRex Pharmaceuticals Corp., 180 Therapeutics L.P. and Lawrence Pemble (filed as Exhibit 2.1 to the Current Report on Form 8-K filed by KBL Merger Corp. IV on July 26, 2019 and incorporated by reference herein).
2.2	Amendment No. 1 to the Business Combination Agreement, dated as of January 29, 2020 (filed as Exhibit 2.1 to the Current Report on Form 8-K filed by KBL Merger Corp. IV on February 3, 2020 and incorporated by reference herein).
2.3	Amendment No. 2 to the Business Combination Agreement, dated as of August 7, 2020 (filed as Exhibit 2.1 to the Current Report on Form 8-K filed by KBL Merger Corp. IV on August 13, 2020 and incorporated by reference herein).
3.1	Second Amended and Restated Certificate of Incorporation of the registrant
10.1	Form of Lock-Up Agreement
10.2	Escrow Agreement dated November 6, 2020 by and between the registrant, Continental Stock Transfer & Trust Company, and Lawrence Pemble.
10.3	2020 Omnibus Incentive Plan.
10.4	Employment Agreement, dated July 1, 2020 by and between 180 Life Corp. (f/k/a 180 Life Sciences Corp.) and James N. Woody, M.D., Ph.D.
10.5	First Amendment to Employment Agreement by and between 180 Life Corp. (f/k/a 180 Life Sciences Corp.) and James N. Woody, M.D., Ph.D.
99.1	Audited financial statements of 180 for the fiscal year ended December 31, 2019 and for the period from March 7, 2018 (Inception) through December 31, 2018
99.2	Unaudited financial statements of 180 for the six months ended June 30, 2020 and 2019
99.3	Audited financial statements of CannBioRex Pharmaceuticals Corp. for the period from March 8, 2018 (Inception) through December 31, 2018
99.4	Unaudited financial statements of CannBioRex Pharmaceuticals Corp. for the six months ended June 30, 2019 and for the period from March 8, 2018 (Inception) through June 30, 2018
99.5	Audited financial statements of 180 Therapeutics L.P. for the fiscal years ended December 31, 2018 and 2017
99.6	Unaudited financial statements of 180 Therapeutics L.P. for the six months ended June 30, 2019 and 2018
99.7	Unaudited pro forma condensed combined financial statements for the year ended December 31, 2019 and for the six months ended June 30, 2020
99.8	Nominating and Corporate Governance Committee Charter

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 12, 2020

180 LIFE SCIENCES CORP.

By: */s/ James N. Woody, M.D., Ph.D..*
Name: James N. Woody, M.D., Ph.D.
Title: Chief Executive Officer

Exhibit 3.1

SECOND AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
KBL MERGER CORP. IV

November 6, 2020

KBL Merger Corp. IV, a corporation organized and existing under the laws of the State of Delaware (the "***Corporation***"), DOES HEREBY CERTIFY AS FOLLOWS:

1. The name of the Corporation is "***KBL Merger Corp. IV***" The original certificate of incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on September 7, 2016 (the "***Original Certificate***").

2. An amended and restated certificate of incorporation, which amended and restated the Original Certificate in its entirety, was filed with the Secretary of State of the State of Delaware on June 2, 2017 (the "***Restated Certificate***") and amendments to the Restated Certificate were filed in the office of the Secretary of State of the State of Delaware on each of March 7, 2019, June 5, 2019, December 6, 2019, April 8, 2020 and July 9, 2020 (the "***Existing Certificate***"). In addition, a Certificate of Designations, Preferences and Rights of the Series A Convertible Preferred Stock of the Corporation (the "***Certificate of Designation***") was filed with the Secretary of State of the State of Delaware on June 29, 2020.

3. This Second Amended and Restated Certificate of Incorporation (the "***Second Amended and Restated Certificate***"), which both restates and amends the provisions of the Existing Certificate as heretofore amended and supplemented, was duly adopted in accordance with Sections 228, 242, and 245 of the General Corporation Law of the State of Delaware, as amended from time to time (the "***DGCL***").

4. This Second Amended and Restated Certificate shall become effective on the date of filing with the Secretary of State of the State of Delaware.

5. The text of the Existing Certificate, as heretofore amended and supplemented, is hereby amended and restated in its entirety to read as follows:

ARTICLE I
NAME

The name of the corporation is 180 Life Sciences Corp. (the "***Corporation***").

ARTICLE II
PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL. In addition to the powers and privileges conferred upon the Corporation by law and those incidental thereto, the Corporation shall possess and may exercise all the powers and privileges that are necessary or convenient to the conduct, promotion, or attainment of the business or purposes of the Corporation.

ARTICLE III
REGISTERED AGENT

The address of the Corporation's registered office in the State of Delaware is 251 Little Falls Drive, County of New Castle, Wilmington, DE 19808, and the name of the Corporation's registered agent at such address is Corporation Service Company.

ARTICLE IV
CAPITALIZATION

Section 4.1 Authorized Capital Stock. The total number of shares of all classes of capital stock, each with a par value of $0.0001 per share, which the Corporation is authorized to issue is 105,000,000 shares, consisting of (a) 100,000,000 shares of common stock and (b) 5,000,000 shares of preferred stock, par value $0.0001 per share (the "***Preferred Stock***"), which Preferred Stock is undesignated as to class or series other than as contemplated by Sections 4.3 and 4.4 hereof.

Section 4.2 Preferred Stock. One (1) of the authorized shares of Preferred Stock is hereby designated as the "Class C Special Voting Share" (the "***Class C Special Voting Share***"), one (1) of the authorized shares of Preferred Stock is hereby designated as the "Class K Special Voting Share" (the "***Class K Special Voting Share***," and together with the Class C Voting Share, the "***Special Voting Shares***"), and one million (1,000,000) of the authorized shares of Preferred Stock is hereby designated as "Series A Convertible Preferred Stock" (the "***Series A Shares***"). The remaining shares of Preferred Stock may be issued from time to time in one or more series. The Board of Directors of the Corporation (the "***Board***") is hereby expressly authorized to provide out of the remaining unissued and undesignated shares of the Preferred Stock for one or more series of Preferred Stock and to establish from time to time the number of shares to be included in each such series and to fix the voting rights, if any, designations, powers, preferences, and relative, participating, optional, special, and other rights, if any, of each such series and any qualifications, limitations, and restrictions thereof, as shall be stated in the resolution or resolutions adopted by the Board providing for the issuance of such series and included in a certificate of designation (a "***Preferred Stock Designation***") filed pursuant to the DGCL, and the Board is hereby expressly vested with the authority to the full extent provided by law, now or hereafter, to adopt any such resolution or resolutions.

Section 4.3 Special Voting Shares.

(a) *Class C Special Voting Share.*

(i) *Voting Rights*.

(A) The Class C Special Voting Share shall entitle the holder thereof to an aggregate number of votes, on any particular matter, proposition or question, equal to the number of exchangeable shares ("***CannBioRex Purchaseco Exchangeable Shares***") of CannBioRex Purchaseco ULC, an unlimited liability company incorporated under the laws of British Columbia and an indirect wholly-owned subsidiary of the Corporation, outstanding from time to time which are not owned by the Corporation or any of its direct or indirect subsidiaries, multiplied by a number equal to the number of votes to which a holder of one share of common stock is entitled with respect to such matter, proposition or question.

(B) Except as otherwise provided herein or by law, the holder of the Class C Special Voting Share and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of the stockholders of the Corporation.

(C) Except as set forth herein, the holder of the Class C Special Voting Share shall have no special voting rights, and its consent shall not be required (except to the extent it is entitled to vote with the holders of shares of Common Stock as set forth herein) for taking any corporate action.

(D) The holder of the Class C Special Voting Share is entitled to exercise the voting rights attendant thereto in such manner as such holder desires.

(ii) *Cancellation or Reacquisition.*

(A) At such time as (1) the Class C Special Voting Share entitles its holder to a number of votes equal to zero because there are no CannBioRex Purchaseco Exchangeable Shares outstanding which are not owned by the Corporation or any of its direct or indirect subsidiaries and (2) there is no share of stock, debt, option or other agreement, obligation or commitment of CannBioRex Purchaseco ULC which could by its terms require it to issue any CannBioRex Purchaseco Exchangeable Shares to any person other than the Corporation or any of its direct or indirect subsidiaries, then the Class C Special Voting Share shall thereupon be retired and cancelled promptly thereafter.

(B) If the Class C Special Voting Share should be repurchased or otherwise acquired by the Corporation in any manner whatsoever, then the Class C Special Voting Share shall be retired and cancelled promptly after the acquisition thereof.

(C) Such share shall upon its cancellation, and upon the taking of any action required by applicable law, become an authorized but unissued preferred share as part of a new series of preferred shares to be created by resolution or resolutions of the Board, subject to the conditions and restrictions on issuance set forth herein.

(iii) *Dividends and Distributions*. The holder of the Class C Special Voting Share shall not be entitled to receive any portion of any dividend or distribution at any time.

(iv) *Liquidation, Dissolution or Winding Up.* Upon any liquidation, dissolution or winding up of the Corporation, the holder of the Class C Special Voting Share shall not be entitled to any portion of any related distribution.

(v) *No Redemption or Conversion.* The Class C Special Voting Share shall not be redeemable or convertible.

(b) *Class K Special Voting Share.*

(i) *Voting Rights*.

(A) The Class K Special Voting Share shall entitle the holder thereof to an aggregate number of votes, on any particular matter, proposition or question, equal to the number of exchangeable shares (“***Katexco Purchaseco Exchangeable Shares***”) of Katexco Purchaseco ULC, an unlimited liability company incorporated under the laws of British Columbia and an indirect wholly-owned subsidiary of the Corporation, outstanding from time to time which are not owned by the Corporation or any of its direct or indirect subsidiaries, multiplied by a number equal to the number of votes to which a holder of one share of common stock is entitled with respect to such matter, proposition or question.

(B) Except as otherwise provided herein or by law, the holder of the Class K Special Voting Share and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of the stockholders of the Corporation.

(C) Except as set forth herein, the holder of the Class K Special Voting Share shall have no special voting rights, and its consent shall not be required (except to the extent it is entitled to vote with the holders of shares of Common Stock as set forth herein) for taking any corporate action.

(D) The holder of the Class K Special Voting Share is entitled to exercise the voting rights attendant thereto in such manner as such holder desires.

(ii) *Cancellation or Reacquisition.*

(A) At such time as (1) the Class K Special Voting Share entitles its holder to a number of votes equal to zero because there are no Katexco Purchaseco Exchangeable Shares outstanding which are not owned by the Corporation or any of its direct or indirect subsidiaries and (2) there is no share of stock, debt, option or other agreement, obligation or commitment of Katexco Purchaseco ULC which could by its terms require it to issue any Katexco Purchaseco Exchangeable Shares to any person other than the Corporation or any of its direct or indirect subsidiaries, then the Class K Special Voting Share shall thereupon be retired and cancelled promptly thereafter.

(B) If the Class K Special Voting Share should be repurchased or otherwise acquired by the Corporation in any manner whatsoever, then the Class K Special Voting Share shall be retired and cancelled promptly after the acquisition thereof.

(C) Such share shall upon its cancellation, and upon the taking of any action required by applicable law, become an authorized but unissued preferred share as part of a new series of preferred shares to be created by resolution or resolutions of the Board, subject to the conditions and restrictions on issuance set forth herein.

(iii) *Dividends and Distributions*. The holder of the Class K Special Voting Share shall not be entitled to receive any portion of any dividend or distribution at any time.

(iv) *Liquidation, Dissolution or Winding Up*. Upon any liquidation, dissolution or winding up of the Corporation, the holder of the Class K Special Voting Share shall not be entitled to any portion of any related distribution.

(v) *No Redemption or Conversion*. The Class K Special Voting Share shall not be redeemable or convertible.

Section 4.4 Series A Convertible Preferred Stock. The Certificate of Designations of the Series A Shares was filed with the Secretary of State of the State of Delaware on June 29, 2020. The provisions of the resolutions set forth in the Certificate of Designation, as amended and restated hereby, are incorporated herein as Section 4.4 of this Second Amended and Restated Certificate. The designation, powers, preferences and relative, participating, optional and other rights of the Series A Shares shall be as follows:

(1) *Designation and Number of Shares*. There shall hereby be created and established a series of Preferred Stock designated as "Series A Convertible Preferred Stock". The authorized number of Series A Shares shall be 1,000,000 shares (for a purchase price of $3,000,000). Each Series A Share shall have a par value of $0.0001. Capitalized terms not defined in this Section 4.4 shall have the meaning as set forth in Section 4.4(33).

(2) *Ranking*. Except to the extent that the holders of at least a majority of the outstanding Series A Shares (the "***Required Holders***") expressly consent to the creation of Parity Stock (as defined below) other than the Senior Preferred Stock (as defined below) in accordance with Section 4.4(18), all shares of capital stock of the Corporation shall be junior in rank to all Series A Shares with respect to the preferences as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Corporation (such junior stock is referred to herein collectively as "***Junior Stock***"). The rights of all such shares of capital stock of the Corporation shall be subject to the rights, powers, preferences and privileges of the Series A Shares. Without limiting any other provision of this Section 4.4, without the prior express consent of the Required Holders, voting separate as a single class, the Corporation shall not hereafter authorize or issue any additional or other shares of capital stock that is (i) of senior rank to the Series A Shares in respect of the preferences as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Corporation (collectively, the "***Senior Preferred Stock***"), (ii) of pari passu rank to the Series A Shares in respect of the preferences as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Corporation (collectively, the "***Parity Stock***") or (iii) any Junior Stock having a maturity date (or any other date requiring redemption or repayment of such shares of Junior Stock) that is prior to the Maturity Date. In the event of the merger or consolidation of the Corporation with or into another corporation, the Series A Shares shall maintain their relative rights, powers, designations, privileges and preferences provided for herein and no such merger or consolidation shall result inconsistent therewith.

(3) *Dividends*. From and after the first date of issuance of any Series A Shares (the "***Initial Issuance Date***"), each holder of a Series A Share (each, a "***Holder***" and collectively, the "***Holders***") shall be entitled to receive dividends ("***Dividends***"), which Dividends shall be paid by the Corporation out of funds legally available therefor, payable, subject to the conditions and other terms hereof, in shares of Common Stock or cash on the Stated Value (as defined below) of such Series A Share at the Dividend Rate (as defined below), which shall be cumulative and shall continue to accrue and compound daily whether or not declared and whether or not in any fiscal year there shall be net profits or surplus available for the payment of dividends in such fiscal year. Dividends on the Series A Shares shall commence accumulating on the Initial Issuance Date and shall be computed on the basis of a 360-day year and twelve 30-day months. Accrued and unpaid Dividends shall be payable either (x) in cash on the Maturity Date, or in cash on any applicable Redemption Date or upon any required payment upon any Bankruptcy Triggering Event or (y) with respect to such Dividends attributable to Series A Shares subject to conversion hereunder, by way of inclusion of such Dividends in the Conversion Amount subject to conversion hereunder. From and after the occurrence and during the continuance of any Triggering Event, the Dividend Rate shall automatically be increased to twenty-four percent (24%) per annum. In the event that such Triggering Event is subsequently cured, the adjustment referred to in the preceding sentence shall cease to be effective as of the calendar day immediately following the date of such cure; **provided,** that the Dividends as calculated and unpaid at such increased rate during the continuance of such Triggering Event shall continue to apply to the extent relating to the days after the occurrence of such Triggering Event through and including the date of such cure of such Triggering Event.

(4) *Conversion*. At any time after the Issuance Date, each Series A Share shall be convertible into validly issued, fully paid and non-assessable shares of Common Stock, on the terms and conditions set forth in this Section 4.4(4).

(a) *Holder's Conversion Right.* Subject to the provisions of Section 4.4((4)(d)), at any time or times on or after the Issuance Date, each Holder shall be entitled to convert any portion of the outstanding Series A Shares held by such Holder into validly issued, fully paid and non-assessable shares of Common Stock in accordance with Section 4.4((4)(c)) at the Conversion Rate (as defined below). The Corporation shall not issue any fraction of a share of Common Stock upon any conversion. If the issuance would result in the issuance of a fraction of a share of Common Stock, the Corporation shall round such fraction of a share of Common Stock up to the nearest whole share. The Corporation shall pay any and all transfer, stamp, issuance and similar taxes, costs and expenses (including, without limitation, fees and expenses of the Transfer Agent (as defined below)) that may be payable with respect to the issuance and delivery of Common Stock upon conversion of any Conversion Amount.

(b) *Conversion Rate*. The number of shares of Common Stock issuable upon conversion of any Series A Share pursuant to Section 4(a) shall be determined by dividing (x) the Conversion Amount of such Series A Share by (y) the Conversion Price (the "***Conversion Rate***"):

(i) "***Conversion Amount***" means, with respect to each Series A Share, as of the applicable date of determination, the sum of (without duplication) (1) the Stated Value thereof, plus (2) the Additional Amount thereon, plus (3) the Make-Whole Amount, plus (4) any accrued and unpaid Late Charges with respect to such Stated Value and Additional Amount as of such date of determination.

(ii) "***Conversion Price***" means, with respect to each Series A Share, as of any Conversion Date or other date of determination, $5.28.

(iii) All such determinations to be appropriately adjusted for any share dividend, share split, share combination, reclassification or similar transaction that proportionately decreases or increases the Common Stock.

(c) *Mechanics of Conversion.* The conversion of each Series A Share shall be conducted in the following manner:

(i) *Optional Conversion*. To convert a Series A Share into shares of Common Stock on any date (a "***Conversion Date***"), a Holder shall deliver (whether via facsimile or electronic mail), for receipt on or prior to 11:59 p.m., New York time, on such date, an electronic copy of an executed notice of conversion of the share(s) of Series A Stock subject to such conversion in the form attached hereto as **Exhibit I** (the "***Conversion Notice***") to the Corporation. If required by Section 4.4((4)(c)(iii)), within (3) Trading Days following a conversion of any such Series A Shares as aforesaid, such Holder, if Holder is holding a physical certificate, shall surrender to a nationally recognized overnight delivery service for delivery to the Corporation the original certificates representing the Series A Shares (the "***Series A Share Certificates***") so converted as aforesaid (or an indemnification undertaking with respect to the Series A Shares in the case of its loss, theft or destruction as contemplated by Section 20). On or before the first (1st) Trading Day following the date of receipt of a Conversion Notice, the Corporation shall transmit by facsimile or electronic mail an acknowledgment of confirmation, in the form attached hereto as **Exhibit II**, of receipt of such Conversion Notice to such Holder and the Corporation's transfer agent (the "***Transfer Agent***"), which confirmation shall constitute an instruction to the Transfer Agent to process such Conversion Notice in accordance with the terms herein. On or before the first (1st) Trading Day following the date of receipt of a Conversion Notice (or such earlier date as required pursuant to the 1934 Act or other applicable law, rule or regulation for the settlement of a trade initiated on the applicable Conversion Date of such shares of Common Stock issuable pursuant to such Conversion Notice) (the "***Share Delivery Deadline***"), the Corporation shall (1) **provided,** that the Transfer Agent is participating in the Depository Trust Corporation ("***DTC***") Fast Automated Securities Transfer Program, credit such aggregate number of shares of Common Stock to which such Holder shall be entitled to such Holder's or its designee's balance account with DTC through its Deposit/Withdrawal at Custodian system, or (2) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, issue and deliver (via reputable overnight courier) to the address as specified in such Conversion Notice, a certificate, registered in the name of such Holder or its designee, for the number of shares of Common Stock to which such Holder shall be entitled. If the number of Series A Shares represented by the Series A Share Certificate(s) submitted for conversion pursuant to Section 4.4((4)(c)(iii)) is greater than the number of Series A Shares being converted, then the Corporation shall, as soon as practicable and in no event later than three (3) Trading Days after receipt of the Series A Share Certificate(s) and at its own expense, issue and deliver to such Holder (or its designee) a new Series A Share Certificate (in accordance with Section 20(d)) representing the number of Series A Shares not converted. The Person or Persons entitled to receive the shares of Common Stock issuable upon a conversion of Series A Shares shall be treated for all purposes as the record holder or holders of such shares of Common Stock on the Conversion Date.

(ii) *Corporation's Failure to Timely Convert*. If the Corporation shall fail, for any reason or for no reason, to issue to a Holder on or prior to the applicable Share Delivery Deadline, a certificate for the number of shares of Common Stock to which such Holder is entitled and register such shares of Common Stock on the Corporation's share register or to credit such Holder's or its designee's balance account with DTC for such number of shares of Common Stock to which such Holder is entitled upon such Holder's conversion of any Series A Shares (as the case may be) (a "***Conversion Failure***"), then, in addition to all other remedies available to such Holder, such Holder, upon written notice to the Corporation, (x) may void its Conversion Notice with respect to, and retain or have returned (as the case may be) any Series A Shares that have not been converted pursuant to such Holder's Conversion Notice, **provided,** that the voiding of a Conversion Notice shall not affect the Corporation's obligations to make any payments which have accrued prior to the date of such notice pursuant to the terms of this Section 4.4 or otherwise and (y) the Corporation shall pay in cash to such Holder on each day after the Share Delivery Deadline that the issuance of such shares of Common Stock is not timely effected an amount equal to 2% of the product of (A) the aggregate number of shares of Common Stock not issued to such Holder on a timely basis and to which such Holder is entitled and (B) the Closing Sale Price of the Common Stock on the Trading Day immediately preceding the last possible date on which the Corporation could have issued such shares of Common Stock to such Holder without violating Section 4.4((4)(c)). In addition to the foregoing, if the Corporation shall fail, for any reason or for no reason, to issue to a Holder on or prior to the Share Delivery Deadline, a certificate to such Holder and register such shares of Common Stock on the Corporation's share register or credit such Holder's or its designee's balance account with DTC for the number of shares of Common Stock to which such Holder is entitled upon such Holder's conversion hereunder (as the case may be), and if on or after such Share Delivery Deadline such Holder (or any other Person in respect, or on behalf, of such Holder) purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by such Holder of all or any portion of the number of shares of Common Stock, or a sale of a number of shares of Common Stock equal to all or any portion of the number of shares of Common Stock, issuable upon such conversion that such Holder so anticipated receiving from the Corporation, then, in addition to all other remedies available to such Holder, the Corporation shall, within three (3) Business Days after receipt of such Holder's request and in such Holder's discretion, either: (I) pay cash to such Holder in an amount equal to such Holder's total purchase price (including brokerage commissions and other out-of-pocket expenses, if any) for the shares of Common Stock so purchased (including, without limitation, by any other Person in respect, or on behalf, of such Holder) (the "***Buy-In Price***"), at which point the Corporation's obligation to so issue and deliver such certificate or credit such Holder's balance account with DTC for the number of shares of Common Stock to which such Holder is entitled upon such Holder's conversion hereunder (as the case may be) (and to issue such shares of Common Stock) shall terminate, or (II) promptly honor its obligation to so issue and deliver to such Holder a certificate or certificates representing such shares of Common Stock or credit such Holder's balance account with DTC for the number of shares of Common Stock to which such Holder is entitled upon such Holder's conversion hereunder (as the case may be) and pay cash to such Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (x) such number of shares of Common Stock multiplied by (y) the lowest Closing Sale Price of the Common Stock on any Trading Day during the period commencing on the date of the applicable Conversion Notice and ending on the date of such issuance and payment under this clause (II).

(iii) *Registration; Book-Entry*. The Corporation shall maintain a register (the "***Register***") for the recordation of the names and addresses of the Holders of each Series A Share and the Stated Value of the Series A Shares (the "***Registered Series A Shares***"). The entries in the Register shall be conclusive and binding for all purposes absent manifest error. The Corporation and each Holder of the Series A Shares shall treat each Person whose name is recorded in the Register as the owner of a Series A Share for all purposes (including, without limitation, the right to receive payments and Dividends hereunder) notwithstanding notice to the contrary. A Registered Series A Share may be assigned, transferred or sold only by registration of such assignment or sale on the Register. Upon its receipt of a written request to assign, transfer or sell one or more Registered Series A Shares by such Holder thereof, the Corporation shall record the information contained therein in the Register and issue one or more new Registered Series A Shares in the same aggregate Stated Value as the Stated Value of the surrendered Registered Series A Shares to the designated assignee or transferee pursuant to Section 4.4(20), **provided,** that if the Corporation does not so record an assignment, transfer or sale (as the case may be) of such Registered Series A Shares within two (2) Business Days of such a request, then the Register shall be automatically deemed updated to reflect such assignment, transfer or sale (as the case may be). Notwithstanding anything to the contrary set forth in this Section 4.4(4), following conversion of any Series A Shares in accordance with the terms hereof, the applicable Holder shall not be required to physically surrender such Series A Shares to the Corporation unless (A) the full or remaining number of Series A Shares represented by the applicable Series A Share Certificate are being converted (in which event such certificate(s) shall be delivered to the Corporation as contemplated by this Section 4.4((4)(c)(iii))) or (B) such Holder has provided the Corporation with prior written notice (which notice may be included in a Conversion Notice) requesting reissuance of Series A Shares upon physical surrender of the applicable Series A Share Certificate. Each Holder and the Corporation shall maintain records showing the Stated Value, Dividends and Late Charges converted and/or paid (as the case may be) and the dates of such conversions and/or payments (as the case may be) or shall use such other method, reasonably satisfactory to such Holder and the Corporation, so as not to require physical surrender of a Series A Share Certificate upon conversion. If the Corporation does not update the Register to record such Stated Value, Dividends and Late Charges converted and/or paid (as the case may be and the dates of such conversions and/or payments (as the case may be) within two (2) Business Days of such occurrence, then the Register shall be automatically deemed updated to reflect such occurrence. In the event of any dispute or discrepancy, such records of such Holder establishing the number of Series A Shares to which the record holder is entitled shall be controlling and determinative in the absence of manifest error. A Holder and any transferee or assignee, by acceptance of a certificate, acknowledge and agree that, by reason of the provisions of this paragraph, following conversion of any Series A Shares, the number of Series A Shares represented by such certificate may be less than the number of Series A Shares stated on the face thereof. Each Series A Share Certificate shall bear the following legend:

> ANY TRANSFEREE OR ASSIGNEE OF THIS CERTIFICATE SHOULD CAREFULLY REVIEW THE TERMS OF THE CORPORATION'S CERTIFICATE OF INCORPORATION RELATING TO THE SHARES OF SERIES A CONVERTIBLE PREFERRED STOCK REPRESENTED BY THIS CERTIFICATE, INCLUDING SECTION 4.4(4)(c)(iii) THEREOF. THE NUMBER OF SHARES OF SERIES A CONVERTIBLE PREFERRED STOCK REPRESENTED BY THIS CERTIFICATE MAY BE LESS THAN THE NUMBER OF SHARES OF SERIES A CONVERTIBLE PREFERRED STOCK STATED ON THE FACE HEREOF PURSUANT TO SECTION 4.4(4)(c)(iii) OF THE CERTIFICATE OF INCORPORATION RELATING TO THE SHARES OF SERIES A CONVERTIBLE PREFERRED STOCK REPRESENTED BY THIS CERTIFICATE.

(iv) *Pro Rata Conversion; Disputes*. In the event that the Corporation receives a Conversion Notice from more than one Holder for the same Conversion Date and the Corporation can convert some, but not all, of such Series A Shares submitted for conversion, the Corporation shall convert from each Holder electing to have Series A Shares converted on such date a pro rata amount of such Holder's Series A Shares submitted for conversion on such date based on the number of Series A Shares submitted for conversion on such date by such Holder relative to the aggregate number of Series A Shares submitted for conversion on such date. In the event of a dispute as to the number of shares of Common Stock issuable to a Holder in connection with a conversion of Series A Shares, the Corporation shall issue to such Holder the number of shares of Common Stock not in dispute and resolve such dispute in accordance with Section 4.4(25).

(d) *Limitation on Conversion***.**

(i) *Beneficial Ownership*. Notwithstanding anything to the contrary contained in this Section 4.4, the Series A Shares held by a Holder shall not be convertible by such Holder, and the Corporation shall not effect any conversion of any Series A Shares held by such Holder, to the extent (but only to the extent) that such Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "***Attribution Parties***")) would beneficially own in excess of 4.99% (the "***Maximum Percentage***") of the Common Stock. For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon conversion of the Series A Shares with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (i) conversion of the remaining, unconverted principal amount of the Series A Shares beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Corporation subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. No prior inability of a Holder to convert Series A Shares, or of the Corporation to issue shares of Common Stock to such Holder, pursuant to this Section 4.4((4)(d)) shall have any effect on the applicability of the provisions of this Section 4.4((4)(d)) with respect to any subsequent determination of convertibility or issuance (as the case may be). Except as set forth above, for purposes of this Section 4.4((4)(d)), beneficial ownership and all determinations and calculations (including, without limitation, with respect to calculations of percentage ownership) shall be determined in accordance with Section 13(d) of the 1934 Act and the rules and regulations promulgated thereunder. The provisions of this Section 4.4((4)(d)) shall be implemented in a manner otherwise than in strict conformity with the terms of this Section 4.4((4)(d)) to correct this Section 4.4((4)(d)) (or any portion hereof) which may be defective or inconsistent with the intended Maximum Percentage beneficial ownership limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such Maximum Percentage limitation. The limitations contained in this Section 4.4((4)(d)) shall apply to a successor holder of Series A Shares. The holders of Common Stock shall be third party beneficiaries of this Section 4.4((4)(d)) and the Corporation may not waive this Section 4.4((4)(d)) without the consent of holders of a majority of its Common Stock. For any reason at any time, upon the written or oral request of a Holder, the Corporation shall within one (1) Business Day confirm orally and in writing to such Holder the number of shares of Common Stock then outstanding, including by virtue of any prior conversion or exercise of convertible or exercisable securities into Common Stock, including, without limitation, pursuant to this Section 4.4 or securities issued pursuant to the other Transaction Documents. By written notice to the Corporation, any Holder may increase or decrease the Maximum Percentage to any other percentage not in excess of 9.99% specified in such notice; **provided** that (i) any such increase will not be effective until the 61st day after such notice is delivered to the Corporation, and (ii) any such increase or decrease will apply only to such Holder sending such notice and not to any other Holder.

(ii) *Principal Market Regulation*. The Corporation shall not issue any shares of Common Stock upon conversion of any Series A Shares or otherwise pursuant to the terms of this Section 4.4 if the issuance of such shares of Common Stock would exceed the aggregate number of shares of Common Stock which the Corporation may issue upon conversion of the Series A Shares or otherwise pursuant to the terms of this Section 4.4 without breaching the Corporation's obligations under the rules or regulations of the Principal Market (the number of shares which may be issued without violating such rules and regulations, the "***Exchange Cap***"), except that such limitation shall not apply in the event that the Corporation (A) obtains the approval of its stockholders as required by the applicable rules of the Principal Market for issuances of shares of Common Stock in excess of such amount or (B) obtains a written opinion from outside counsel to the Corporation that such approval is not required, which opinion shall be reasonably satisfactory to the Required Holders. Until such approval or such written opinion is obtained, no Buyer (as defined in the Securities Purchase Agreement) shall be issued in the aggregate, upon conversion of any Series A Shares or otherwise pursuant to the terms of this Section 4.4, shares of Common Stock in an amount greater than the product of (i) the Exchange Cap as of the Issuance Date multiplied by (ii) the quotient of (1) the aggregate original Stated Value of the Series A Shares issued to such Buyer pursuant to the Securities Purchase Agreement on the Closing Date divided by (2) the aggregate original Stated Value of the Series A Shares issued to the Buyers pursuant to the Securities Purchase Agreement on the Closing Date (with respect to each Buyer, the "***Exchange Cap Allocation***"). In the event that any Buyer shall sell or otherwise transfer any of such Buyer's Series A Shares, the transferee shall be allocated a pro rata portion of such Buyer's Exchange Cap Allocation with respect to such portion of such Series A Shares so transferred, and the restrictions of the prior sentence shall apply to such transferee with respect to the portion of the Exchange Cap Allocation so allocated to such transferee. Upon conversion in full of a holder's Series A Shares, the difference (if any) between such holder's Exchange Cap Allocation and the number of shares of Common Stock actually issued to such holder upon such holder's conversion in full of such Series A Shares shall be allocated to the respective Exchange Cap Allocations of the remaining holders of Series A Shares on a pro rata basis in proportion to the shares of Common Stock underlying the Series A Shares hen held by each such holder of Series A Shares. In the event that the Corporation is prohibited from issuing any shares of Common Stock pursuant to this Section 4.4((4)(d)(ii)) (the "***Exchange Cap Shares***") to a Holder, the Corporation shall pay cash to such Holder in exchange for the redemption of such number of Series A Shares held by the Holder that are not convertible into such Exchange Cap Shares at a price equal to the sum of (i) the product of (x) such number of Exchange Cap Shares and (y) the Closing Sale Price on the Trading Day immediately preceding the date such Holder delivers the applicable Conversion Notice with respect to such Exchange Cap Shares to the Corporation and (ii) to the extent such Holder purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by such Holder of Exchange Cap Shares, brokerage commissions, if any, of such Holder incurred in connection therewith.

(e) *Corporation's Conversion Right****.*** If beginning on the eleventh (11) Trading Day following the later to occur: (A) the completion of the Business Combination and (B) the receipt by the Corporation of all final and unconditional regulatory approvals (the "***Mandatory Conversion Measuring Time***") (unless otherwise waived by the Required Holders) (u) the Closing Sale Price of the Common Stock listed on the Principal Market exceeds $6.00 throughout the Mandatory Conversion Measuring Time (as adjusted for stock splits, stock dividends, stock combinations, recapitalizations and similar events) (the "***Mandatory Conversion Minimum Price***"), (v) no failure of the Equity Conditions then exists, (w) the daily average trading volume for the prior five (5) consecutive Trading Days was in excess of $80,000 per Trading Day; (x) the Common Stock is DWAC Eligible and not subject to a "DTC chill", and (y) the shares of Common Stock subject to the Corporation's Conversion Right are "freely tradeable" shares (for the purposes of this sub-section, "freely tradeable" shares shall mean that such shares are eligible for resale pursuant to Rule 144 (provided the Corporation is compliant with its current public information requirements) promulgated by the SEC pursuant to the Securities Act of 1933, as amended, or such shares are the subject of a then effective registration statement, the Corporation shall have the right to require the Holder to convert an amount of the purchase price of the Series A Shares not to exceed $1,000,000 in the aggregate and not to exceed $100,000 during any five (5) consecutive Trading Days (the "***Mandatory Conversion Amount***") (but in no event more than the lesser of (I) two (2) times the daily average trading volume for the prior ten (10) consecutive Trading Days, and (II) all of the Conversion Amount then remaining hereunder), as designated in the Mandatory Conversion Notice (as herein defined) into freely tradeable, fully paid, validly issued and nonassessable shares of Common Stock in accordance with Section 4.4((4)(c)) hereof at the Fixed Conversion Price as of the Mandatory Conversion Date (as herein defined) (the "***Mandatory Conversion***"). The Corporation may exercise its right to require conversion under this Section 4.4((4)(e)) by delivering within two (2) Trading Days following the date of the Mandatory Conversion Measuring Time a written notice thereof by electronic mail or facsimile and overnight courier to the Holder and the Transfer Agent (the "***Mandatory Conversion Notice***") and the date the Holder received such notice is referred to as the "***Mandatory Conversion Notice Date***"). The Mandatory Conversion Notice shall be irrevocable. The Mandatory Conversion Notice shall state (i) the Trading Day selected for the Mandatory Conversion in accordance with this Section 4.4((4)(e)), which Trading Day shall be no less than five (5) Trading Days and no more than fifteen (15) Trading Days following the Mandatory Conversion Notice Date (the "***Mandatory Conversion Date***"), (ii) the aggregate Mandatory Conversion Amount subject to mandatory conversion from the Holder pursuant to this Section 4.4((4)(e)), (iii) the number of shares of Common Stock to be issued to the Holder on the Mandatory Conversion Date, and (iv) that there has been no failure to meet the Equity Conditions hereunder and no failure to meet the other conditions of this Section 4.4((4)(e)) (the "***Mandatory Conversion Conditions***"). Notwithstanding anything herein to the contrary, (i) if there has been a failure to meet the Mandatory Conversion Conditions at any time prior to the Mandatory Conversion Date, (A) the Corporation shall provide the Holder a subsequent notice to that effect and (B) unless the Holder waives the applicable Mandatory Conversion Condition failure, the Mandatory Conversion shall be cancelled and the applicable Mandatory Conversion Notice shall be null and void and (ii) at any time prior to the date all of the shares of Common Stock to be delivered to the Holder (or its designee) in such Mandatory Conversion have been delivered in full in compliance with Section 4.4((4)(c)) above, the Mandatory Conversion Amount may be converted, in whole or in part, by the Holder into shares of Common Stock pursuant to Section 4.4(4); **provided**, **however**, that in no instance may the Corporation effect a Mandatory Conversion that would result in the Holder exceeding the limitations of Section 4.4((4)(d)). Notwithstanding the foregoing, any Conversion Amount subject to a Mandatory Conversion may be converted by the Holder hereunder prior to the applicable Mandatory Conversion Date and such aggregate Conversion Amount converted hereunder whether or not before or after the Mandatory Conversion Notice Date and prior to such Mandatory Conversion Date shall reduce the Mandatory Conversion Amount to be converted on such Mandatory Conversion Date. For the avoidance of doubt, the Corporation shall have no right to effect a Mandatory Conversion if any Event of Default (as defined in the Notes) has occurred and continuing, but any Event of Default shall have no effect upon the Holder's right to convert hereunder in its discretion.

(5) *Triggering Event Redemptions.*

(a) *Triggering Event*. Each of the following events shall constitute a "***Triggering Event***" and each of the events in clauses (ix), (x) and (xi) shall constitute a "***Bankruptcy Triggering Event***":

(i) any of the Series A Shares or shares of Common Stock issuable upon conversion of the Series A Shares are not freely tradable without restriction by any of the Holders due to an uncured breach by the Corporation after the applicable grace period has run;

(ii) the suspension from trading or failure of the Common Stock to be trading or listed (as applicable) on an Eligible Market for a period of five (5) consecutive Trading Days;

(iii) the Corporation's written notice to any holder of the Series A Shares, including, without limitation, by way of public announcement or through any of its agents, at any time, of its intention not to comply, as required, with a request for conversion of any Series A Shares into shares of Common Stock that is requested in accordance with the provisions of this Section 4.4, other than pursuant to Section4.4((4)(d));

(iv) at any time following the tenth (10th) consecutive day that a Holder's Authorized Share Allocation (as defined in Section 4.4((11)(a))) is less than 100% of the sum of the number of shares of Common Stock that such Holder would be entitled to receive upon a conversion in full of the Series A Shares held by such Holder (without regard to any limitations on conversion set forth in this Section 4.4);

(v) the Corporation's Board of Directors fails to declare any Dividend to be paid on the applicable Dividend Date in accordance with Section 4.4(3);

(vi) the Corporation's failure to pay to any Holder any Dividend (whether or not declared by the Board of Directors) or any other amount when and as due under this Section 4.4 (including, without limitation, the Corporation's failure to pay any redemption payments or amounts hereunder), the Securities Purchase Agreement or any other Transaction Document or any other agreement, document, certificate or other instrument delivered in connection with the transactions contemplated hereby and thereby (in each case, as permitted pursuant to the DGCL), except, in the case of a failure to pay Dividends and Late Charges when and as due, in each such case only if such failure remains uncured for a period of at least three (3) Trading Days;

(vii) the Corporation, on three or more occasions, either (A) fails to cure a Conversion Failure by delivery of the required number of shares of Common Stock within five (5) Trading Days after the applicable Conversion Date or (B) fails to remove any restrictive legend on any certificate or any shares of Common Stock issued to such Holder upon conversion of any Series A Shares acquired by such Holder under the Securities Purchase Agreement as and when required by this Section 4.4 or the Securities Purchase Agreement, unless otherwise then prohibited by applicable federal securities laws, and any such failure remains uncured for at least five (5) Trading Days;

(viii) the occurrence of any default under, redemption of or acceleration prior to maturity of at least an aggregate of $250,000 of Indebtedness (as defined in the Securities Purchase Agreement) of the Corporation or any of its Subsidiaries;

(ix) bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings for the relief of debtors shall be instituted by or against the Corporation or any Subsidiary and, if instituted against the Corporation or any Subsidiary by a third party, shall not be dismissed within thirty (30) days of their initiation;

(x) the commencement by the Corporation or any Subsidiary of a voluntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree, order, judgment or other similar document in respect of the Corporation or any Subsidiary in an involuntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable federal, state or foreign law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Corporation or any Subsidiary or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the execution of a composition of debts, or the occurrence of any other similar federal, state or foreign proceeding, or the admission by it in writing of its inability to pay its debts generally as they become due, the taking of corporate action by the Corporation or any Subsidiary in furtherance of any such action or the taking of any action by any Person to commence a Uniform Commercial Code foreclosure sale or any other similar action under federal, state or foreign law;

(xi) the entry by a court of (i) a decree, order, judgment or other similar document in respect of the Corporation or any Subsidiary of a voluntary or involuntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency, reorganization or other similar law or (ii) a decree, order, judgment or other similar document adjudging the Corporation or any Subsidiary as bankrupt or insolvent, or approving as properly filed a petition seeking liquidation, reorganization, arrangement, adjustment or composition of or in respect of the Corporation or any Subsidiary under any applicable federal, state or foreign law or (iii) a decree, order, judgment or other similar document appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Corporation or any Subsidiary or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree, order, judgment or other similar document or any such other decree, order, judgment or other similar document unstayed and in effect for a period of thirty (30) consecutive days;

(xii) a final judgment or judgments for the payment of money aggregating in excess of $250,000 are rendered against the Corporation and/or any of its Subsidiaries and which judgments are not, within thirty (30) days after the entry thereof, bonded, discharged, settled or stayed pending appeal, or are not discharged within thirty (30) days after the expiration of such stay; **provided** that any judgment which is covered by insurance or an indemnity from a credit worthy party shall not be included in calculating the $250,000 amount set forth above so long as the Corporation provides each Holder a written statement from such insurer or indemnity provider (which written statement shall be reasonably satisfactory to each Holder) to the effect that such judgment is covered by insurance or an indemnity and the Corporation or such Subsidiary (as the case may be) will receive the proceeds of such insurance or indemnity within thirty (30) days of the issuance of such judgment;

(xiii) the Corporation and/or any Subsidiary, individually or in the aggregate fails to pay, when due, or within any applicable grace period, any payment with respect to any Indebtedness in excess of $250,000 due to any third party (other than, with respect to unsecured Indebtedness only, payments contested by the Corporation and/or such Subsidiary (as the case may be) in good faith by proper proceedings and with respect to which adequate reserves have been set aside for the payment thereof in accordance with GAAP) or is otherwise in breach or violation of any agreement for monies owed or owing in an amount in excess of $250,000, which breach or violation causes the other party thereto to declare a default or otherwise accelerate amounts due thereunder;

(xiv) other than as specifically set forth in another clause of this Section 4.4((5)5(a)), the Corporation or any Subsidiary breaches any representation or warranty in any material respect (other than representations or warranties subject to material adverse effect or materiality, which may not be breached in any respect) or any covenant or other term or condition of any Transaction Document, except, in the case of a breach of a covenant or other term or condition that is curable, only if such breach remains uncured for a period of five (5) consecutive Trading Days, unless such breach does not have a Material Adverse Effect;

(xv) a false or inaccurate certification (including a false or inaccurate deemed certification) by the Corporation that either (A) the Equity Conditions are satisfied, (B) there has been no Equity Conditions Failure, or (C) as to whether any Triggering Event has occurred, and such Holder suffers economic damage thereby;

(xvi) any breach or failure in any respect by the Corporation or any Subsidiary to comply with any provision of Section 4.4(15), unless such breach does not have a Material Adverse Effect;

(xvii) any Material Adverse Effect (as defined in the Securities Purchase Agreement) occurs;

(xviii) (A) the Common Stock cannot be issued and transferred electronically to third parties via DTC through its Deposit/Withdrawal at Custodian system or (B) the Corporation has received notice from DTC to the effect that a suspension of, or restriction on, accepting additional deposits of the Common Stock, electronic trading or book-entry services by DTC with respect to the Common Stock is being imposed or is contemplated;

(xix) failure to have the Registration Statement (as defined in the Registration Rights Agreement) declared effective and remain effective in accordance with the terms of the Securities Purchase Agreement;

(xx) failure to have a duly constituted meeting of the Corporation's stockholders take place at which the stockholders have approved the Corporation's contemplated business combination as initially reported in the Corporation's Current Report on Form 8-K filed with the Commission on July 23, 2019 (the "***Business Combination***"), within thirty (30) days of the deposit of the proceeds from the purchase and sale of the Series A Shares in escrow pursuant to the terms of the Western Alliance Bank Escrow Agreement (as defined in the Securities Purchase Agreement) and the Securities Purchase Agreement;

(xxi) failure to complete the Business Combination within three (3) days after the Escrow Funds (as defined in the Western Alliance Bank Escrow Agreement) have been released under the Western Alliance Bank Escrow Agreement; or

(xxii) [**Reserved**].

(b) *Notice of a Triggering Event; Redemption Right*. Upon the occurrence of a Triggering Event with respect to the Series A Shares, the Corporation shall within one (1) Business Day deliver written notice thereof via facsimile or electronic mail and overnight courier (with next day delivery specified) (a "***Triggering Event Notice***") to each Holder. At any time after the earlier of a Holder's receipt of a Triggering Event Notice and such Holder becoming aware of a Triggering Event (such earlier date, the "***Triggering Event Right Commencement Date***") and ending (such ending date, the "***Triggering Event Right Expiration Date***", and each such period, a "***Triggering Event Redemption Right Period***") on the twentieth (20th) Trading Day after the later of (x) the date such Triggering Event is cured and (y) such Holder's receipt of a Triggering Event Notice that includes (I) a reasonable description of the applicable Triggering Event, (II) a certification as to whether, in the opinion of the Corporation, such Triggering Event is capable of being cured and, if applicable, a reasonable description of any existing plans of the Corporation to cure, if curable, such Triggering Event and (III) a certification as to the date the Triggering Event occurred and, if cured on or prior to the date of such Triggering Event Notice, the applicable Triggering Event Right Expiration Date, such Holder may require the Corporation to redeem (regardless of whether such Triggering Event has been cured on or prior to the Triggering Event Right Expiration Date) all or any of the Series A Shares by delivering written notice thereof (the "***Triggering Event Redemption Notice***") to the Corporation, which Triggering Event Redemption Notice shall indicate the number of the Series A Shares such Holder is electing to redeem. Each of the Series A Shares subject to redemption by the Corporation pursuant to this Section 4.4((5)(b)) shall be redeemed by the Corporation at a price equal to the greater of (i) the product of (A) the Conversion Amount to be redeemed multiplied by (B) the Redemption Premium and (ii) the product of (X) the Conversion Rate with respect to the Conversion Amount in effect at such time as such Holder delivers a Triggering Event Redemption Notice multiplied by (Y) the product of (1) the Redemption Premium multiplied by (2) the purchase price of the Series A Shares as set forth in the Securities Purchase Agreement (the "***Triggering Event Redemption Price***"). Redemptions required by this Section 4.4((5)(b)) shall be made in accordance with the provisions of Section 4.4(12). To the extent redemptions required by this Section 4.4((5)(b)) are deemed or determined by a court of competent jurisdiction to be prepayments of the Series A Shares by the Corporation, such redemptions shall be deemed to be voluntary prepayments. Notwithstanding anything to the contrary in this Section 4.4((5)(b)), but subject to Section 4.4((4)(d)), until the Triggering Event Redemption Price (together with any Late Charges thereon) is paid in full, the Conversion Amount submitted for redemption under this Section 4.4((5)(b)) (together with any Late Charges thereon) may be converted, in whole or in part, by such Holder into Common Stock pursuant to the terms of this Section 4.4. In the event of the Corporation's redemption of any of the Series A Shares under this Section 4.4((5)(b)), a Holder's damages would be uncertain and difficult to estimate because of the parties' inability to predict future interest rates and the uncertainty of the availability of a suitable substitute investment opportunity for such Holder. Accordingly, any redemption premium due under this Section 4.4((5)(b)) is intended by the parties to be, and shall be deemed, a reasonable estimate of such Holder's actual loss of its investment opportunity and not as a penalty. Any redemption upon a Triggering Event shall not constitute an election of remedies by the applicable Holder or any other Holder, and all other rights and remedies of each Holder shall be preserved. To be free from doubt, the original issue discount with respect to the purchase price of the Series A Shares, as described in the Securities Purchase Agreement and the Make Whole Amount (collectively, the "***Trigger Event Conversion Shares***") shall not be redeemed in accordance with this Section 4.4((5)(b)) but may be converted by such Holder into Common Stock pursuant to the terms of this Section 4.4.

(c) *Mandatory Redemption upon Bankruptcy Triggering Event.* Notwithstanding anything to the contrary herein, and notwithstanding any conversion that is then required or in process, upon any Bankruptcy Triggering Event, whether occurring prior to or following the Maturity Date, the Corporation shall immediately redeem, in cash, each of the Series A Shares then outstanding at a redemption price equal to the applicable Triggering Event Redemption Price (calculated as if such Holder shall have delivered the Triggering Event Redemption Notice immediately prior to the occurrence of such Bankruptcy Triggering Event), without the requirement for any notice or demand or other action by any Holder or any other person or entity; **provided,** that a Holder may, in its sole discretion, waive such right to receive payment upon a Bankruptcy Triggering Event, in whole or in part, and any such waiver shall not affect any other rights of such Holder or any other Holder hereunder, including any other rights in respect of such Bankruptcy Triggering Event, any right to conversion, and any right to payment of such Triggering Event Redemption Price or any other Redemption Price, as applicable.

(6) *Rights Upon Fundamental Transactions.*

(a) *Assumption*. The Corporation shall use its commercially reasonable efforts to not enter into or be party to a Fundamental Transaction unless (i) the Successor Entity assumes in writing all of the obligations of the Corporation under this Section 4.4 and the other Transaction Documents in accordance with the provisions of this Section 4.4((6)(a)) pursuant to written agreements in form and substance satisfactory to the Required Holders and approved by the Required Holders prior to such Fundamental Transaction, including agreements to deliver to each holder of Series A Shares in exchange for such Series A Shares a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Section 4.4, including, without limitation, having a stated value and dividend rate equal to the stated value and dividend rate of the Series A Shares held by the Holders and having similar ranking to the Series A Shares, and satisfactory to the Required Holders and (ii) the Successor Entity (including its Parent Entity) is a publicly traded corporation whose shares of common stock are quoted on or listed for trading on an Eligible Market. Upon the occurrence of any Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Section 4.4 and the other Transaction Documents referring to the “Corporation” shall refer instead to the Successor Entity), and may exercise every right and power of the Corporation and shall assume all of the obligations of the Corporation under this Section 4.4 and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Corporation herein and therein. In addition to the foregoing, upon consummation of a Fundamental Transaction, the Successor Entity shall deliver to each Holder confirmation that there shall be issued upon conversion or redemption of the Series A Shares at any time after the consummation of such Fundamental Transaction, in lieu of the shares of Common Stock (or other securities, cash, assets or other property (except such items still issuable under Sections 4.4((7)(a)) and 4.4(17), which shall continue to be receivable thereafter)) issuable upon the conversion or redemption of the Series A Shares prior to such Fundamental Transaction, such shares of the publicly traded common stock (or their equivalent) of the Successor Entity (including its Parent Entity) which each Holder would have been entitled to receive upon the happening of such Fundamental Transaction had all the Series A Shares held by each Holder been converted immediately prior to such Fundamental Transaction (without regard to any limitations on the conversion of the Series A Shares contained in this Section 4.4), as adjusted in accordance with the provisions of this Section 4.4. Notwithstanding the foregoing, such Holder may elect, at its sole option, by delivery of written notice to the Corporation to waive this Section 4.4((6)(a)) to permit the Fundamental Transaction without the assumption of the Series A Shares. The provisions of this Section 4.4(6) shall apply similarly and equally to successive Fundamental Transactions and shall be applied without regard to any limitations on the conversion or redemption of the Series A Shares.

(b) *Change of Control Redemption Right*. No sooner than twenty (20) Trading Days nor later than ten (10) Trading Days prior to the consummation of a Change of Control (the "***Change of Control Date***"), but not prior to the public announcement of such Change of Control, the Corporation shall deliver written notice thereof via facsimile and overnight courier to each Holder (a "**Change of Control** ***Notice***"). At any time during the period beginning after a Holder's receipt of a Change of Control Notice or such Holder becoming aware of a Change of Control if a Change of Control Notice is not delivered to such Holder in accordance with the immediately preceding sentence (as applicable) and ending on the later of twenty (20) Trading Days after (A) consummation of such Change of Control or (B) the date of receipt of such Change of Control Notice, such Holder may require the Corporation to redeem all or any portion of such Holder's Series A Shares by delivering written notice thereof ("***Change of Control Redemption Notice***") to the Corporation, which Change of Control Redemption Notice shall indicate the number of Series A Shares such Holder is electing to have the Corporation redeem. Each Series A Share subject to redemption pursuant to this Section 4.4((6)(b)) shall be redeemed by the Corporation in cash at a price equal to the product of the Change of Control Redemption Premium multiplied by the Stated Value (the "***Change of Control Redemption Price***"). Redemptions required by this Section 4.4((6)(b)) shall have priority to payments to all other stockholders of the Corporation in connection with such Change of Control. To the extent redemptions required by this Section 4.4((6)(b)) are deemed or determined by a court of competent jurisdiction to be prepayments of the Series A Shares by the Corporation, such redemptions shall be deemed to be voluntary prepayments. Notwithstanding anything to the contrary in this Section 4.4((6)(b)), but subject to Section 4.4((4)(d)), until the applicable Change of Control Redemption Price (together with any Late Charges thereon) is paid in full to the applicable Holder, the Series A Shares submitted by such Holder for redemption under this Section 4.4((6)(b)) may be converted, in whole or in part, by such Holder into Common Stock pursuant to Section 4.4(4) or in the event the Conversion Date is after the consummation of such Change of Control, stock or equity interests of the Successor Entity substantially equivalent to the Corporation's shares of Common Stock pursuant to Section 4.4(4). In the event of the Corporation's redemption of any of the Series A Shares under this Section4.4((6)(b)), such Holder's damages would be uncertain and difficult to estimate because of the parties' inability to predict future interest rates and the uncertainty of the availability of a suitable substitute investment opportunity for a Holder. Accordingly, any redemption premium due under this Section 4.4((6)(b)) is intended by the parties to be, and shall be deemed, a reasonable estimate of such Holder's actual loss of its investment opportunity and not as a penalty. The Corporation shall make payment of the applicable Change of Control Redemption Price concurrently with the consummation of such Change of Control if a Change of Control Redemption Notice is received prior to the consummation of such Change of Control and within two (2) Trading Days after the Corporation's receipt of such notice otherwise (the "***Change of Control Redemption Date***"). Redemptions required by this Section 4.4(6) shall be made in accordance with the provisions of Section 4.4(12).

(7) *Rights Upon Issuance of Purchase Rights, Dilutive Issuances, and Other Corporate Events*. So long as any Series A Shares are outstanding and except with respect to an Exempt Issuance, if applicable:

(a) *Purchase Rights*. If at any time the Corporation grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to all or substantially all of the record holders of any class of Common Stock (the "***Purchase Rights***"), then each Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which such Holder could have acquired if such Holder had held the number of shares of Common Stock acquirable upon complete conversion of all the Series A Shares (without taking into account any limitations or restrictions on the convertibility of the Series A Shares) held by such Holder immediately prior to the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (**provided,** that to the extent that such Holder's right to participate in any such Purchase Right would result in such Holder exceeding the Maximum Percentage, then such Holder shall not be entitled to participate in such Purchase Right to such extent (and shall not be entitled to beneficial ownership of such shares of Common Stock as a result of such Purchase Right (and beneficial ownership) to such extent) and such Purchase Right to such extent shall be held in abeyance for such Holder until such time or times, if ever, as its right thereto would not result in such Holder exceeding the Maximum Percentage), at which time or times such Holder shall be granted such right (and any Purchase Right granted, issued or sold on such initial Purchase Right or on any subsequent Purchase Right to be held similarly in abeyance) to the same extent as if there had been no such limitation).

(b) *Other Corporate Events*. In addition to and not in substitution for any other rights hereunder, prior to the consummation of any Fundamental Transaction pursuant to which holders of shares of Common Stock are entitled to receive securities or other assets with respect to or in exchange for shares of Common Stock (a "***Corporate Event***"), the Corporation shall make appropriate provision to insure that each Holder will thereafter have the right to receive upon a conversion of all the Series A Shares held by such Holder (i) in addition to the shares of Common Stock receivable upon such conversion, such securities or other assets to which such Holder would have been entitled with respect to such shares of Common Stock had such shares of Common Stock been held by such Holder upon the consummation of such Corporate Event (without taking into account any limitations or restrictions on the convertibility of the Series A Shares contained in this Section 4.4) or (ii) in lieu of the shares of Common Stock otherwise receivable upon such conversion, such securities or other assets received by the holders of shares of Common Stock in connection with the consummation of such Corporate Event in such amounts as such Holder would have been entitled to receive had the Series A Shares held by such Holder initially been issued with conversion rights for the form of such consideration (as opposed to shares of Common Stock) at a conversion rate for such consideration commensurate with the Conversion Rate. Provision made pursuant the proceeding sentence shall be in a form and substance satisfactory to the Required Holders. The provisions of this Section 4.4(7) shall apply similarly and equally to successive Corporate Events and shall be applied without regard to any limitations on the conversion or redemption of the Series A Shares contained in this Section 4.4.

(c) *Dilutive Issuance*. The Corporation shall not issue shares of Common Stock or Common Stock Equivalents (including, without limitation, the issuance of any shares of Common Stock or Common Stock Equivalents under the Securities Purchase Agreement) at a price lower than the Conversion Price (as adjusted for stock splits, stock dividends, stock combinations, recapitalizations or other similar transactions following the sale of the Series A Shares) (subject to adjustment in accordance with Section 4.4((7)(a))) without the prior written consent of the Required Holders. Subject to the foregoing, if the Corporation or any Subsidiary thereof, as applicable, at any time while any of the Series A Shares is outstanding or the Holders hold any shares of Common Stock, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any shares of Common Stock or Common Stock Equivalents, at an effective price per share less than the Conversion Price then in effect (such lower price, the "***Base Share Price***" and such issuances collectively, a "***Dilutive Issuance***") (it being understood and agreed that if the holder of the shares of Common Stock or Common Stock Equivalents so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled to receive shares of Common Stock at an effective price per share that is less than the Conversion Price, such issuance shall be deemed to have occurred for less than the Conversion Price on such date of the Dilutive Issuance at such effective price), then simultaneously with the consummation of each Dilutive Issuance the Conversion Price shall be reduced and only reduced to equal the lower of (i) the Base Share Price and (ii) the lowest VWAP in the five (5) days immediately following such Dilutive Issuance. Such adjustment shall be made whenever such shares of Common Stock or Common Stock Equivalents are issued. Notwithstanding the foregoing, no adjustments shall be made, paid or issued under this Section 4.4((7)(c)) in respect of an Exempt Issuance (as defined in the Securities Purchase Agreement). The Corporation shall notify the Holder, in writing, no later than the Trading Day following the issuance or deemed issuance of any shares of Common Stock or Common Stock Equivalents subject to this Section 4.4((5)(c))), indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms (such notice, the "***Dilutive Issuance Notice***"). For purposes of clarification, whether or not the Corporation provides a Dilutive Issuance Notice pursuant to this Section 4.4((5)(c)), upon the occurrence of any Dilutive Issuance, each Holder is entitled to receive a number of Conversion Shares based upon the Base Share Price regardless of whether such Holder accurately refers to the Base Share Price in the Notice of Conversion. If the Corporation enters into a Variable Rate Transaction (as defined in the Securities Purchase Agreement), despite the prohibition thereon in the Securities Purchase Agreement, the Corporation shall be deemed to have issued shares of Common Stock or Common Stock Equivalents at the lowest possible conversion or exercise price at which such securities may be converted or exercised.

(8) *Holder Optional Redemption*. In addition to the Holder's redemption rights under Section 4.4(12), at any time on or after the three-month anniversary of the completion of the Business Combination, the Holder shall have the right to redeem all, or any portion, of the Series A Shares then owned by the Holder (the "***Holder Optional Redemption Amount***") on the Holder Optional Redemption Date (each as defined below) (a "***Holder Optional Redemption***"). The Series A Shares subject to redemption pursuant to this Section 4.4(8) shall be redeemed by the Corporation in cash at a price (the "***Holder Optional Redemption Price***") equal to 100% of the purchase price of the Series A Shares, as described in the Securities Purchase Agreement. The Holder may exercise its right to require redemption under this Section 4.4(8) by delivering a written notice thereof by facsimile or electronic mail and overnight courier to the Corporation (a "***Holder Optional Redemption Notice***" and the date such notice is delivered, the "***Holder Optional Redemption Notice Date***"). The Holder Optional Redemption (the "***Holder Optional Redemption Date***") shall occur on the third (3rd) Trading Day following the Holder Optional Redemption Notice Date. To be free from doubt, the original issue discount with respect to the purchase price of the Series A Shares, as described in the Securities Purchase Agreement and the Make Whole Amount shall not be redeemed in accordance with this Section 4.4(8) but may be converted by such Holder into Common Stock pursuant to Section 4.4(4). At any time prior to the date the Holder Optional Redemption Price is paid, in full, the Holder Optional Redemption Amount may be converted, in whole or in part, by the Holder into shares of Common Stock pursuant to Section 4.4(4). Redemptions made pursuant to this Section 4.4(8) shall be made in accordance with Section 4.4(12).

(9) *Corporation Optional Redemption*. **[Reserved]**.

(10) *Noncircumvention*. The Corporation hereby covenants and agrees that the Corporation will not, by amendment of its Second Amended and Restated Certificate, Bylaws or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Section 4.4, and will at all times in good faith carry out all the provisions of this Section 4.4 and take all action as may be required to protect the rights of the Holders. Without limiting the generality of the foregoing or any other provision of this Section 4.4 or the other Transaction Documents, the Corporation (a) shall not increase the par value of any shares of Common Stock receivable upon the conversion of any Series A Shares above the Conversion Price then in effect, (b) shall take all such actions as may be necessary or appropriate in order that the Corporation may validly and legally issue fully paid and non-assessable shares of Common Stock upon the conversion of Series A Shares and (c) shall, so long as any Series A Shares are outstanding, take all action necessary to reserve and keep available out of its authorized and unissued shares of Common Stock, solely for the purpose of effecting the conversion of the Series A Shares, the maximum number of shares of Common Stock as shall from time to time be necessary to effect the conversion of the Series A Shares then outstanding (without regard to any limitations on conversion contained herein).

(11) *Authorized Shares*.

(a) *Reservation*. So long as any of the Series A Shares are outstanding, the Corporation shall take all action necessary to reserve and keep available out of its authorized and unissued Common Stock, solely for the purpose of effecting the conversion of the Series A Shares, a number of shares of Common Stock, as of any date of determination, for each of the Series A Shares in accordance with the following formula:

$$\frac{P}{(T \times B)} \times 2.5 = \text{Share Reserve}$$

P = The aggregate Purchase Price (as defined the Securities Purchase Agreement) of the Series A Shares issued on or prior to such date of determination;

T = The applicable Conversion Base Price as of such date of determination;

B = 0.75;

Provided, that the Share Reserve shall in no event be less than 250% of the number of shares of Common Stock as shall from time to time be necessary to effect the conversion of all of the Series A Shares then outstanding (without regard to any limitations on conversions) (the "***Required Reserve Amount***"). The Required Reserve Amount (including, without limitation, each increase in the number of shares so reserved) shall be allocated pro rata among the Holders based on the number of the Series A Shares held by each Holder on the Initial Issuance Date or increase in the number of reserved shares, as the case may be (the "***Authorized Share Allocation***"). In the event that a Holder shall sell or otherwise transfer any of such Holder's Series A Shares, each transferee shall be allocated a pro rata portion of such Holder's Authorized Share Allocation. Any shares of Common Stock reserved and allocated to any Person which ceases to hold any Series A Shares shall be allocated to the remaining Holders of Series A Shares, pro rata based on the number of the Series A Shares then held by the Holders.

(b) *Insufficient Authorized Shares***.** If, notwithstanding Section 4.4((11)(a)) and not in limitation thereof, while any of the Series A Shares remain outstanding the Corporation does not have a sufficient number of authorized and unreserved shares of Common Stock to satisfy its obligation to reserve for issuance upon conversion of the Series A Shares at least a number of shares of Common Stock equal to the Required Reserve Amount (an "***Authorized Share Failure***"), then the Corporation shall immediately take all action necessary to increase the Corporation's authorized shares of Common Stock to an amount sufficient to allow the Corporation to reserve the Required Reserve Amount for the Series A Shares then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than sixty (60) days after the occurrence of such Authorized Share Failure, the Corporation shall hold a meeting of its stockholders for the approval of an increase in the number of authorized shares of Common Stock. In connection with such meeting, the Corporation shall provide each stockholder with a proxy statement and shall use its reasonable best efforts to solicit its stockholders' approval of such increase in authorized shares of Common Stock and to cause its board of directors to recommend to the stockholders that they approve such proposal. In the event that the Corporation is prohibited from issuing shares of Common Stock to a Holder upon any conversion due to the failure by the Corporation to have sufficient shares of Common Stock available out of the authorized but unissued shares of Common Stock (such unavailable number of shares of Common Stock, the "***Authorized Failure Shares***"), in lieu of delivering such Authorized Failure Shares to such Holder, the Corporation shall pay cash in exchange for the redemption of such portion of the Conversion Amount convertible into such Authorized Failure Shares at a price equal to the sum of (i) the product of (x) such number of Authorized Failure Shares and (y) the greatest Closing Sale Price of the Common Stock on any Trading Day during the period commencing on the date such Holder delivers the applicable Conversion Notice with respect to such Authorized Failure Shares to the Corporation and ending on the date of such issuance and payment under this Section 4.4((11)(a)); and (ii) to the extent such Holder purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by such Holder of Authorized Failure Shares, any brokerage commissions, if any, of such Holder incurred in connection therewith. Nothing contained in Section 4.4((11)(a)) or this Section 4.4((11)(b)) shall limit any obligations of the Corporation under any provision of the Securities Purchase Agreement.

(12) *Redemptions***. Provided,** that a Redemption under this Section 4.4(12) may be effected in a manner that is not inconsistent with the Corporation's obligations under the rules or regulations of the Principal Market, or would otherwise cause the Corporation not to satisfy the Initial Listing Obligations of the Principal Market:

(a) *General*. If a Holder has submitted a Triggering Event Redemption Notice in accordance with Section 4.4((5)(b)), the Corporation shall deliver the applicable Triggering Event Redemption Price accompanied by the applicable number of Trigger Event Conversion Shares to such Holder in cash within five (5) Business Days after the Corporation's receipt of such Holder's Triggering Event Redemption Notice. If a Holder has submitted a Change of Control Redemption Notice in accordance with Section 6.6((6)(b)), the Corporation shall deliver the applicable Change of Control Redemption Price to such Holder in cash concurrently with the consummation of such Change of Control if such notice is received prior to the consummation of such Change of Control and within five (5) Business Days after the Corporation's receipt of such notice otherwise. If a Holder has submitted a Maturity Redemption Notice in accordance with Section 4.4(13), the Corporation shall deliver the applicable Maturity Redemption Price to such Holder in cash on the applicable Maturity Redemption Date. The Corporation shall deliver the applicable Holder Optional Redemption Price to each Holder in cash on the applicable Holder Optional Redemption Date. In the event of a redemption of less than all of the Series A Shares, the Corporation shall promptly cause to be issued and delivered to such Holder a new Preferred Certificate (in accordance with Section 4.4(20)) representing the number of Series A Shares which have not been redeemed. In the event that the Corporation does not pay the applicable Redemption Price to a Holder within the time period required for any reason (except if such payment is prohibited pursuant to the DGCL), at any time thereafter and until the Corporation pays such unpaid Redemption Price in full, such Holder shall have the option, in lieu of redemption, to require the Corporation to promptly return to such Holder all or any of the Series A Shares that were submitted for redemption and for which the applicable Redemption Price (together with any Late Charges thereon) has not been paid. Upon the Corporation's receipt of such notice, (x) the applicable Redemption Notice shall be null and void with respect to such Series A Shares, (y) the Corporation shall immediately return the applicable Series A Share Certificate, or issue a new Series A Share Certificate (in accordance with Section 4.4((20)(d))), to such Holder, and in each case the Additional Amount of such Series A Shares shall be increased by an amount equal to the difference between (1) the applicable Redemption Price (as the case may be, and as adjusted pursuant to this Section 4.4(12), if applicable) minus (2) the Stated Value portion of the Conversion Amount submitted for redemption and (z) the Conversion Price of such Series A Shares shall be automatically adjusted with respect to each conversion effected thereafter by such Holder to the Conversion Price as in effect on the date on which the applicable Redemption Notice is voided (it being understood and agreed that all such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during such period). A Holder's delivery of a notice voiding a Redemption Notice and exercise of its rights following such notice shall not affect the Corporation's obligations to make any payments of Late Charges which have accrued prior to the date of such notice with respect to the Series A Shares subject to such notice. To be free from doubt, if a redemption under this Section 4.4(12) may not be undertaken without causing the Corporation to violate an Initial Listing Standard or other applicable rule or regulation of the Principal Market, then in any such event, the Corporation shall be obligated to redeem Holder's shares of Preferred Stock in accordance with Section 4.4((5(c)) hereof.

(b) *Redemption by Multiple Holders*. Upon the Corporation's receipt of a Redemption Notice from any Holder for redemption or repayment as a result of an event or occurrence substantially similar to the events or occurrences described in Section 4.4((5)(b)) or Section 4.4((6)(b)), the Corporation shall immediately, but no later than one (1) Business Day of its receipt thereof, forward to each other Holder by facsimile or electronic mail a copy of such notice. If the Corporation receives one or more Redemption Notices, during the seven (7) Business Day period beginning on and including the date which is three (3) Business Days prior to the Corporation's receipt of the initial Redemption Notice and ending on and including the date which is three (3) Business Days after the Corporation's receipt of the initial Redemption Notice and the Corporation is unable to redeem all principal, interest and other amounts designated in such initial Redemption Notice and such other Redemption Notices received during such seven (7) Business Day period, then the Corporation shall redeem a pro rata amount from each Holder based on the principal amount of the Series A Shares submitted for redemption pursuant to such Redemption Notices received by the Corporation during such seven (7) Business Day period.

(13) *Holder Optional Redemption after Maturity Date*. At any time from and after the tenth (10th) Business Day prior to the Maturity Date, any Holder may require the Corporation to redeem (a "***Maturity Redemption***") all or any number of Series A Shares held by such Holder at a purchase price equal to 100% of the Conversion Amount of such Series A Shares (the "***Maturity Redemption Price***") by delivery of written notice thereof (the "***Maturity Redemption Notice***") to the Corporation. The Maturity Redemption Notice shall state the date the Corporation is required to pay to such Holder such Maturity Redemption Price (the "***Mandatory Redemption Date***"), which date shall be no earlier than ten (10) Business Days following the date of delivery of such Mandatory Redemption Notice. Redemptions required by this Section 4.4(13) shall be made in accordance with the provisions of Section 4.4(12).

(14) *Voting Rights*. Holders of Series A Shares shall have no voting rights, except as required by law (including without limitation, the DGCL) and as expressly provided in this Section 4.4.

(15) *Covenants*.

(a) *Incurrence of Indebtedness*. The Corporation shall not, and the Corporation shall cause each of its Subsidiaries to not, directly or indirectly, incur or guarantee, assume or suffer to exist any Indebtedness (other than Permitted Debt) and shall not modify the terms of any Permitted Debt.

(b) *Existence of Liens*. The Corporation shall not, and the Corporation shall cause each of its Subsidiaries to not, directly or indirectly, allow or suffer to exist any Lien upon or in any property or assets (including accounts and contract rights) owned by the Corporation or any of its Subsidiaries other than Permitted Liens.

(c) *Restricted Payments*. The Corporation shall not, and the Corporation shall cause each of its Subsidiaries to not, directly or indirectly, redeem, defease, repurchase, repay or make any payments in respect of, by the payment of cash or cash equivalents (in whole or in part, whether by way of open market purchases, tender offers, private transactions or otherwise), all or any portion of any Indebtedness (other than any amounts payable pursuant to this Section 4.4) whether by way of payment in respect of principal of (or premium, if any) or interest on, such Indebtedness if at the time such payment is due or is otherwise made or, after giving effect to such payment, (i) an event constituting a Triggering Event has occurred and is continuing or (ii) an event that with the passage of time and without being cured would constitute a Triggering Event has occurred and is continuing.

(d) *Restriction on Asset Transfers*. The Corporation shall not, and the Corporation shall cause each of its Subsidiaries to not, directly or indirectly, enter into any Asset Transfer with respect to any assets or rights of the Corporation or any Subsidiary owned or hereafter acquired to any Person(s) (including, without limitation, to any foreign Subsidiary), other than (i) Asset Transfers in the ordinary course of business consistent with its past practice and (ii) sales of inventory and product in the ordinary course of business.

(e) *Maturity of Indebtedness*. The Corporation shall not, and the Corporation shall cause each of its Subsidiaries to not, directly or indirectly, permit any Indebtedness of the Corporation or any of its Subsidiaries to mature or accelerate prior to the Maturity Date.

(f) *Change in Nature of Business*. The Corporation shall not, and the Corporation shall cause each of its Subsidiaries to not, directly or indirectly, engage in any material line of business substantially different from those lines of business conducted by or publicly contemplated to be conducted by the Corporation and each of its Subsidiaries on the Subscription Date or any business substantially related or incidental thereto. The Corporation shall not, and the Corporation shall cause each of its Subsidiaries to not, directly or indirectly, modify its or their corporate structure or purpose.

(g) *Preservation of Existence, Etc*. The Corporation shall maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, its existence, rights and privileges, and become or remain, and cause each of its Subsidiaries to become or remain, duly qualified and in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary.

(h) *Maintenance of Properties, Etc*. The Corporation shall maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties which are necessary or useful in the proper conduct of its business in good working order and condition, ordinary wear and tear excepted, and comply, and cause each of its Subsidiaries to comply, at all times with the provisions of all leases to which it is a party as lessee or under which it occupies property, so as to prevent any loss or forfeiture thereof or thereunder.

(i) *Maintenance of Intellectual Property*. The Corporation will, and will cause each of its Subsidiaries to, take all action necessary or advisable to maintain all of the Intellectual Property Rights of the Corporation and/or any of its Subsidiaries that are necessary or material to the conduct of its business in full force and effect.

(j) *Maintenance of Insurance*. The Corporation shall maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations (including, without limitation, comprehensive general liability, hazard, rent and business interruption insurance) with respect to its properties (including all real properties leased or owned by it) and business, in such amounts and covering such risks as is required by any governmental authority having jurisdiction with respect thereto or as is carried generally in accordance with sound business practice by companies in similar businesses similarly situated.

(k) *Transactions with Affiliates.* The Corporation shall not, nor shall it permit any of its Subsidiaries to, enter into, renew, extend or be a party to, any transaction or series of related transactions (including, without limitation, the purchase, sale, lease, transfer or exchange of property or assets of any kind or the rendering of services of any kind) with any Subsidiary or Affiliate, except in the ordinary course of business in a manner and to an extent consistent with past practice and necessary or desirable for the prudent operation of its business, for fair consideration and on terms no less favorable to it or its Subsidiaries than would be obtainable in a comparable arm's length transaction with a Person that is not a Subsidiary or Affiliate thereof.

(l) *Restricted Issuances*. The Corporation shall not, directly or indirectly, without the prior written consent of the Holders of sixty-five percent (65%) in aggregate principal amount of the Series A Shares then outstanding, (i) issue any Series A Shares (other than as contemplated by the Securities Purchase Agreement and this Section 4.4) or (ii) issue any other securities that would cause a breach or default under this Section 4.4.

(m) *Business Combination.* The Corporation shall not amend or otherwise modify the terms of the Business Combination.

(16) *Liquidation, Dissolution, Winding-Up.* In the event of a Liquidation Event, the Holders shall be entitled to receive in cash out of the assets of the Corporation, whether from capital or from earnings available for distribution to its stockholders (the "***Liquidation Funds***"), before any amount shall be paid to the holders of any of shares of Junior Stock, but pari passu with any Parity Stock then outstanding, an amount per Series A Share equal to the greater of (i) 200% of Stated Value or (ii) the amount the Holder would receive if such Holder converted such Series A Shares into Common Stock immediately prior to the date of such payment, including accrued and unpaid dividends; **provided,** that if the Liquidation Funds are insufficient to pay the full amount due to the Holders and holders of shares of Parity Stock, then each Holder and each holder of Parity Stock shall receive a percentage of the Liquidation Funds equal to the full amount of Liquidation Funds payable to such Holder and such holder of Parity Stock as a liquidation preference, in accordance with their respective certificate of designations (or equivalent), as a percentage of the full amount of Liquidation Funds payable to all holders of Series A Shares and all holders of shares of Parity Stock. To the extent necessary, the Corporation shall cause such actions to be taken by each of its Subsidiaries so as to enable, to the maximum extent permitted by law, the proceeds of a Liquidation Event to be distributed to the Holders in accordance with this Section 4.4(16). All the preferential amounts to be paid to the Holders under this Section 4.4(16) shall be paid or set apart for payment before the payment or setting apart for payment of any amount for, or the distribution of any Liquidation Funds of the Corporation to the holders of shares of Junior Stock in connection with a Liquidation Event as to which this Section 4.4(16) applies.

(17) *Distribution of Assets.* If the Corporation shall declare or make any dividend or other distributions of its assets (or rights to acquire its assets) to any or all holders of shares of Common Stock, by way of return of capital or otherwise (including without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (the "***Distributions***"), then each Holder, as holders of Series A Shares, will be entitled to such Distributions as if such Holder had held the number of shares of Common Stock acquirable upon complete conversion of the Series A Shares (without taking into account any limitations or restrictions on the convertibility of the Series A Shares) immediately prior to the date on which a record is taken for such Distribution or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for such Distributions (**provided,** that to the extent that such Holder's right to participate in any such Distribution would result in such Holder exceeding the Maximum Percentage, then such Holder shall not be entitled to participate in such Distribution to such extent (and shall not be entitled to beneficial ownership of such shares of Common Stock as a result of such Distribution (and beneficial ownership) to such extent) and the portion of such Distribution shall be held in abeyance for such Holder until such time or times as its right thereto would not result in such Holder exceeding the Maximum Percentage, at which time or times, if any, such Holder shall be granted such rights (and any rights under this Section 4.4(17) on such initial rights or on any subsequent such rights to be held similarly in abeyance) to the same extent as if there had been no such limitation).

(18) *Vote to Change the Terms of or Issue Series A Shares*. In addition to any other rights provided by law, except where the vote or written consent of the holders of a greater number of shares is required by law or by another provision of the Second Amended and Restated Certificate, without first obtaining the affirmative vote at a meeting duly called for such purpose or the written consent without a meeting of the Required Holders, voting together as a single class, the Corporation shall not: (a) amend or repeal any provision of, or add any provision to, its Second Amended and Restated Certificate or Bylaws, or file any certificate of designations or articles of amendment of any series of shares of preferred stock, if such action would adversely alter or change in any respect the preferences, rights, privileges or powers, or restrictions provided for the benefit, of the Series A Shares, regardless of whether any such action shall be by means of amendment to the Second Amended and Restated Certificate or by merger, consolidation or otherwise; (b) increase or decrease (other than by conversion) the authorized number of Series A Shares; (c) without limiting any provision of Section 4.4(2), create or authorize (by reclassification or otherwise) any new class or series of shares that has a preference over or is on a parity with the Series A Shares with respect to dividends or the distribution of assets on the liquidation, dissolution or winding up of the Corporation; (d) purchase, repurchase or redeem any shares of capital stock of the Corporation junior in rank to the Series A Shares (other than pursuant to equity incentive agreements (that have in good faith been approved by the Board) with employees giving the Corporation the right to repurchase shares upon the termination of services); (e) without limiting any provision of Section 4.4(2), pay dividends or make any other distribution on any shares of any capital stock of the Corporation junior in rank to the Series A Shares; (f) issue any Series A Shares other than pursuant to the Securities Purchase Agreement; or (g) without limiting any provision of Section 4.4(9), whether or not prohibited by the terms of the Series A Shares, circumvent a right of the Series A Shares.

(19) *Transfer of Series A Shares*. A Holder may transfer some or all of its Series A Shares without the consent of the Corporation.

(20) *Reissuance of Preferred Certificates*.

(a) *Transfer*. If any Series A Shares are to be transferred, the applicable Holder shall surrender the applicable Series A Share Certificate to the Corporation, whereupon the Corporation will forthwith issue and deliver upon the order of such Holder a new Series A Share Certificate (in accordance with Section 20(d)), registered as such Holder may request, representing the outstanding number of Series A Shares being transferred by such Holder and, if less than the entire outstanding number of Series A Shares is being transferred, a new Series A Share Certificate (in accordance with Section 4.4((20)(d))) to such Holder representing the outstanding number of Series A Shares not being transferred. Such Holder and any assignee, by acceptance of the Series A Share Certificate, acknowledge and agree that, by reason of the provisions of Section 4.4((4)(c)(i)) following conversion or redemption of any of the Series A Shares, the outstanding number of Series A Shares represented by the Series A Shares may be less than the number of Series A Shares stated on the face of the Series A Shares.

(b) *Lost, Stolen or Mutilated Series A Share Certificate*. Upon receipt by the Corporation of evidence reasonably satisfactory to the Corporation of the loss, theft, destruction or mutilation of a Series A Share Certificate (as to which a written certification and the indemnification contemplated below shall suffice as such evidence), and, in the case of loss, theft or destruction, of any indemnification undertaking by the applicable Holder to the Corporation in customary and reasonable form and, in the case of mutilation, upon surrender and cancellation of such Series A Share Certificate, the Corporation shall execute and deliver to such Holder a new Series A Share Certificate (in accordance with Section 4.4((20)(d))) representing the applicable outstanding number of Series A Shares.

(c) *Series A Share Certificate Exchangeable for Different Denominations*. Each Series A Share Certificate is exchangeable, upon the surrender hereof by the applicable Holder at the principal office of the Corporation, for a new Series A Share Certificate or Series A Share Certificate(s) (in accordance with Section 4.4((20)(d))) representing in the aggregate the outstanding number of the Series A Shares in the original Series A Share Certificate, and each such new Series A Share Certificate will represent such portion of such outstanding number of Series A Shares from the original Series A Share Certificate as is designated by such Holder at the time of such surrender.

(d) *Issuance of New Series A Share Certificate*. Whenever the Corporation is required to issue a new Series A Share Certificate pursuant to the terms of this Section 4.4, such new Series A Share Certificate (i) shall represent, as indicated on the face of such Series A Share Certificate, the number of Series A Shares remaining outstanding (or in the case of a new Series A Share Certificate being issued pursuant to Section 4.4((20)(a)) or Section 4.4((20)(c)), the number of Series A Shares designated by such Holder which, when added to the number of Series A Shares represented by the other new Series A Share Certificates issued in connection with such issuance, does not exceed the number of Series A Shares remaining outstanding under the original Series A Share Certificate immediately prior to such issuance of new Series A Share Certificate), and (ii) shall have an issuance date, as indicated on the face of such new Series A Share Certificate, which is the same as the issuance date of the original Series A Share Certificate.

(21) *Remedies, Characterizations, Other Obligations, Breaches and Injunctive Relief*. The remedies provided in this Section 4.4 shall be cumulative and in addition to all other remedies available under this Section 4.4 and any of the other Transaction Documents, at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit any Holder's right to pursue actual and consequential damages for any failure by the Corporation to comply with the terms of this Section 4.4. The Corporation covenants to each Holder that there shall be no characterization concerning this instrument other than as expressly provided herein. Amounts set forth or provided for herein with respect to payments, conversion and the like (and the computation thereof) shall be the amounts to be received by a Holder and shall not, except as expressly provided herein, be subject to any other obligation of the Corporation (or the performance thereof). The Corporation acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holders and that the remedy at law for any such breach may be inadequate. The Corporation therefore agrees that, in the event of any such breach or threatened breach, each Holder shall be entitled, in addition to all other available remedies, to an injunction restraining any such breach or any such threatened breach, without the necessity of showing economic loss and without any bond or other security being required. The Corporation shall provide all information and documentation to a Holder that is reasonably requested by such Holder to enable such Holder to confirm the Corporation's compliance with the terms and conditions of this Section 2.2.

(22) *Payment of Collection, Enforcement and Other Costs*. If (a) any Series A Shares are placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding or a Holder otherwise takes action to collect amounts due under this Section 4.4 with respect to the Series A Shares or to enforce the provisions of this Section 4.4 or (b) there occurs any bankruptcy, reorganization, receivership of the Corporation or other proceedings affecting Corporation creditors' rights and involving a claim under this Section 4.4, then the Corporation shall pay the costs incurred by such Holder for such collection, enforcement or action or in connection with such bankruptcy, reorganization, receivership or other proceeding, including, without limitation, reasonable attorneys' fees and disbursements.

(23) *Construction*. This Section 4.4 shall be deemed to be jointly drafted by the Corporation and the Holders and shall not be construed against any such Person as the drafter hereof. Terms used in this Section 4.4 and not otherwise defined herein, but defined in the other Transaction Documents, shall have the meanings ascribed to such terms on the Closing Date in such other Transaction Documents unless otherwise consented to in writing by the Required Holders.

(24) *Failure or Indulgence Not Waiver*. No failure or delay on the part of the Corporation or a Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege. No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party. Notwithstanding the foregoing, nothing contained in this Section 4.4(24) shall permit any waiver of any provision of Section 4.4((4)(d)).

(25) *Dispute Resolution*.

(a) *Submission to Dispute Resolution.*

(i) In the case of a dispute relating to a Closing Bid Price, a Closing Sale Price, a Conversion Price, a VWAP or a fair market value or the arithmetic calculation of a Conversion Rate, or the applicable Redemption Price (as the case may be) (including, without limitation, a dispute relating to the determination of any of the foregoing), the Corporation or the applicable Holder (as the case may be) shall submit the dispute to the other party via facsimile or electronic mail (A) if by the Corporation, within two (2) Business Days after the occurrence of the circumstances giving rise to such dispute or (B) if by such Holder at any time after such Holder learned of the circumstances giving rise to such dispute. If such Holder and the Corporation are unable to promptly resolve such dispute relating to such Closing Bid Price, such Closing Sale Price, such Conversion Price, such VWAP or such fair market value, or the arithmetic calculation of such Conversion Rate or such applicable Redemption Price (as the case may be), at any time after the second (2nd) Business Day following such initial notice by the Corporation or such Holder (as the case may be) of such dispute to the Corporation or such Holder (as the case may be), then such Holder may, at its sole option, select an independent, reputable investment bank to resolve such dispute.

(ii) Such Holder and the Corporation shall each deliver to such investment bank (A) a copy of the initial dispute submission so delivered in accordance with the first sentence of this Section 4.4(25) and (B) written documentation supporting its position with respect to such dispute, in each case, no later than 5:00 p.m. (New York time) by the fifth (5th) Business Day immediately following the date on which such Holder selected such investment bank (the "***Dispute Submission Deadline***") (the documents referred to in the immediately preceding clauses (A) and (B) are collectively referred to herein as the "***Required Dispute Documentation***") (it being understood and agreed that if either such Holder or the Corporation fails to so deliver all of the Required Dispute Documentation by the Dispute Submission Deadline, then the party who fails to so submit all of the Required Dispute Documentation shall no longer be entitled to (and hereby waives its right to) deliver or submit any written documentation or other support to such investment bank with respect to such dispute and such investment bank shall resolve such dispute based solely on the Required Dispute Documentation that was delivered to such investment bank prior to the Dispute Submission Deadline). Unless otherwise agreed to in writing by both the Corporation and such Holder or otherwise requested by such investment bank, neither the Corporation nor such Holder shall be entitled to deliver or submit any written documentation or other support to such investment bank in connection with such dispute (other than the Required Dispute Documentation).

(iii) The Corporation and such Holder shall cause such investment bank to determine the resolution of such dispute and notify the Corporation and such Holder of such resolution no later than ten (10) Business Days immediately following the Dispute Submission Deadline. The fees and expenses of such investment bank shall be borne solely by the Corporation, and such investment bank's resolution of such dispute shall be final and binding upon all parties absent manifest error.

(b) *Miscellaneous*. The Corporation expressly acknowledges and agrees that (i) this Section 4.4(25) constitutes an agreement to arbitrate between the Corporation and each Holder (and constitutes an arbitration agreement) under §7501, et seq. of the New York Civil Practice Law and Rules ("***CPLR***") and that any Holder is authorized to apply for an order to compel arbitration pursuant to CPLR §7503(a) in order to compel compliance with this Section 4.4(25), (ii) the terms of this Section 4.4 and each other applicable Transaction Document shall serve as the basis for the selected investment bank's resolution of the applicable dispute, such investment bank shall be entitled (and is hereby expressly authorized) to make all findings, determinations and the like that such investment bank determines are required to be made by such investment bank in connection with its resolution of such dispute and in resolving such dispute such investment bank shall apply such findings, determinations and the like to the terms of this Section 4.4 and any other applicable Transaction Documents, (iii) the applicable Holder (and only such Holder with respect to disputes solely relating to such Holder), in its sole discretion, shall have the right to submit any dispute described in this Section 4.4(25) to any state or federal court sitting in the City of New York, Borough of Manhattan in lieu of utilizing the procedures set forth in this Section 4.4(25) and (iv) nothing in this Section 4.4(25) shall limit such Holder from obtaining any injunctive relief or other equitable remedies (including, without limitation, with respect to any matters described in this Section 4.4(25)).

(26) *Notices; Currency; Payments.*

(a) *Notices*. The Corporation shall provide each Holder of Series A Shares with prompt written notice of all actions taken pursuant to the terms of this Section 4.4, including in reasonable detail a description of such action and the reason therefor. Whenever notice is required to be given under this Section 4.4, unless otherwise provided herein, such notice must be in writing and shall be given in accordance with Section 4.4((9)(f) of the Securities Purchase Agreement. The Corporation shall provide each Holder with prompt written notice of all actions taken pursuant to this Section 4.4, including in reasonable detail a description of such action and the reason therefore. Without limiting the generality of the foregoing, the Corporation shall give written notice to each Holder (i) immediately upon any adjustment of the Conversion Price, setting forth in reasonable detail, and certifying, the calculation of such adjustment and (ii) at least fifteen (15) days prior to the date on which the Corporation closes its books or takes a record (A) with respect to any dividend or distribution upon the Common Stock, (B) with respect to any grant, issuances, or sales of any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property to holders of shares of Common Stock or (C) for determining rights to vote with respect to any Fundamental Transaction, dissolution or liquidation; **provided,** that, in each case, such information shall be made known to the public prior to or in conjunction with such notice being provided to such Holder.

(b) *Currency*. All dollar amounts referred to in this Section 4.4 are in United States Dollars ("***U.S. Dollars***"), and all amounts owing under this Section 4.4 shall be paid in U.S. Dollars. All amounts denominated in other currencies (if any) shall be converted into the U.S. Dollar equivalent amount in accordance with the Exchange Rate on the date of calculation. "***Exchange Rate***" means, in relation to any amount of currency to be converted into U.S. Dollars pursuant to this Section 4.4, the U.S. Dollar exchange rate as published in the Wall Street Journal on the relevant date of calculation (it being understood and agreed that where an amount is calculated with reference to, or over, a period of time, the date of calculation shall be the final date of such period of time).

(c) *Payments*. Whenever any payment of cash is to be made by the Corporation to any Person pursuant to this Section 4.4, unless otherwise expressly set forth herein, such payment shall be made in lawful money of the United States of America by a certified check drawn on the account of the Corporation and sent via overnight courier service to such Person at such address as previously provided to the Corporation in writing; **provided,** that such Holder may elect to receive a payment of cash via wire transfer of immediately available funds by providing the Corporation with prior written notice setting out such request and such Holder's wire transfer instructions. Whenever any amount expressed to be due by the terms of this Section 4.4 is due on any day which is not a Business Day, the same shall instead be due on the next succeeding day which is a Business Day. Any amount due under the Transaction Documents which is not paid when due shall result in a late charge being incurred and payable by the Corporation in an amount equal to interest on such amount at the rate of nine percent (9%) per annum from the date such amount was due until the same is paid in full ("***Late Charge***").

(27) *Waiver of Notice*. To the extent permitted by law, the Corporation hereby irrevocably waives demand, notice, presentment, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Section 4.4 and the Securities Purchase Agreement.

(28) [**Reserved**].

(29) *Judgment Currency*.

(a) If for the purpose of obtaining or enforcing judgment against the Corporation in any court in any jurisdiction it becomes necessary to convert into any other currency (such other currency being hereinafter in this Section 4.4(20) referred to as the "***Judgment Currency***") an amount due in U.S. dollars under this Section 4.4, the conversion shall be made at the Exchange Rate prevailing on the Trading Day immediately preceding:

(i) the date actual payment of the amount due, in the case of any proceeding in the courts of New York or in the courts of any other jurisdiction that will give effect to such conversion being made on such date: or

(ii) the date on which the foreign court determines, in the case of any proceeding in the courts of any other jurisdiction (the date as of which such conversion is made pursuant to this Section 4.4((29)(a)(ii)) being hereinafter referred to as the "***Judgment Conversion Date***").

(b) If in the case of any proceeding in the court of any jurisdiction referred to in Section 4.4((29)(a)(ii)), there is a change in the Exchange Rate prevailing between the Judgment Conversion Date and the date of actual payment of the amount due, the applicable party shall pay such adjusted amount as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the Exchange Rate prevailing on the date of payment, will produce the amount of US dollars which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial order at the Exchange Rate prevailing on the Judgment Conversion Date.

(c) Any amount due from the Corporation under this provision shall be due as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of this Section 4.4.

(30) *Severability*. If any provision of this Section 4.4 is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Section 4.4 long as this Section 4.4 as so modified continues to express, without material change, the original intentions of the parties to the Securities Purchase Agreement as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

(31) *Maximum Payments*. Without limiting Section 4.4((9)(d)) of the Securities Purchase Agreement, nothing contained herein shall be deemed to establish or require the payment of a rate of interest or other charges in excess of the maximum permitted by applicable law. In the event that the rate of interest required to be paid or other charges hereunder exceed the maximum permitted by such law, any payments in excess of such maximum shall be credited against amounts owed by the Corporation to the applicable Holder and thus refunded to the Corporation.

(32) *Stockholder Matters; Amendment.*

(a) *Stockholder Matters.* Any stockholder action, approval or consent required, desired or otherwise sought by the Corporation pursuant to the DGCL, the Second Amended and Restated Certificate or otherwise with respect to the issuance of Series A Shares may be effected by written consent of the Corporation's stockholders or at a duly called meeting of the Corporation's stockholders, all in accordance with the applicable rules and regulations of the DGCL. This provision is intended to comply with the applicable sections of the DGCL permitting stockholder action, approval and consent affected by written consent in lieu of a meeting.

(b) *Amendment*. This Section 4.4 or any provision hereof may be amended by obtaining the affirmative vote at a meeting duly called for such purpose, or written consent without a meeting in accordance with the DGCL, of the Required Holders, voting separate as a single class, and with such other stockholder approval, if any, as may then be required pursuant to the DGCL and the Second Amended and Restated Certificate.

(33) *Certain Defined Terms.* Capitalized terms not otherwise defined below or elsewhere in this Section 4.4 shall have the respective meanings ascribed to them in the Securities Purchase Agreement. For purposes of this Section 4.4, the following terms shall the following meanings:

(a) "***1934 Act***" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

(b) "***Additional Amount***" means, as of the applicable date of determination, with respect to each Series A Share, all declared and unpaid Dividends on such Series A Share.

(c) "***Asset Transfer***" means a sale, lease or sublease (as lessor or sublessor), sale and leaseback, conveyance, transfer, assignment or other disposition to, or any exchange of property (other than cash) with, any Person of, or any other transaction permitting any Person to acquire, in one transaction or a series of transactions, any interest in, all or any part of a business or any property of any kind (other than cash) including a spin-off, split-off, sale, factoring at maturity, collection of or other disposal, with or without recourse, of any notes or accounts receivable.

(d) "***Bloomberg***" means Bloomberg, L.P.

(e) "***Business Day***" means any day other than Saturday, Sunday or other day on which commercial banks in the City of New York are authorized or required by law to remain closed.

(f) "***Change of Control***" means any Fundamental Transaction other than (i) any merger of the Corporation or any of its, direct or indirect, wholly-owned Subsidiaries with or into any of the foregoing Persons, (ii) any reorganization, recapitalization or reclassification of the shares of Common Stock in which holders of the Corporation's voting power immediately prior to such reorganization, recapitalization or reclassification continue after such reorganization, recapitalization or reclassification to hold publicly traded securities and, directly or indirectly, are, in all material respects, such holders of the voting power of the surviving entity (or entities with the authority or voting power to elect the members of the board of directors (or their equivalent if other than a corporation) of such entity or entities) after such reorganization, recapitalization or reclassification, or (iii) pursuant to a migratory merger effected solely for the purpose of changing the jurisdiction of incorporation of the Corporation or any of its Subsidiaries.

(g) "***Change of Control Redemption Premium***" means 0.00%.

(h) "***Closing Bid Price***" and "***Closing Sale Price***" means, for any security as of any date, the last closing bid price and last closing trade price, respectively, for such security on the Principal Market, as reported by Bloomberg, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing bid price or the closing trade price (as the case may be) then the last bid price or last trade price, respectively, of such security prior to 4:00:00 p.m., New York time, as reported by Bloomberg, or, if the Principal Market is not the principal securities exchange or trading market for such security, the last closing bid price or last trade price, respectively, of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing do not apply, the last closing bid price or last trade price, respectively, of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no closing bid price or last trade price, respectively, is reported for such security by Bloomberg, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported in the "pink sheets" by OTC Markets Group Inc. (formerly Pink Sheets LLC). If the Closing Bid Price or the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Bid Price or the Closing Sale Price (as the case may be) of such security on such date shall be the fair market value as mutually determined by the Corporation and the Required Holder. If the Corporation and the Required Holders are unable to agree upon the fair market value of such security, then such dispute shall be resolved in accordance with the procedures in Section 4.4(25). All such determinations shall be appropriately adjusted for any stock splits, stock dividends, stock combinations, recapitalizations or other similar transactions during such period.

(i) "***Common Stock***" means (i) the Corporation's shares of common stock, $0.0001 par value per share, and (ii) any capital stock into which such common stock shall have been changed or any share capital resulting from a reclassification of such common stock.

(j) "***Convertible Securities***" means any stock or other security (other than Options) that is at any time and under any circumstances, directly or indirectly, convertible into, exercisable or exchangeable for, or which otherwise entitles the holder thereof to acquire, any shares of Common Stock.

(k) "***Current Subsidiary***" means any Person in which the Corporation on the Subscription Date, directly or indirectly, (i) owns any of the outstanding capital stock or holds any equity or similar interest of such Person or (ii) controls or operates all or any part of the business, operations or administration of such Person, and all of the foregoing, collectively, "Current Subsidiaries".

(l) "***Customary Permitted Liens***" means all of the following:

(i) Liens securing the payment of taxes, assessments or other charges or levies imposed by any Governmental Authority which are either not yet overdue or the validity of which are being contested in good faith by appropriate proceedings diligently pursued and with respect to which adequate reserves have been set aside on its books;

(ii) non-consensual statutory Liens (other than Liens securing the payment of taxes) arising in the ordinary course of business to the extent (A) such Liens secure Indebtedness that is not overdue for a period of more than 30 days or (B) such Liens secure Indebtedness relating to claims or liabilities that are fully insured and being defended at the sole cost and expense and at the sole risk of the insurer or being contested in good faith by appropriate proceedings diligently pursued, in each case prior to the commencement of foreclosure or other similar proceedings and with respect to which adequate reserves have been set aside on its books;

(iii) zoning, building and land use restrictions, easements, servitudes, encumbrances, licenses, covenants and other restrictions affecting the use of real property or minor defects or irregularities in title thereto that do not interfere in any material respect with the use of such real property or the ordinary conduct of the business of the Corporation and its Subsidiaries as presently conducted thereon or materially impair the value of the real property that may be subject thereto;

(iv) pledges and deposits of cash in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security benefits consistent with current practices as in effect on the date hereof;

(v) undetermined or inchoate Liens and charges arising or potentially arising under statutory provisions which have not at the time been filed or registered in accordance with applicable Law or of which written notice has not been duly given in accordance with applicable Regulation or which although filed or registered, relate to obligations not due or delinquent, including without limitation statutory Liens incurred, or pledges or deposits made, under worker's compensation, employment insurance and other social security legislation;

(vi) Liens or deposits to secure the performance of bids, tenders, expropriation proceedings, trade contracts, leases, statutory obligations, surety and performance bonds and other obligations of a like nature (other than for borrowed money), and deposits to secure equipment contracts, in each case incurred in the ordinary course of business;

(vii) appeal bonds;

(viii) landlord Liens for rent not yet due and payable;

(ix) Liens arising from operating leases and the precautionary UCC financing statement filings in respect thereof;

(x) judgments and other similar Liens arising in connection with court proceedings that do not constitute an Event of Default;**provided,** that (A) such Liens are being contested in good faith and by appropriate proceedings diligently pursued, (B) adequate reserves or other appropriate provision, if any, as are required by GAAP have been made therefor and (C) a stay of enforcement of any such Liens is in effect; and

(xi) customary rights of set-off or combination of accounts in favor of a financial institution with respect to deposits maintained by it.

(m) "***Derivative***" means (a) any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedging agreement or other similar agreement or arrangement, (b) any foreign exchange contract, currency swap agreement, futures contract, option contract, synthetic cap or other similar agreement or arrangement, (d) any futures or forward contract, spot transaction, commodity swap, purchase or option agreement, other commodity price hedging arrangement, cap, floor or collar transaction, any credit default or total return swap, and (e) any other derivative instrument, any other similar speculative transaction and any other similar agreement or arrangement designed to alter the risks of any Person arising from fluctuations in any underlying variable, including interest rates, currency values, insurance, catastrophic losses, climatic or geological conditions or the price or value of any other derivative instrument. For the purposes of this definition, "derivative instrument" means "any derivative instrument" as defined in Statement of Financial Accounting Standards No. 133 (Accounting for Derivative Instruments and Hedging Activities) of the United States Financial Accounting Standards Board, and any defined with a term similar effect in any successor statement or any supplement to, or replacement of, any such statement.

(n) “***Dividend Rate***” means ten percent (10.0%) per annum, as may be adjusted from time to time in accordance with Section 3.

(o) “***Eligible Market***” means The New York Stock Exchange, the NYSE MKT, the NASDAQ Global Select Market, the NASDAQ Global Market or the Principal Market.

(p) “***Equity Conditions***” means, with respect to a given date of determination: (i) on each day during the period beginning thirty calendar days prior to the applicable date of determination and ending on and including the applicable date of determination (the “***Equity Conditions Measuring Period***”), the Common Stock is listed or designated for quotation (as applicable) on an Eligible Market and shall not have been suspended from trading on an Eligible Market (other than suspensions of not more than two (2) days and occurring prior to the applicable date of determination due to business announcements by the Corporation) nor shall delisting or suspension by an Eligible Market have been threatened (with a reasonable prospect of delisting occurring after giving effect to all applicable notice, appeal, compliance and hearing periods) or reasonably likely to occur or pending as evidenced by (A) a writing by such Eligible Market or (B) the Corporation falling below the minimum listing maintenance requirements of the Eligible Market on which the Common Stock is then listed or designated for quotation, and all cure periods afforded by such Eligible Market have passed (as applicable); (ii) during the Equity Conditions Measuring Period, the Corporation shall have delivered all shares of Common Stock issuable upon conversion of the Series A Shares on a timely basis as set forth in Section 4.4(4) and all other shares of capital stock required to be delivered by the Corporation on a timely basis as set forth in the other Transaction Documents; (iii) any shares of Common Stock to be issued in connection with the event requiring determination (or issuable upon conversion of the Conversion Amount being redeemed in the event requiring this determination) may be issued in full without violating Section 4.4((4)(d)); (iv) any shares of Common Stock to be issued in connection with the event requiring determination (or issuable upon conversion of the Conversion Amount being redeemed in the event requiring this determination (without regards to any limitations on conversion set forth herein)) may be issued in full without violating the rules or regulations of the Eligible Market on which the Common Stock is then listed or designated for quotation (as applicable); (v) on each day during the Equity Conditions Measuring Period, no public announcement of a pending, proposed or intended Fundamental Transaction shall have occurred which has not been abandoned, terminated or consummated; (vi) the Holder shall not be in possession of any material, non-public information provided to any of them by the Corporation, any of its Subsidiaries, Affiliates or any of their respective staff members (whether classified as employees or independent contractors), officers, directors, managers, managing members, representatives, agents or the like; (vii) on each day during the Equity Conditions Measuring Period, the Corporation otherwise shall have been in compliance with each, and shall not have breached any representation or warranty in any material respect (other than representations or warranties subject to material adverse effect or materiality, which may not be breached in any respect) or any covenant or other term or condition of any Transaction Document, including, without limitation, the Corporation shall not have failed to timely make any payment pursuant to any Transaction Document; (viii) **[reserved]**; (ix) on the applicable date of determination (A) no Authorized Share Failure shall exist or be continuing and the applicable Required Minimum Securities Amount of shares of Common Stock (are available under the certificate of incorporation of the Corporation and reserved by the Corporation to be issued pursuant to the Series A Shares and (B) all shares of Common Stock to be issued in connection with the event requiring this determination (or issuable upon conversion of the Conversion Amount being redeemed in the event requiring this determination (without regards to any limitations on conversion set forth herein)) may be issued in full without resulting in an Authorized Share Failure; (x) on each day during the Equity Conditions Measuring Period, there shall not have occurred and there shall not exist a Triggering Event or an event that with the passage of time or giving of notice would constitute a Triggering Event; and (xi) the shares of Common Stock issuable pursuant the event requiring the satisfaction of the Equity Conditions are duly authorized and listed and eligible for trading without restriction on an Eligible Market.

(q) “***Equity Conditions Failure***” means, as of any given date of determination, that on any day during the period commencing twenty (20) Trading Days prior to such date of determination, the Equity Conditions have not been satisfied (or waived in writing by the applicable Holder).

(r) “***Exempt Issuance***” means the issuance of (a) shares of Common Stock or options to employees, officers, directors, advisors or independent contractors of the Corporation; **provided,** that such issuance is approved by a majority of the board of directors of the Corporation; and**provided**, **further** that such issuance shall not exceed in the aggregate 15% of the outstanding shares of Common Stock without the prior approval of the Purchaser, (b) shares of Common Stock, warrants or options to advisors or independent contractors of the Corporation for compensatory purposes, (c) Securities issued upon the exercise or exchange of or conversion of any Notes issued under the Securities Purchase Agreement, any shares of Series A Preferred Stock, issued under the Securities Purchase Agreement and/or other securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the date of the Securities Purchase Agreement; **provided,** that such securities have not been amended since such date to increase the number of such securities or to decrease the exercise price, exchange price or conversion price of such securities, (d) securities issuable pursuant to any contractual anti-dilution obligations of the Corporation in effect as of the date of the Securities Purchase Agreement; **provided,** that such obligations have not been materially amended since such date, and (e) securities issued pursuant to acquisitions or any other strategic transactions, including, without limitation, the Business Combination, approved by a majority of the disinterested members of the Board of Directors **provided,** that any such issuance shall not include a transaction in which the Corporation is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities.

(s) “***Fundamental Transaction***” means that (i) the Corporation, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Corporation with or into another Person, (ii) the Corporation, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or more than 10% of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Corporation or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other Securities, cash or property and has been accepted by the holders of fifty percent (50%) or more of the outstanding Common Stock, (iv) the Corporation, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other Securities, cash or property, (v) the Corporation, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than fifty percent (50%) of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination).

(t) “***GAAP***” means United States generally accepted accounting principles, consistently applied.

(u) “***Group***” means a “group” as that term is used in Section 13(d) of the 1934 Act and as defined in Rule 13d-5 thereunder.

(v) “***Holder Pro Rata Amount***” means, with respect to any Holder, a fraction (i) the numerator of which is the number of Series A Shares issued to such Holder pursuant to the Securities Purchase Agreement on the Initial Issuance Date and (ii) the denominator of which is the number of Series A Shares issued to all Holders pursuant to the Securities Purchase Agreement on the Initial Issuance Date.

(w) “***Liquidation Event***” means, whether in a single transaction or series of transactions, the voluntary or involuntary liquidation, dissolution or winding up of the Corporation or such Subsidiaries the assets of which constitute all or substantially all of the assets of the business of the Corporation and its Subsidiaries, taken as a whole.

(x) “***Make-Whole Amount***” means as of any given date, the amount of any Dividend that, but for any conversion hereunder on such given date, would have accrued with respect to the Conversion Amount being redeemed hereunder at the Dividend Rate then in effect for the period from such given date through the first anniversary of the Subscription Date.

(y) "***Mandatory Conversion***" shall have the meaning ascribed to such term in Section 4.4((4)(e)).

(z) "***Mandatory Conversion Conditions***" shall have the meaning ascribed to such term in Section 4.4((4)(e)).

(aa) **"*Mandatory Conversion Date*"** shall have the meaning ascribed to such term in Section 4.4((4)(e)).

(bb) "***Mandatory Conversion Measuring Time***" shall have the meaning ascribed to such term in Section 4.4((4)(e)).

(cc) "***Mandatory Conversion Minimum Price***" shall have the meaning ascribed to such term in Section 4.4((4)(e)).

(dd) "***Mandatory Conversion Notice***" shall have the meaning ascribed to such term in Section 4.4((4)(e)).

(ee) "***Mandatory Conversion Notice Date***" shall have the meaning ascribed to such term in Section 4.4((4)(e)).

(ff) "***Maturity Date***" shall mean June 11, 2021.

(gg) "***New Subsidiary***" means, as of any date of determination, any Person in which the Corporation after the Subscription Date, directly or indirectly, (i) owns or acquires any of the outstanding capital stock or holds any equity or similar interest of such Person or (ii) controls or operates all or any part of the business, operations or administration of such Person, and all of the foregoing, collectively, "New Subsidiaries."

(hh) "***Options***" means any rights, warrants or options to subscribe for or purchase shares of Common Stock or Convertible Securities.

(ii) "***Parent Entity***" of a Person means an entity that, directly or indirectly, controls the applicable Person and whose common stock or equivalent equity security is quoted or listed on an Eligible Market, or, if there is more than one such Person or Parent Entity, the Person or Parent Entity with the largest public market capitalization as of the date of consummation of the Change of Control.

(jj) "***Permitted Debt***" means all of the following: (i) Indebtedness owing to any Secured Party and unsecured and subordinated Indebtedness as otherwise permitted under any Transaction Document; (ii) unsecured inter-company Indebtedness between the Corporation and its Subsidiaries in the ordinary course of business; (iii) unsecured Indebtedness of the Corporation or any of its Subsidiaries to trade creditors (including overdue amounts on invoices) incurred on customary terms in the ordinary course of business; (v) existing Indebtedness existing on the First Closing Date and disclosed on the Disclosure Schedule (**provided,** that no such Indebtedness may be re-borrowed if repaid or otherwise modified or increased, no additional Lien may be granted on such Indebtedness, no document with respect to such Indebtedness may be modified without the consent of the Holder, all Indebtedness to Kingsbrook shall be covered by and subject to the Collateral Agency Agreement and all Indebtedness to holders of secured or unsecured debt that purport to be party to a Subordination and Intercreditor Agreement shall be covered by such Subordination and Intercreditor Agreement); (vi) Indebtedness of the Corporation or any Subsidiary under Capital Leases for equipment or Indebtedness of the Corporation or any Subsidiary secured by a Purchase Money Lien, which Indebtedness shall not at any time exceed $50,000 in the aggregate for the Corporation and its Subsidiaries; (vii) Indebtedness of the Corporation or any of its Subsidiaries under leases for facilities that are treated as Capital Leases under GAAP; and (ix) any other Indebtedness incurred with the prior written consent of the Holder.

(kk) “***Permitted Liens***” means (i) the security interests of the Secured Parties as provided for in any Transaction Document; (ii) Customary Permitted Liens; (iii) Purchase Money Liens granted to or held by Purchase Money Lien lenders in connection with the purchase, leasing or acquisition of capital equipment in the ordinary course of business and without resulting in a contravention of any applicable provisions of this Agreement; (iv) Liens on assets of the Corporation and its Subsidiaries existing on the First Closing Date and disclosed in the Disclosure Certificate, **provided,** that such Liens shall secure only those obligations that they secure on the Closing Date and extension, renewals and replacements thereof permitted hereunder; (v) Liens on assets of the Target and its Subsidiaries by Kingsbrook existing on the First Closing Date and disclosed in the Disclosure Certificate, **provided,** that such Liens shall secure only those obligations that they secure on the Closing Date; are subject to the terms of the Collateral Agency Agreement (as such term is defined in the Securities Purchase Agreement) and extension, renewals and replacements thereof permitted under the Collateral Agency Agreement; and (vi) any other Lien granted with the prior written consent of the Holder.

(ll) “***Permitted Senior Indebtedness***” means the Indebtedness set forth in the Disclosure Schedules to the Securities Purchase Agreement.

(mm) “***Person***” means an individual, partnership, corporation, incorporated or unincorporated association, limited liability company, limited liability partnership, joint stock company, land trust, business trust or unincorporated organization, or a government or agency, department or other subdivision thereof or other entity of any kind.

(nn) **[Reserved]**.

(oo) “***Principal Market***” means the NASDAQ Capital Market.

(pp) “***Purchase Money Lien***” means any Lien securing Indebtedness (i) upon or in any equipment acquired or held by the Corporation or any of its Subsidiaries to secure the purchase price of such equipment or indebtedness incurred solely for the purpose of financing the acquisition or lease of such equipment or (ii) existing on such equipment at the time of its acquisition, in each case **provided,** that the Lien is confined solely to the property so acquired and improvements thereon, and the proceeds of such equipment.

(qq) “***Redemption Notices***” means, collectively, the Triggering Events Redemption Notices, the Maturity Redemption Notice, and the Change of Control Redemption Notices, and each of the foregoing, individually, a “Redemption Notice.”

(rr) “***Redemption Premium***” means 0.00%.

(ss) “***Redemption Prices***” means, collectively, Triggering Event Redemption Prices, and the Change of Control Redemption Prices, and each of the foregoing, individually, a “Redemption Price.”

(tt) “***Required Minimum Securities Amount***” means 1,578,283 shares of Common Stock as of the Subscription Date.

(uu) “***SEC***” means the Securities and Exchange Commission or the successor thereto.

(vv) “***Securities Purchase Agreement***” means that certain securities purchase agreement by and among the Corporation and the purchasers signatory thereto, dated as of June 12, 2020, as may be amended from time in accordance with the terms thereof.

(ww) “***Stated Value***” of each Series A Share shall equal the result of (the purchase price of the Series A Shares, plus original issue discount and Make-Whole Amount) divided by (the purchase price of the Series A Shares plus original issue discount, divided by the Conversion Price), which such formula equals $5.867 per share, subject to adjustment for stock splits, stock dividends, recapitalizations, reorganizations, reclassifications, combinations, subdivisions or other similar events occurring after the Initial Issuance Date with respect to the Series A Shares.

(xx) “***Subscription Date***” means June 12, 2020.

(yy) “***Subsidiaries***” means, as of any date of determination, collectively, all Current Subsidiaries and all New Subsidiaries, and each of the foregoing, individually, a “Subsidiary.”

(zz) “***Successor Entity***” means the Person (or, if so elected by the Required Holders, the Parent Entity) formed by, resulting from or surviving any Change of Control or the Person (or, if so elected by the Required Holders, the Parent Entity) with which such Change of Control shall have been entered into.

(aaa) “***Trading Day***” means a day on which the Principal Market for the Common Stock is open for trading

(bbb) “***Voting Stock***” means capital stock of any Person (i) having ordinary power to vote in the election of any member of the board of directors or any manager, trustee or other controlling persons of such Person (irrespective of whether, at the time, Capital Stock of any other class or classes of such entity shall have or might have voting power by reason of the happening of any contingency) and (ii) any Capital Stock of such Person convertible or exchangeable without restriction at the option of the holder thereof into capital stock of such Person described in clause (i) of this definition.

(ccc) “***VWAP***” means, for or as of any date for any security, the dollar volume-weighted average price for such security on the Trading Market (or, if the Trading Market is not the principal trading market for such security, then on the principal securities exchange or securities market on which such security is then traded) during the period beginning at 9:30:01 a.m., New York time, and ending at 4:00:00 p.m., New York time, as reported by Bloomberg through its “HP” function (set to weighted average) or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30:01 a.m., New York time, and ending at 4:00:00 p.m., New York time, as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the “pink sheets” by OTC Markets Group Inc. (formerly Pink Sheets LLC). If the VWAP cannot be calculated for such security on such date on any of the foregoing bases, the VWAP of such security on such date shall be the fair market value as mutually determined by the Corporation and the Holder. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination, recapitalization or other similar transaction during such period.

(34) *Disclosure*. Upon receipt or delivery by the Corporation of any notice in accordance with the terms of this Section 4.4, unless the Corporation has in good faith determined that the matters relating to such notice do not constitute material, non-public information relating to the Corporation or any of its Subsidiaries, the Corporation shall within four (4) Business Days after any such receipt or delivery publicly disclose such material, non-public information on a Current Report on Form 8-K or otherwise. In the event that the Corporation believes that a notice contains material, non-public information relating to the Corporation or any of its Subsidiaries, the Corporation so shall indicate to such Holder contemporaneously with delivery of such notice, and in the absence of any such indication, such Holder shall be allowed to presume that all matters relating to such notice do not constitute material, non-public information relating to the Corporation or any of its Subsidiaries. Nothing contained in this Section 4.4(34) shall limit any obligations of the Corporation, or any rights of any Holder, under Section 4.4((4)(i)) of the Securities Purchase Agreement.

Section 4.5 Rights and Options. The Corporation has the authority to create and issue rights, warrants, and options entitling the holders thereof to acquire from the Corporation any shares of its capital stock of any class or classes, with such rights, warrants, and options to be evidenced by or in instrument(s) approved by the Board. The Board is empowered to set the exercise price, duration, times for exercise and other terms and conditions of such rights, warrants or options; provided, however, that the consideration to be received for any shares of capital stock issuable upon exercise thereof may not be less than the par value thereof.

ARTICLE V
BOARD OF DIRECTORS

Section 5.1 Board Powers. The business and affairs of the Corporation shall be managed by, or under the direction of, the Board. In addition to the powers and authority expressly conferred upon the Board by statute, this Second Amended and Restated Certificate or the Bylaws of the Corporation (“***Bylaws***”), the Board is hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the DGCL, this Second Amended and Restated Certificate, and any Bylaws adopted by the stockholders; provided, however, that no Bylaws hereafter adopted by the stockholders shall invalidate any prior act of the Board that would have been valid if such Bylaws had not been adopted.

Section 5.2 Number, Election, and Term.

(a) The number of directors of the Corporation, other than those who may be elected by the holders of one or more series of the Preferred Stock voting separately by class or series, shall be fixed from time to time exclusively by the Board pursuant to a resolution adopted by a majority of the Board.

(b) Subject to Section 5.5 hereof, the Board shall be divided into two classes, as nearly equal in number as possible and designated Class I and Class II. The Board is authorized to assign members of the Board already in office to Class I or Class II. The term of the initial Class I Directors shall expire at the first annual meeting of the stockholders of the Corporation following the effectiveness of this Second Amended and Restated Certificate and the term of the initial Class II Directors shall expire at the second annual meeting of the stockholders of the Corporation following the effectiveness of this Second Amended and Restated Certificate. At each annual meeting of the stockholders of the Corporation, beginning with the first annual meeting of the stockholders of the Corporation following the effectiveness of this Second Amended and Restated Certificate, successors to the class of directors whose term expires at that annual meeting shall be elected for a two-year term. Subject to Section 5.5 hereof, if the number of directors is changed, any increase or decrease shall be apportioned by the Board among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case shall a decrease in the number of directors shorten the term of any incumbent director.

(c) Subject to Section 5.5 hereof, a director shall hold office until the annual meeting for the year in which his or her term expires and until his or her successor has been elected and qualified, subject, however, to such director’s earlier death, resignation, retirement, disqualification or removal.

(d) Unless and except to the extent that the Bylaws shall so require, the election of directors need not be by written ballot.

Section 5.3 Newly Created Directorships and Vacancies. Subject to Section 5.5 hereof, newly created directorships resulting from an increase in the number of directors and any vacancies on the Board resulting from death, resignation, retirement, disqualification, removal, or other cause may be filled solely and exclusively by a majority vote of the remaining directors then in office, even if less than a quorum, or by a sole remaining director (and not by stockholders), and any director so chosen shall hold office for the remainder of the full term of the class of directors to which the new directorship was added or in which the vacancy occurred and until his or her successor has been elected and qualified, subject, however, to such director’s earlier death, resignation, retirement, disqualification, or removal.

Section 5.4 Removal. Subject to Section 5.5 hereof, any or all of the directors may be removed from office at any time, but only for cause and only by the affirmative vote of holders of a majority of the voting power of all then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

Section 5.5 Preferred Stock — Directors. Notwithstanding any other provision of this *Article V*, and except as otherwise required by law, whenever the holders of one or more series of the Preferred Stock shall have the right, voting separately by class or series, to elect one or more directors, the term of office, the filling of vacancies, the removal from office and other features of such directorships shall be governed by the terms of such series of the Preferred Stock as set forth in this Second Amended and Restated Certificate (including any Preferred Stock Designation) and such directors shall not be included in any of the classes created pursuant to this *Article V* unless expressly provided by such terms.

ARTICLE VI
BYLAWS

In furtherance and not in limitation of the powers conferred upon it by law, the Board shall have the power and is expressly authorized to adopt, amend, alter or repeal the Bylaws. The affirmative vote of a majority of the Board shall be required to adopt, amend, alter or repeal the Bylaws. The Bylaws also may be adopted, amended, altered or repealed by the stockholders; provided, however, that in addition to any vote of the holders of any class or series of capital stock of the Corporation required by law or by this Second Amended and Restated Certificate (including any Preferred Stock Designation), the affirmative vote of the holders of at least a majority of the voting power of all then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required for the stockholders to adopt, amend, alter or repeal the Bylaws; and provided further, however, that no Bylaws hereafter adopted by the stockholders shall invalidate any prior act of the Board that would have been valid if such Bylaws had not been adopted.

ARTICLE VII
MEETINGS OF STOCKHOLDERS; ACTION BY WRITTEN CONSENT

Section 7.1 Meetings. Subject to the rights, if any, of the holders of any outstanding series of the Preferred Stock, and to the requirements of applicable law, special meetings of stockholders of the Corporation may be called only by the Chairman of the Board, the Chief Executive Officer of the Corporation, or the Board pursuant to a resolution adopted by a majority of the Board, and the ability of the stockholders to call a special meeting is hereby specifically denied. Except as provided in the foregoing sentence, special meetings of stockholders may not be called by another person or persons.

Section 7.2 Advance Notice. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the Bylaws.

Section 7.3 Action by Written Consent. Except as may be otherwise provided for or fixed pursuant to this Second Amended and Restated Certificate (including any Preferred Stock Designation) relating to the rights of the holders of any outstanding series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected by a duly called annual or special meeting of such stockholders and may not be effected by written consent of the stockholders.

ARTICLE VIII
LIMITED LIABILITY; INDEMNIFICATION

Section 8.1 Limitation of Director Liability. A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as the same exists or may hereafter be amended unless they violated their duty of loyalty to the Corporation or its stockholders, acted in bad faith, knowingly or intentionally violated the law, authorized unlawful payments of dividends, unlawful stock purchases or unlawful redemptions, or derived improper personal benefit from their actions as directors. Any amendment, modification or repeal of the foregoing sentence shall not adversely affect any right or protection of a director of the Corporation hereunder in respect of any act or omission occurring prior to the time of such amendment, modification or repeal.

Section 8.2 Indemnification and Advancement of Expenses.

(a) To the fullest extent permitted by applicable law, as the same exists or may hereafter be amended, the Corporation shall indemnify and hold harmless each person who is or was made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "***proceeding***") by reason of the fact that he or she is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, other enterprise or nonprofit entity, including service with respect to an employee benefit plan (an "***indemnitee***"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent, or in any other capacity while serving as a director, officer, employee or agent, against all liability and loss suffered and expenses (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes and penalties and amounts paid in settlement) reasonably incurred by such indemnitee in connection with such proceeding. The Corporation shall to the fullest extent not prohibited by applicable law pay the expenses (including attorneys' fees) incurred by an indemnitee in defending or otherwise participating in any proceeding in advance of its final disposition; provided, however, that, to the extent required by applicable law, such payment of expenses in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking, by or on behalf of the indemnitee, to repay all amounts so advanced if it shall ultimately be determined that the indemnitee is not entitled to be indemnified under this Section 8.2 or otherwise. The rights to indemnification and advancement of expenses conferred by this Section 8.2 shall be contract rights, and such rights shall continue as to an indemnitee who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of his or her heirs, executors, and administrators. Notwithstanding the foregoing provisions of this Section 8.2(a), except for proceedings to enforce rights to indemnification and advancement of expenses, the Corporation shall indemnify and advance expenses to an indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board.

(b) The rights to indemnification and advancement of expenses conferred on any indemnitee by this Section 8.2 shall not be exclusive of any other rights that any indemnitee may have or hereafter acquire under law, this Second Amended and Restated Certificate, the Bylaws, an agreement, vote of stockholders or disinterested directors, or otherwise.

(c) Any repeal or amendment of this Section 8.2 by the stockholders of the Corporation or by changes in law, or the adoption of any other provision of this Second Amended and Restated Certificate inconsistent with this Section 8.2, shall, unless otherwise required by law, be prospective only (except to the extent such amendment or change in law permits the Corporation to provide broader indemnification rights on a retroactive basis than permitted prior thereto), and shall not in any way diminish or adversely affect any right or protection existing at the time of such repeal or amendment or adoption of such inconsistent provision in respect of any proceeding (regardless of when such proceeding is first threatened, commenced or completed) arising out of, or related to, any act or omission occurring prior to such repeal or amendment or adoption of such inconsistent provision.

(d) This Section 8.2 shall not limit the right of the Corporation, to the extent and in the manner authorized or permitted by law, to indemnify and to advance expenses to persons other than indemnitees.

ARTICLE IX
CORPORATE OPPORTUNITY

To the extent allowed by law, the doctrine of corporate opportunity, or any other analogous doctrine, shall not apply with respect to the Corporation or any of its officers or directors, or any of their respective affiliates, and the Corporation renounces any expectancy that any of the directors or officers of the Corporation will offer any such corporate opportunity of which he or she may become aware to the Corporation, except that the doctrine of corporate opportunity shall apply with respect to any of the directors or officers of the Corporation only with respect to a corporate opportunity (i) that was offered to such person solely in his or her capacity as a director or officer of the Corporation, (ii) that is one the Corporation is legally and contractually permitted to undertake and would otherwise be reasonable for the Corporation to pursue, and (iii) to the extent the director or officer is permitted to refer such opportunity to the Corporation without violating any legal obligation.

ARTICLE X
AMENDMENT OF SECOND AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

The Corporation reserves the right at any time and from time to time to amend, alter, change or repeal any provision contained in this Second Amended and Restated Certificate (including any Preferred Stock Designation), and other provisions authorized by the laws of the State of Delaware at the time in force that may be added or inserted, in the manner now or hereafter prescribed by this Second Amended and Restated Certificate and the DGCL; and, except as set forth in *Article VIII*, all rights, preferences and privileges of whatever nature herein conferred upon stockholders, directors or any other persons by and pursuant to this Second Amended and Restated Certificate in its present form or as hereafter amended are granted subject to the right reserved in this *Article X*.

ARTICLE XI
EXCLUSIVE FORUM FOR CERTAIN LAWSUITS

Section 11.1 Forum. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, other employee, or stockholder of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation or any director, officer, or employee of the Corporation arising pursuant to any provision of the DGCL or this Second Amended and Restated Certificate or the Bylaws, or (iv) any action asserting a claim against the Corporation or any director, officer, or employee of the Corporation governed by the internal affairs doctrine, except for, as to each of (i) through (iv) above, any claim as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within ten days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery, or for which the Court of Chancery does not have subject matter jurisdiction; provided that the provisions of this Section 11.1 will not apply to suits brought to enforce any liability or duty created by the Securities Exchange Act of 1934, as amended, the Securities Act of 1933, as amended, or any other claim for which the federal courts have exclusive jurisdiction.

Section 11.2 Consent to Jurisdiction. If any action the subject matter of which is within the scope of Section 11.1 hereof is filed in a court other than a court located within the State of Delaware (a "***Foreign Action***") in the name of any stockholder, such stockholder shall be deemed to have consented to (i) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce Section 11.1 hereof (an "***FSC Enforcement Action***") and (ii) having service of process made upon such stockholder in any such FSC Enforcement Action by service upon such stockholder's counsel in the Foreign Action as agent for such stockholder.

Section 11.3 Severability. If any provision or provisions of this *Article XI* shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality, and enforceability of such provisions in any other circumstance and of the remaining provisions of this *Article XI* (including, without limitation, each portion of any sentence of this *Article XI* containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal, or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this *Article XI.*

IN WITNESS WHEREOF, KBL Merger Corp. IV has caused this Second Amended and Restated Certificate to be duly executed and acknowledged in its name and on its behalf by an authorized officer as of the date first set forth above.

KBL MERGER CORP. IV

By: /s/ Marlene Krauss, M.D.
Name: Marlene Krauss, M.D.
Title: Chief Executive Officer

CONVERSION NOTICE

Reference is made to the Second Amended and Restated Certificate of Incorporation of KBL Merger Corp. IV (the "**Second Amended and Restated Certificate**"). In accordance with and pursuant to Section 4.4 of the Second Amended and Restated Certificate, the undersigned hereby elects to convert the number of shares of Series A Convertible Preferred Stock, $0.0001 par value per share (the "**Series A Shares**"), of KBL Merger Corp. IV, a Delaware corporation (the "**Corporation**"), indicated below into shares of common stock, $0.0001 par value per share (the "**Common Stock**"), of the Corporation, as of the date specified below.

Date of Conversion: ______________________________

Aggregate number of Series A Shares to be converted: ______________________________

Aggregate Stated Value of such Series A Shares to be converted: ______________________________

Aggregate accrued and unpaid Dividends and accrued and unpaid Late Charges with respect to such Series A Shares and such Aggregate Dividends to be converted: ______________________________

AGGREGATE CONVERSION AMOUNT TO BE CONVERTED: ______________________________

Please confirm the following information:

Conversion Price: ______________________________

Number of shares of Common Stock to be issued: ______________________________

Please issue the Common Stock into which the applicable Series A Shares are being converted to Holder, or for its benefit, as follows:

☐ Check here if requesting delivery as a certificate to the following name and to the following address:

Issue to: ______________________________

____

____

☐ Check here if requesting delivery by Deposit/Withdrawal at Custodian as follows:

DTC Participant: ______________________________

DTC Number: ______________________________

Account Number: ______________________________

Date: _____________ __,

Name of Registered Holder

By: ______________________________

Name:
Title:

Tax ID: ______________________________

Facsimile: ______________________________

E-mail Address:

EXHIBIT II

ACKNOWLEDGMENT

The Corporation hereby acknowledges this Conversion Notice and hereby directs _________________ to issue the above indicated number of shares of Common Stock in accordance with the Transfer Agent Instructions dated _____________, 202__ from the Corporation and acknowledged and agreed to by ________________________.

[________________________]

By: ______________________________

Name:
Title:

Exhibit 10.1

FORM OF LOCK-UP AGREEMENT

__________, 2020

KBL Merger Corp. IV
30 Park Place, Suite 45E
New York, NY 10007

Ladies and Gentlemen:

The undersigned signatory of this lock-up agreement (this "***Lock-Up Agreement***") understands that KBL Merger Corp. IV, a Delaware corporation ("***KBL***") proposes to enter into a Business Combination Agreement (as the same may be amended from time to time, the "***Business Combination Agreement***") with KBL Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of KBL ("***Merger Sub***"), 180 Life Sciences Corp (f/k/a CannBioRx Life Sciences Corp.), a Delaware corporation (the "***Company***"), Katexco Pharmaceuticals Corp., a British Columbia corporation ("***Katexco***"), CannBioRex Pharmaceuticals Corp., a British Columbia corporation ("***CBR Pharma***"), 180 Therapeutics LP, a Delaware limited partnership ("***180***" and together with Katexco and CBR Pharma, the "***Company Subsidiaries***"), and Lawrence Pemble, in his capacity as representative of the stockholders of the Company and the Company Subsidiaries which provides, among other things, for the merger of Merger Sub with and into the Company, with the Company continuing as the surviving corporation (the "***Merger***"), upon the terms and subject to the conditions set forth in the Business Combination Agreement. Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Business Combination Agreement.

No later than July 31, 2019, the Company and the Company Subsidiaries intend to engage in a corporate restructuring pursuant to which the Company shall become the parent and direct owner of 100% of the common equity of 180 and the ultimate parent and indirect owner of 100% of the common equity of Katexco and CBR Pharma.

1. As a material inducement to each of the Parties to enter into the Business Combination Agreement and to consummate the Contemplated Transactions, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby irrevocably agrees that, subject to the exceptions set forth herein, without the prior written consent of KBL, the undersigned will not, until the earlier of (i) one year after the Business Combination, or (ii) on such earlier date as provided in clauses (x) or (y) below if, subsequent to the Business Combination, (x) the last sale price of the Company 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-day trading period commencing at least 150 days after the Business Combination or (y) the date following the Business Combination on which the Company completes a liquidation, merger, stock exchange or other similar transaction that results in all of the Company's stockholders having the right to exchange their shares of Common Stock for cash, securities or other property (the "**Restricted Period**"):

(a) offer, pledge, sell, contract to sell, sell any option, warrant or contract to purchase, purchase any option, warrant or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of KBL Common Stock or any securities convertible into or exercisable or exchangeable for KBL Common Stock (including without limitation, (a) KBL Common Stock or such other securities of KBL which may be deemed to be beneficially owned by the undersigned in accordance with the rules and regulations of the SEC, (b) securities of KBL which may be issued upon exercise of a stock option or warrant and (c) KBL Common Stock or such other securities to be issued to the undersigned in connection with the Merger), in each case, that are currently or hereafter owned of record or beneficially (including holding as a custodian) by the undersigned (collectively, the "***Undersigned's Shares***"), or publicly disclose the intention to make any such offer, sale, pledge, grant, transfer or disposition;

(b) enter into any swap, short sale, hedge or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Undersigned's Shares regardless of whether any such transaction described in clause (i) above or this clause (ii) is to be settled by delivery of KBL Common Stock or such other securities, in cash or otherwise; or

(c) make any demand for or exercise any right with respect to the registration of any shares of KBL Common Stock or any security convertible into or exercisable or exchangeable for KBL Common Stock.

2. The restrictions and obligations contemplated by this Lock-Up Agreement shall not apply to:

(a) transfers of the Undersigned's Shares:

(i) if the undersigned is a natural person, (A) to any person related to the undersigned by blood or adoption who is an immediate family member of the undersigned, or by marriage or domestic partnership (a "***Family Member***"), or to a trust formed for the benefit of the undersigned or any of the undersigned's Family Members, (B) to the undersigned's estate, following the death of the undersigned, by will, intestacy or other operation of law, (C) as a bona fide gift to a charitable organization, (D) by operation of law pursuant to a qualified domestic order or in connection with a divorce settlement or (E) to any partnership, corporation or limited liability company which is controlled by the undersigned and/or by any such Family Member(s);

(ii) if the undersigned is a corporation, partnership or other business entity, (A) to another corporation, partnership or other business entity that is an affiliate (as defined under Rule 12b-2 of the Exchange Act) of the undersigned, including investment funds or other entities under common control or management with the undersigned, (B) as a distribution or dividend to equity holders (including, without limitation, general or limited partners and members) of the undersigned (including upon the liquidation and dissolution of the undersigned pursuant to a plan of liquidation approved by the undersigned's equity holders) or (C) as a bona fide gift to a charitable organization; or

(iii) if the undersigned is a trust, to any grantors or beneficiaries of the trust;

provided that, in the case of any transfer or distribution pursuant to this clause (a), such transfer is not for value and each donee, heir, beneficiary or other transferee or distributee shall sign and deliver to KBL a lock-up agreement in the form of this Lock-Up Agreement with respect to the shares of KBL Common Stock or such other securities that have been so transferred or distributed;

(b) the exercise of an option (including a net or cashless exercise of an option) to purchase shares of KBL Common Stock, and any related transfer of shares of KBL Common Stock to KBL for the purpose of paying the exercise price of such options or any related transfer of shares of KBL Common Stock for paying taxes (including estimated taxes) due as a result of the exercise of such options (or the disposition to KBL of any shares of restricted stock granted pursuant to the terms of any employee benefit plan or restricted stock purchase agreement); *provided that*, for the avoidance of doubt, the underlying shares of KBL Common Stock shall continue to be subject to the restrictions on transfer set forth in this Lock-Up Agreement;

(c) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of KBL Common Stock;*provided that* such plan does not provide for any transfers of KBL Common Stock during the Restricted Period; or

(d) transfers or distributions pursuant to a bona fide third party tender offer, merger, consolidation or other similar transaction made to all holders of KBL Common Stock involving a change of control of KBL (including entering into any lock-up, voting or similar agreement pursuant to which the undersigned may agree to transfer, sell, tender or otherwise dispose of shares of KBL Common Stock (or any security convertible into or exercisable for KBL Common Stock), or vote any shares of KBL Common Stock in favor of any such transaction or taking any other action in connection with any such transaction), provided that the restrictions set forth in this Lock-Up Agreement shall continue to apply to the Undersigned's Shares should such tender offer, merger, consolidation or other transaction not be completed;

and *provided, further*, that, with respect to each of (a), (b) and (c) above, no filing by any party (including any donor, donee, transferor, transferee, distributor or distributee) under the Exchange Act (other than (i) a filing at any time on a Form 5 or (ii) a filing after the expiration of the Restricted Period on a Schedule 13D or Schedule 13G (or Schedule 13D/A or Schedule 13G/A)), or other public announcement shall be required or shall be made voluntarily in connection with such transfer or disposition during the Restricted Period (other than in respect of a required filing under the Exchange Act in connection with the exercise of an option to purchase KBL Common Stock following such individual's termination of service relationship (including service as a director) with KBL that would otherwise expire during the Restricted Period, provided that reasonable notice shall be provided to KBL prior to any such filing).

3. Any attempted transfer in violation of this Lock-Up Agreement will be of no effect and null and void, regardless of whether the purported transferee has any actual or constructive knowledge of the transfer restrictions set forth in this Lock-Up Agreement, and will not be recorded on the share register of KBL. In furtherance of the foregoing, the undersigned agrees that KBL and any duly appointed transfer agent for the registration or transfer of the securities described herein are hereby authorized to decline to make any transfer of securities if such transfer would constitute a violation or breach of this Lock-Up Agreement. KBL may cause the legend set forth below, or a legend substantially equivalent thereto, to be placed upon any certificate(s) or other documents, ledgers or instruments evidencing the undersigned's ownership of KBL Common Stock:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO AND MAY ONLY BE TRANSFERRED IN COMPLIANCE WITH A LOCK-UP AGREEMENT, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL OFFICE OF THE COMPANY.

4. The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this Lock-Up Agreement. All authority herein conferred or agreed to be conferred and any obligations of the undersigned shall be binding upon the successors, assigns, heirs or personal representatives of the undersigned.

5. The undersigned acknowledges and agrees that the Company is and shall be a third party beneficiary of this Lock-Up Agreement, including, without limitation, the right to provide written consent and waiver prior to the Closing, and shall be entitled to enforce the terms and provisions of this Lock-Up Agreement to the same extent as if it was initially a party hereto.

6. In the event that any holder of KBL Common Stock or securities convertible into or exercisable or exchangeable for KBL Common Stock that is subject to a substantially similar letter agreement entered into by such holder, other than KBL or the undersigned, is permitted by KBL to sell or otherwise transfer or dispose of shares of KBL Common Stock or securities convertible into or exercisable or exchangeable for KBL Common Stock for value other than as permitted by this Lock-Up Agreement or a substantially similar letter agreement entered into by such holder, the same percentage of shares of KBL Common Stock or securities convertible into or exercisable or exchangeable for KBL Common Stock held by the undersigned shall be immediately and fully released on the same terms from any remaining restrictions set forth herein.

7. The undersigned understands that if the Business Combination Agreement is terminated for any reason, or if the Merger is not consummated by ____________, the undersigned shall automatically be released from all restrictions and obligations under this Lock-Up Agreement. The undersigned understands that KBL and the Company are proceeding with the Contemplated Transactions in reliance upon this Lock-Up Agreement.

8. Any and all remedies herein expressly conferred upon KBL will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity, and the exercise by KBL of any one remedy will not preclude the exercise of any other remedy. The undersigned agrees that irreparable damage would occur to KBL in the event that any provision of this Lock-Up Agreement were not performed in accordance with its specific terms or were otherwise breached. It is accordingly agreed that KBL shall be entitled to an injunction or injunctions to prevent breaches of this Lock-Up Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which KBL is entitled at law or in equity, and the undersigned waives any bond, surety or other security that might be required of KBL with respect thereto.

9. This Lock-Up Agreement and any claim, controversy or dispute arising under or related to this Lock-Up Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflict of laws principles thereof.

10. This Lock-Up Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument. The exchange of a fully executed Lock-Up Agreement (in counterparts or otherwise) by KBL and the undersigned by facsimile or electronic transmission in .pdf format shall be sufficient to bind such parties to the terms and conditions of this Lock-Up Agreement.

(Signature Page Follows)

Very truly yours,

Print Name of Stockholder:

____

Signature (for individuals):

____

Signature (for entities):

By: ______________________________
Name: ______________________________
Title: ______________________________

[Signature Page to Lock-up Agreement]

Accepted and Agreed by
[ ]

By ______________________________
Name:
Title:

Exhibit 10.2

ESCROW AGREEMENT

This Escrow Agreement ("Agreement") is made and entered into as of November 6, 2020, by and between: KBL Merger Corp. IV, a Delaware corporation ("KBL"); and Lawrence Pemble, as representative (the "Stockholder Representative") of the Persons identified from time to time on Schedule 1 hereto; and Continental Stock Transfer & Trust Company, a New York corporation (the "Escrow Agent").

Recitals

WHEREAS, KBL and the Stockholder Representative, together with KBL Merger Sub, Inc. ("Merger Sub"), 180 Life Sciences Corp. ("180"), Katexco Pharmaceuticals Corp. ("Katexco"), CannBioRex Pharmaceuticals Corp. ("CBR Pharma") and 180 Therapeutics L.P. ("180 LP" and together with Katexco and CBR Pharma, the "180 Subsidiaries"), entered into a Business Combination Agreement dated as of July 25, 2019 (the "Business Combination Agreement") pursuant to which, among other things: (i) Merger Sub will merge with and into 180; and (ii) certain stock issuances are to be made to the Company Stockholders (as defined below). A copy of the Business Combination Agreement is attached hereto as Exhibit A;

WHEREAS, the Business Combination Agreement contemplates the establishment of an escrow fund to secure certain rights of the KBL Indemnitees (as defined in the Business Combination Agreement) to indemnification as provided in the Business Combination Agreement; and

WHEREAS, pursuant to Section 9.17 of the Business Combination Agreement, Lawrence Pemble has been irrevocably appointed by the Company Stockholders to serve as the representative for the benefit of the Company Stockholders and the 180 Subsidiaries in connection with, among other things, all matters under this Agreement and the resolution of all indemnification claims under the Business Combination Agreement.

Agreement

The parties, intending to be legally bound, agree as follows:

Section 1. Defined Terms.

1.1 Capitalized terms used and not defined in this Agreement shall have the meanings given to them in the Business Combination Agreement.

1.2 As used in this Agreement, the term "Company Stockholders" refers to the Persons who were stockholders of 180 immediately prior to the Effective Time or their respective Affiliates to which the rights under this Agreement have been assigned as set forth herein.

Section 2. Escrow and Indemnification.

2.1 Shares and Stock Powers Placed in Escrow. At or following the Effective Time, in accordance with the Business Combination Agreement, KBL, which shall change its name to 180 Life Sciences Corp. in connection with the Business Combination, shall issue certificates for the Escrowed Shares registered in the names of each of the Company Stockholders evidencing the shares of KBL Common Stock to be held in escrow under this Agreement in the amounts set forth on Schedule 1, and shall cause such certificates to be delivered to the Escrow Agent.

2.2 Escrow Funds. The Escrowed Shares being held in escrow pursuant to this Agreement, together with any distributions on the Escrowed Shares, shall collectively constitute an escrow fund (the "Escrow Fund") securing the indemnification rights of KBL and the KBL Indemnitees under the Business Combination Agreement. The Escrow Agent agrees to accept delivery of the Escrow Funds and to hold the Escrow Fund in a separate escrow account (such account, the "Escrow Account"), subject to the terms and conditions of this Agreement and the Business Combination Agreement.

2.3 Voting of Escrow Shares. The record owner of the Escrowed Shares shall be entitled to exercise all voting rights with respect to such Escrowed Shares. The Escrow Agent is not obligated to distribute to the Company Stockholders or to the Stockholder Representative any proxy materials and other documents relating to the Escrow Shares received by the Escrow Agent from KBL.

2.4 Investments. The Escrow Agent shall invest and reinvest the cash (if any) held in the Escrow Account from time to time in (a) short-term securities issued or guaranteed by the United States Government, its agencies or instrumentalities; and/or (b) repurchase agreements relating to such securities. Upon the request of either KBL or the Stockholder Representative, the Escrow Agent shall provide a statement to the requesting party that describes any deposit, distribution or investment activity or deductions with respect to any funds held in the Escrow Account in addition to quarterly account statements from the Escrow Agent.

2.5 Interest, Etc. KBL and the Stockholder Representative, on behalf of each of the Company Stockholders, agree that any interest accruing on or income otherwise earned (including any ordinary cash dividends paid in respect to the Escrowed Shares) on any investment of any funds in the Escrow Account shall be held by the Escrow Agent in the Escrow Account. The aggregate amount of all interest and other income earned on any investment of any funds in the Escrow Account shall be distributed by the Escrow Agent as set forth in Section 3.

2.6 Dividends, Etc. KBL and the Stockholder Representative, on behalf of each of the Company Stockholders, agree that any shares of KBL Common Stock or other property (including ordinary cash dividends) distributable or issuable (whether by way of dividend, stock split or otherwise) in respect of or in exchange for any Escrowed Shares (including pursuant to or as a part of a merger, consolidation, acquisition of property or stock, reorganization or liquidation involving KBL) shall not be distributed or issued to the beneficial owners of such Escrowed Shares, but rather shall be distributed or issued to and held by the Escrow Agent in the Escrow Account as part of the Escrow Fund. Any securities or other property received by the Escrow Agent in respect of any Escrowed Shares held in escrow as a result of any stock split or combination of shares of KBL Common Stock, payment of a stock dividend or other stock distribution in or on shares of KBL Common Stock, or change of KBL Common Stock into any other securities pursuant to or as a part of a merger, consolidation, acquisition of property or stock, reorganization or liquidation involving KBL, or otherwise, shall be held by the Escrow Agent as part of the Escrow Fund.

2.7 Transferability. Except as provided for herein or by operation of law, the interests of the Company Stockholders in the Escrow Fund and in the Escrowed Shares shall not be assignable or transferable.

2.8 Trust Fund. The Escrow Fund shall be held as trust funds and shall not be subject to any lien, attachment, trustee process or any other judicial process of any creditor of any Company Stockholder, or of any party hereto. The Escrow Agent shall hold and safeguard the Escrow Fund until the Termination Date (as defined in Section 6) or earlier distribution in accordance with this Agreement.

Section 3. Release of Escrow Shares.

3.1 General. Within 10 Business Days after receiving either (a) joint written instructions from KBL and the Stockholder Representative ("Joint Instructions") or (b) an order issued by a court of competent jurisdiction (a "Court Order") relating to the release of any Escrowed Shares from the Escrow Fund, in accordance with the terms and provisions of the Business Combination Agreement, the Escrow Agent shall release or cause to be released any such Escrowed Shares and any other amounts from the Escrow Fund, in the amounts, to the Persons and in the manner set forth in such Joint Instructions Court Order.

3.2 Escrow Release Date. Promptly following the one (1) year anniversary of the Closing Date (the "Escrow Release Date"), but in no event later than two (2) Business Days thereafter, the Stockholder Representative and KBL shall deliver to the Escrow Agent joint written instructions directing the Escrow Agent to distribute any remaining Escrowed Shares in the Escrow Fund less a number of Escrowed Shares in the Escrow Fund equal to the aggregate value of all unsatisfied or disputed indemnifiable Losses set forth in any Claim Notice delivered to the Stockholder Representative on or prior to the Escrow Release Date in accordance with Article 8 of the Business Combination Agreement. Any portion of the Escrowed Shares held by the Escrow Agent following the Escrow Release Date with respect to pending but unresolved claims for indemnification pursuant to Article 8 of the Business Combination Agreement that is not awarded to KBL upon the resolution of such claims shall be promptly distributed by the Escrow Agent to the Company Stockholders and the Company Subsidiaries on a pro rata basis. KBL and the Stockholder Representative shall, promptly after final resolution of such pending claims (but in no event later than two (2) Business Days thereafter), execute a joint instruction to release such amounts from the Escrow Account in accordance with such final resolution thereof. For purposes of this Agreement and of Article 8 of the Business Combination Agreement, the Escrowed Shares shall be valued at the Per Share Redemption Price.

3.3 Disputes. All disputes, claims, or controversies arising out of or relating to Section 3 of this Agreement that are not resolved by mutual agreement between KBL and the Stockholder Representative shall be resolved solely and exclusively as set forth in the Business Combination Agreement.

Section 4. Fees and Expenses.

The Escrow Agent shall be entitled to receive, from time to time, fees in accordance with Schedule 2. In accordance with Schedule 2, the Escrow Agent will also be entitled to reimbursement for reasonable and documented out-of-pocket expenses incurred by the Escrow Agent in the performance of its duties hereunder and the execution and delivery of this Agreement. All such fees and expenses shall be paid by Parent.

Section 5. Limitation of Escrow Agent's Liability.

5.1 The Escrow Agent undertakes to perform such duties as are specifically set forth in this Agreement only and shall have no duty under any other agreement or document, and no implied covenants or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent shall incur no liability with respect to any action taken by it or for any inaction on its part in reliance upon any notice, direction, instruction, consent, statement or other document believed by it in good faith to be genuine and duly authorized, nor for any other action or inaction except for its own negligence or willful misconduct. In all questions arising under this Agreement, the Escrow Agent may rely on the advice of counsel, and for anything done, omitted or suffered in good faith by the Escrow Agent based upon such advice the Escrow Agent shall not be liable to anyone. In no event shall the Escrow Agent be liable for incidental, punitive or consequential damages.

5.2 KBL and the Stockholder Representative, acting on behalf of the Company Stockholders, hereby agree to indemnify the Escrow Agent and its officers, directors, employees and agents for, and hold it and them harmless against, any loss, liability or expense incurred without negligence or willful misconduct on the part of Escrow Agent, arising out of or in connection with the Escrow Agent's carrying out its duties hereunder. This right of indemnification shall survive the termination of this Agreement and the resignation of the Escrow Agent.

Section 6. Termination.

This Agreement shall terminate upon the release by the Escrow Agent of the final amounts held in the Escrow Fund in accordance with Section 3 (the date of such release being referred to as the "Termination Date").

Section 7. Successor Escrow Agent.

In the event the Escrow Agent becomes unavailable or unwilling to continue as escrow agent under this Agreement, the Escrow Agent may resign and be discharged from its duties and obligations hereunder by giving its written resignation to the parties to this Agreement. Such resignation shall take effect not less than 30 days after it is given to all the other parties hereto. In such event, KBL may appoint a successor Escrow Agent (acceptable to the Stockholder Representative, acting reasonably). If KBL fails to appoint a successor Escrow Agent within 15 days after receiving the Escrow Agent's written resignation, the Escrow Agent shall have the right to apply to a court of competent jurisdiction for the appointment of a successor Escrow Agent. The successor Escrow Agent shall execute and deliver to the Escrow Agent an instrument accepting such appointment, and the successor Escrow Agent shall, without further acts, be vested with all the estates, property rights, powers and duties of the predecessor Escrow Agent as if originally named as Escrow Agent herein. The Escrow Agent shall act in accordance with written instructions from KBL and the Stockholder Representative as to the transfer of the Escrow Funds to a successor Escrow Agent.

Section 8. Company Stockholder Representatives.

8.1 Unless and until KBL and the Escrow Agent shall have received written notice of the appointment of a successor Stockholder Representative in accordance with the terms of the Business Combination Agreement, KBL and the Escrow Agent shall be entitled to rely on, and shall be fully protected in relying on, the power and authority of the Stockholder Representative to act on behalf of the Company Stockholders.

Section 9. Miscellaneous.

9.1 Attorneys' Fees. In any action at law or suit in equity to enforce or interpret this Agreement or the rights of any of the parties hereunder, the prevailing party in such action or suit shall be entitled to receive a reasonable sum for its attorneys' fees and all other reasonable costs and expenses incurred in such action or suit.

9.2 Notices. Any notice or other communication required or permitted to be delivered to any party under this Agreement shall be in writing and shall be deemed properly delivered, given and received when delivered (by hand, by registered mail, by courier or express delivery service or by facsimile) to the address or facsimile telephone number set forth beneath the name of such party below (or to such other address or facsimile telephone number as such party shall have specified in a written notice given to the other parties hereto):

if to Parent:

KBL Merger Corp. IV
30 Park Place, Suite 45E
New York, N.Y. 10007
Attention: Marlene Krauss
Email: mkrauss@kblvc.com

with a copy, which shall not constitute notice, to:

Pryor Cashman LLP
7 Times Square
New York, NY 10036
Attention: M. Ali Panjwani, Esq.

Email: ali.panjwani@pryorcashman.com

if to the Stockholder Representative:

c/o 180 Life Sciences Corp.
830 Menlo Avenue, Suite 100
Menlo Park, CA 94025
Attn: Lawrence Pemble

with a copy, which shall not constitute notice, to:

The Loev Law Firm, PC
6300 West Loop South, Suite 280
Bellaire, TX 77401
Attention: David M. Loev, Esq.
Facsimile: 713-920-9372
Email: dloev@loevlaw.com

if to the Escrow Agent:

Continental Stock Transfer & Trust Company
1 State Street, 30th Floor
New York, NY 10004
Attention: ____________
Facsimile: ______________

Notwithstanding the foregoing, notices addressed to the Escrow Agent shall be effective only upon receipt. If any notice or other document is required to be delivered to the Escrow Agent and any other Person, the Escrow Agent may assume without inquiry that notice or other document was received by such other Person on the date on which it was received by the Escrow Agent.

9.3 Headings. The bold-faced headings contained in this Agreement are for convenience of reference only, shall not be deemed to be a part of this Agreement and shall not be referred to in connection with the construction or interpretation of this Agreement.

9.4 Counterparts and Exchanges by Facsimile or Other Electronic Transmission. This Agreement may be executed in several counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement. The exchange of a fully executed Agreement (in counterparts or otherwise) by facsimile or other means of electronic transmission shall be sufficient to bind the parties to the terms and conditions of this Agreement.

9.5 Applicable Law; Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof. In any action between the parties arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement: (a) each of the parties irrevocably and unconditionally consents and submits to the non-exclusive jurisdiction and venue of the state and federal courts located in the State of New York; (b) if any such action is commenced in a state court, then, subject to applicable law, no party shall object to the removal of such action to any federal court located in the State of New York; and (c) each of the parties irrevocably waives the right to trial by jury.

9.6 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of each of the parties hereto and each of their respective permitted successors and assigns, if any. The rights of a Company Stockholder under this Agreement may be assigned, delegated or transferred, in whole or in part, by each of the Company Stockholders to any Affiliate (as defined in Rule 12b-2 under the Exchange Act) of such Company Stockholder, or any other Person, managed fund or managed client account over which such Company Stockholder or any of its Affiliates exercises investment authority, including, without limitation, with respect to voting and dispositive rights.

9.7 Waiver. No failure on the part of any Person to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any Person in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy. No Person shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such Person; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

9.8 Amendment. This Agreement may not be amended, modified, altered or supplemented other than by means of a written instrument duly executed and delivered on behalf of KBL, the Stockholder Representative and the Escrow Agent; *provided, however,* that any amendment executed and delivered by the Stockholder Representative shall be deemed to have been approved by and duly executed and delivered by all of the Company Stockholders.

9.9 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the parties hereto agree that the court making such determination shall have the power to limit the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified. In the event such court does not exercise the power granted to it in the prior sentence, the parties hereto agree to replace such invalid or unenforceable term or provision with a valid and enforceable term or provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid or unenforceable term.

9.10 Parties in Interest. Except as expressly provided herein, none of the provisions of this Agreement, express or implied, is intended to provide any rights or remedies to any Person other than the parties hereto and their respective successors and assigns, if any.

9.11 Entire Agreement. This Agreement and the Business Combination Agreement set forth the entire understanding of the parties hereto relating to the subject matter hereof and supersede all prior agreements and understandings among or between any of the parties relating to the subject matter hereof.

9.12 Waiver of Jury Trial. Each of the parties hereto hereby irrevocably waives any and all right to trial by jury in any action arising out of or related to this Agreement or the transactions contemplated hereby.

9.13 Tax Reporting Information. KBL agrees to provide the Escrow Agent with a certified tax identification number for KBL and the Stockholder Representative agrees to provide the Escrow Agent with certified tax identification numbers for each of the Company Stockholders by furnishing appropriate forms W-9 (or Forms W-8, in the case of non-U.S. persons) and any other forms and documents that the Escrow Agent may reasonably request (collectively, "Tax Reporting Documentation") to the Escrow Agent within 30 days after the date hereof. The parties hereto understand that, if such Tax Reporting Documentation is not so furnished to the Escrow Agent, the Escrow Agent shall be required by the Code to withhold a portion of any interest or other income earned on the investment of monies held by the Escrow Agent pursuant to this Agreement, and to immediately remit such withholding to the Internal Revenue Service.

9.14 Cooperation. The Stockholder Representative on behalf of the Company Stockholders and KBL agrees to cooperate fully with the Escrow Agent and to execute and deliver such further documents, certificates, agreements, stock powers and instruments and to take such other actions as may be reasonably requested by KBL, the Stockholder Representative or the Escrow Agent to evidence or reflect the transactions contemplated by this Agreement and to carry out the intent and purposes of this Agreement.

9.15 Construction.

(a) For purposes of this Agreement, whenever the context requires: the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neutral genders; the feminine gender shall include the masculine and neutral genders; and the neutral gender shall include masculine and feminine genders.

(b) The parties hereto agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement.

(c) As used in this Agreement, the words "include" and "including," and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words "without limitation."

(d) Except as otherwise indicated, all references in this Agreement to "Sections", "Schedules" and "Exhibits" are intended to refer to Sections of this Agreement, Schedules to this Agreement and Exhibits to this Agreement.

[Remainder of page intentionally left blank]

In Witness Whereof, the parties have duly caused this Agreement to be executed as of the day and year first above written.

KBL Merger Corp. IV, a Delaware corporation

By: /s/ Marlene Krauss, M.D.
Name: Marlene Krauss, M.D.
Title: CEO

Lawrence Pemble, solely in his capacity as a Stockholders' Representative

/s/ Lawrence Pemble

Continental Stock Transfer & Trust Company, a New York corporation

By: /s/ Isaac J. Kagan
Name: Isaac J. Kagan
Title: Vice President

[Escrow Agreement Signature Page]

Schedule 1

Company Stockholders

Schedule 2

Escrow Agent's Fees and Expenses

Monthly Fee for holding securities and/or cash:	$________ per month
Additional out of pocket expenses including postage and stationary:	Additional

Exhibit A

Business Combination Agreement

180 LIFE SCIENCES
2020 OMNIBUS INCENTIVE PLAN

PURPOSES

This 180 Life Sciences 2020 Omnibus Incentive Plan, as may be amended from time to time (the "**Plan**"), is intended to promote the interests of 180 Life Sciences Corp. (as it may be renamed in connection with the transactions contemplated in the Business Combination Agreement, the "**Company**") and its Subsidiaries (as defined below) and its shareholders by (i) attracting and retaining directors, executive officers, employees and consultants of outstanding ability; (ii) motivating such individuals by means of performance-related incentives to achieve the longer-range performance goals of the Company and its Subsidiaries; and (iii) enabling such individuals to participate in the long-term growth and financial success of the Company.

Article I
Definitions

Whenever the following terms are used in this Plan, they shall have the meanings specified below unless the context clearly indicates to the contrary.

Section 1.1 "**Administrator**" means the Compensation Committee of the Board unless otherwise determined by the Board from time to time. In exercising its discretion hereunder, the Board shall endeavor to cause the Administrator to satisfy any requirements applicable to qualify for an exemption available under Rule 16b-3 promulgated under the Exchange Act or any other regulatory or administrative requirements that may be applicable with respect to Awards granted hereunder.

Section 1.2 "**Affiliate**" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with, such Person where "control" (including the terms "controlling," "controlled by," and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of securities, by contract, or otherwise.

Section 1.3 "**Alternative Award**" has the meaning set forth in Section 10.1.

Section 1.4 "**Alternative Performance Awards**" has the meaning set forth in Section 10.2.

Section 1.5 "**Award**" means any Option, Restricted Stock, Restricted Stock Unit, Performance Award, SAR, Dividend Equivalent or other Stock-Based Award granted to a Participant pursuant to the Plan, including an Award combining two or more types of Awards into a single grant.

Section 1.6 "**Award Agreement**" means any written agreement, contract or other instrument or document evidencing an Award, including through an electronic medium. The Administrator may provide for the use of electronic, internet or other non-paper Award Agreements, and the use of electronic, internet or other non-paper means for the Participant's acceptance of, or actions under, an Award Agreement unless otherwise expressly specified herein.

Section 1.7 "**Board**" means the Board of Directors of the Company.

Section 1.8 "**Business Combination Agreement**" means the Business Combination Agreement, dated July 25, 2019, among the Company, 180 Life Corp. (f/k/a 180 Life Sciences Corp.), Katexco Pharmaceuticals Corp., CannBioRex Pharmaceuticals Corp., 180 Therapeutics L.P., KBL Merger Sub, Inc., and Lawrence Pemble.

Section 1.9 "**Cause**" means, unless otherwise provided in the Award Agreement, any of the following: (A) the Participant's commission of a crime involving fraud, theft, false statements or other similar acts or commission of any crime that is a felony (or comparable classification in a jurisdiction that does not use these terms); (b) the Participant's engaging in any conduct that constitutes an employment disqualification under applicable law with respect to a material portion of the Participant's work duties; (c) the Participant's willful or grossly negligent failure to perform his or her material employment-related duties for the Company Group, or willful misconduct in the performance of such duties; (d) the Participant's material violation of any Company or Subsidiary policy as in effect from time to time; (e) the Participant's engaging in any act or making any public statement that materially impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Company or its Subsidiaries; or (f) the Participant's material breach of any Award Agreement, employment agreement, or noncompetition, nondisclosure or nonsolicitation agreement to which the Participant is a party or by which the Participant is bound; provided that in the case of any Participant who, as of the date of determination, is a party to an effective services, severance, consulting or employment agreement with the Company or any Subsidiary of the Company that employs such individual, "Cause" has the meaning, if any, specified in such agreement. A termination for Cause shall be deemed to include a determination by the Administrator following a Participant's termination of employment that circumstances existing prior to such termination would have entitled the Company or one of its Subsidiaries to have terminated such Participant's employment for Cause. All rights a Participant has or may have under the Plan shall be suspended automatically during the pendency of any investigation by the Administrator or its designee, or during any negotiations between the Administrator or its designee and the Participant, regarding any actual or alleged act or omission by the Participant of the type described in the applicable definition of Cause.

Section 1.10 "**Change in Control**" means the first to occur of any of the following events after the Effective Date:

(a) any Person becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (x) the then-outstanding shares of common stock of the Company (the "**Outstanding Company Common Stock**") or (y) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "**Outstanding Company Voting Securities**");

(b) the individuals who constitute the Board as of the Effective Date (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a Director subsequent to the Effective Date whose election, or nomination for election, by the Company's shareholders, was approved by a vote of at least a majority of the Directors then comprising the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) the consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its Subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its Subsidiaries (each, a "**Business Combination**"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of Directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more Subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent securities), except to the extent that such ownership existed prior to the Business Combination, and (iii) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination;

in each case, provided that, as to Awards subject to Section 409A of the Code the payment or settlement of which will occur by reason of the Change in Control, such event also constitutes a "change in control" within the meaning of Section 409A of the Code. In addition, notwithstanding the foregoing, a "Change in Control" shall not be deemed to occur if the Company files for bankruptcy, liquidation or reorganization under the United States Bankruptcy Code or as a result of any restructuring that occurs as a result of any such proceeding.

Section 1.11 "**Change in Control Price**" means the price per share of Company Common Stock paid in conjunction with any transaction resulting in a Change in Control. If any part of the offered price is payable other than in cash, the value of the non-cash portion of the Change in Control Price shall be determined in good faith by the Administrator as constituted immediately prior to the Change in Control.

Section 1.12 "**Code**" means the Internal Revenue Code of 1986, as amended.

Section 1.13 "**Company Common Stock**" means the common stock, par value $0.0001 per share, of the Company and such other stock or securities into which such common stock is hereafter converted or for which such common stock is exchanged.

Section 1.14 "**Company Group**" means the Company and its direct or indirect Subsidiaries.

Section 1.15 "**Compensation Year**" means the period from one annual meeting of shareholders to the next following annual meeting of shareholders.

Section 1.16 "**Competitive Activity**" means a Participant's material breach of restrictive covenants relating to noncompetition, nonsolicitation (of customers or employees) or preservation of confidential information or other covenants having the same or similar scope, included in an Award Agreement or other agreement to which the Participant and the Company or any of its Affiliates is a party.

Section 1.17 "**Corporate Event**" means, as determined by the Administrator, any transaction or event described in Section 3.3(a) or any unusual or infrequently occurring transaction or event affecting the Company, any Subsidiary of the Company, or the financial statements of the Company or any of its Subsidiaries, or changes in applicable laws, regulations or accounting principles (including, without limitation, a recapitalization of the Company).

Section 1.18 "**Director**" means a member of the Board or a member of the board of directors of any Subsidiary.

Section 1.19 "**Disability**" means (x) for Awards that are not subject to Section 409A of the Code, "disability" as such term is defined in the long-term disability insurance plan or program of the Company or any Subsidiary then covering the Participant, and (y) for Awards that are subject to Section 409A of the Code, "disability" has the meaning set forth in Section 409A(a)(2)(c) of the Code; provided that with respect to Awards that are not subject to Section 409A, in the case of any Participant who, as of the date of determination, is a party to an effective services, severance, consulting or employment agreement with the Company or any Subsidiary of the Company that employs such individual, "Disability" has the meaning, if any, specified in such agreement.

Section 1.20 "**Dividend Equivalent**" means the right to receive payments, in cash or in Shares, based on dividends paid with respect to Shares.

Section 1.21 "**Eligible Representative**" for a Participant means such Participant's personal representative or such other person as is empowered under the deceased Participant's will or the then applicable laws of descent and distribution to represent the Participant hereunder.

Section 1.22 "**Employee**" means any individual classified as an employee by the Company or one of its Subsidiaries.

Section 1.23 "**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

Section 1.24 "**Executive Officer**" means each person who is an officer or employee of the Company or any of its Subsidiaries and who is subject to the reporting requirements under Section 16(a) of the Exchange Act.

Section 1.25 "**Fair Market Value**" means, unless otherwise determined by the Administrator from time to time, the closing transaction price of a Share as reported on the NASDAQ Stock Market LLC on the date as of which such value is being determined or, if Shares are not listed on the NASDAQ Stock Market LLC, the closing transaction price of a Share on the principal national stock exchange on which Shares are traded on the date as of which such value is being determined or, if there shall be no reported transactions for such date, on the next preceding date for which transactions were reported; provided, however, that if Shares are not listed on a national stock exchange or if Fair Market Value for any date cannot be so determined, Fair Market Value shall be determined by the Administrator by whatever means or method as the Administrator, in the good faith exercise of its discretion, shall at such time deem appropriate and in compliance with Section 409A of the Code.

Section 1.26 "**Good Reason**" means, unless otherwise provided in the Award Agreement, a material reduction in the Participant's base salary or a material reduction in the Participant's target annual cash incentive compensation opportunity, in each case, other than (a) any isolated or inadvertent failure by the Company or the applicable Subsidiary that is not in bad faith and is cured within thirty (30) business days after the Participant gives the Company or the applicable Subsidiary notice of such event or (b) a reduction of 10% or less which is applicable to all employees in the same salary grade as the Participant; provided that in the case of any Participant who, as of the date of determination, is a party to an effective services, severance, consulting or employment agreement with the Company or any Subsidiary of the Company that employs such individual, "Good Reason" has the meaning, if any, specified in such agreement.

Section 1.27 "**Incentive Stock Option**" means an Option which qualifies under Section 422 of the Code and is expressly designated as an Incentive Stock Option in the Award Agreement.

Section 1.28 "**Non-Qualified Stock Option**" means an Option that is not an Incentive Stock Option.

Section 1.29 "**Option**" means an option to purchase Company Common Stock granted under the Plan. The term "Option" includes both an Incentive Stock Option and a Non-Qualified Stock Option.

Section 1.30 "**Participant**" means any Service Provider who has been granted an Award pursuant to the Plan.

Section 1.31 "**Performance Award**" means a Performance Shares or a Performance Unit.

Section 1.32 "**Performance Cycle**" means the period of time selected by the Administrator during which performance is measured for the purpose of determining the extent to which a Performance Award has been earned or vested.

Section 1.33 "**Performance Goals**" means the objectives established by the Administrator for a Performance Cycle pursuant to Section 6.5 for the purpose of determining the extent to which a Performance Award has been earned or vested.

Section 1.34 "**Performance Share**" means an Award granted pursuant to Article VI of the Plan of a Share or a contractual right to receive a Share (or the cash equivalent thereof) upon the achievement, in whole or in part, of the applicable Performance Goals.

Section 1.35 "**Performance Unit**" means a U.S. Dollar-denominated unit (or a unit denominated in the Participant's local currency) granted pursuant to Article VI of the Plan, payable in cash or in Shares upon the achievement, in whole or in part, of the applicable Performance Goals.

Section 1.36 "**Person**" means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or any other entity of whatever nature.

Section 1.37 "**Replacement Awards**" means Shares or Awards issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form or combination by the Company or any of its Subsidiaries.

Section 1.38 "**Restricted Stock**" means an Award granted pursuant to Section 5.1.

Section 1.39 "**Restricted Stock Unit**" means an Award granted pursuant to Section 5.2.

Section 1.40 "**Securities Act**" means the Securities Act of 1933, as amended.

Section 1.41 "**Service Provider**" means an Employee, Director or consultant of the Company or any of its Subsidiaries.

Section 1.42 "**Share**" means a share of Company Common Stock.

Section 1.43 "**Stock Appreciation Right**" or "**SAR**" means the right to receive a payment from the Company in cash and/or Shares equal to the excess, if any, of the Fair Market Value of one Share on the exercise date over a specified price (the "**Base Price**") fixed by the Administrator on the grant date (which specified price shall not be less than the Fair Market Value of one Share on the grant date).

Section 1.44 "**Subsidiary**" means any entity that is directly or indirectly controlled by the Company or any entity in which the Company directly or indirectly has at least a 50% equity interest.

Section 1.45 "**Termination of employment**," "**termination of service**" and any similar term or terms means, with respect to a Director who is not an Employee of the Company or any Subsidiary, the date upon which such Director ceases to be a member of the Board or of the board of directors of any Subsidiary, with respect to a consultant of the Company or any of its Subsidiaries, the date upon which such consultant ceases to provide services to the Company and its Subsidiaries and, with respect to an Employee, the date he or she ceases to be an Employee; provided that with respect to any Award subject to Section 409A of the Code, such terms shall mean "separation from service," as defined in Section 409A of the Code and the rules, regulations and guidance promulgated thereunder. Unless otherwise determined by the Administrator, a "termination of employment" or "termination of service" shall not occur if an Employee, consultant or Director, immediately upon ceasing to provide services in such capacity, commences to or continues to provide services to the Company or any of its Affiliates in another of such capacities.

Article II
ADMINISTRATION

Section 2.1 Powers of the Administrator. The Plan shall be administered by the Administrator. The Administrator shall have the sole and complete authority and discretion to: (i) determine the type or types of Awards to be granted to each Participant; (ii) select the Service Providers to whom Awards may from time to time be granted; (iii) determine all matters and questions related to the termination of service of a Service Provider with respect to any Award granted to him or her; (iv) determine the number of Awards to be granted and the number of Shares to which an Award will relate; (v) approve forms of agreement for use under the Plan, which need not be identical for each Service Provider; (vi) determine the terms and conditions of any Awards (including, without limitation, the exercise price, the time or times when Awards may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions and any restriction or limitation regarding any Award or the Company Common Stock relating thereto) based in each case on such factors as the Administrator shall determine; (vii) prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to Subplans (as defined in Section 2.4) established for the purpose of satisfying applicable foreign laws; (viii) determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise or purchase price of an Award may be paid in, cash, Company Common Stock, other Awards, or other property, or an Award may be canceled, forfeited or surrendered; (ix) suspend or accelerate the vesting of any Award granted under the Plan or waive the forfeiture restrictions or any other restriction or limitation regarding any Awards or the Company Common Stock relating thereto; (x) construe and interpret the terms of the Plan and Awards granted pursuant to the Plan; and (xi) make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan. Any determination made by the Administrator under the Plan, including, without limitation, under Section 3.3, shall be final, binding and conclusive on all Participants and other persons having or claiming any right or interest under the Plan. The Administrator's determinations under the Plan need not be uniform and may be made by the Administrator selectively among persons who receive, or are eligible to receive, Awards under the Plan, whether or not such persons are similarly situated.

Section 2.2 Delegation by the Administrator. The Administrator may delegate, subject to such terms or conditions or guidelines as it shall determine, to any officer or group of officers, or Director or group of Directors of the Company or its Subsidiaries any portion of its authority and powers under the Plan with respect to Participants who are not Executive Officers or non-employee directors of the Board; provided that any delegation to one or more officers of the Company shall be subject to and comply with applicable law.

Section 2.3 Expenses, Professional Assistance, No Liability. All expenses and liabilities incurred by the Administrator in connection with the administration of the Plan shall be borne by the Company. The Administrator may elect to engage the services of attorneys, consultants, accountants or other persons. The Administrator, the Company and its officers and Directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. The Administrator (and its members) shall not be personally liable for any action, determination or interpretation made with respect to the Plan or the Awards, and the Administrator (and its members) shall be fully protected by the Company with respect to any such action, determination or interpretation.

Section 2.4 Participants Based Outside the United States. To conform with the provisions of local laws and regulations, or with local compensation practices and policies, in foreign countries in which the Company or any of its Subsidiaries operate, but subject to the limitations set forth herein regarding the maximum number of shares issuable hereunder and the maximum award to any single Participant, the Administrator may (i) modify the terms and conditions of Awards granted to Employees employed and consultants who provide services outside the United States ("**Non-U.S. Awards**"), (ii) establish subplans with such modifications as may be necessary or advisable under the circumstances ("**Subplans**") and (iii) take any action which it deems advisable to obtain, comply with or otherwise reflect any necessary governmental regulatory procedures, exemptions or approvals with respect to the Plan. The Administrator's decision to grant Non-U.S. Awards or to establish Subplans is entirely voluntary, and at the complete discretion of the Administrator. The Administrator may amend, modify or terminate any Subplans at any time, and such amendment, modification or termination may be made without prior notice to the Participants. The Company, Affiliates and members of the Administrator shall not incur any liability of any kind to any Participant as a result of any change, amendment or termination of any Subplan at any time. The benefits and rights provided under any Subplan or by any Non-U.S. Award (x) are wholly discretionary and, although provided by either the Company or an Affiliate of the Company, do not constitute regular or periodic payments and (y) except as otherwise required under applicable laws, are not to be considered part of the Participant's salary or compensation under the Participant's employment with the Participant's local employer for purposes of calculating any severance, resignation, redundancy or other end of service payments, vacation, bonuses, long-term service awards, indemnification, pension or retirement benefits, or any other payments, benefits or rights of any kind. If a Subplan is terminated, the Administrator may direct the payment of Non-U.S. Awards (or direct the deferral of payments whose amount shall be determined) prior to the dates on which payments would otherwise have been made, and determine if such payments may be made in a lump sum or in installments.

Article III
SHARES SUBJECT TO PLAN

Section 3.1 Shares Subject to Plan.

(a) Subject to Section 3.3, the aggregate number of Shares which may be issued under this Plan shall be equal to 15% (on a fully-diluted basis) of the Shares of the Company that are outstanding as of immediately following the Closing, as defined in the Business Combination Agreement. All of the Shares reserved under the Plan may be issued in the form of Incentive Stock Options under the Plan. The Shares issued under the Plan may be authorized but unissued, or reacquired Company Common Stock. No provision of this Plan shall be construed to require the Company to maintain the Shares in certificated form. Unless the Administrator shall determine otherwise, (x) Awards may not consist of fractional shares and shall be rounded down to the nearest whole Share, and (y) fractional Shares shall not be issued under the Plan (and shall instead also be rounded as aforesaid).

(b) If any Award or portion thereof under this Plan is for any reason forfeited, canceled, cash-settled, expired or otherwise terminated without the issuance of Shares, the Shares subject to such forfeited, canceled, cash-settled, expired or otherwise terminated Award, or portion thereof, shall again be available for grant under the Plan. If Shares are tendered or withheld from issuance with respect to an Award by the Company in satisfaction of any Exercise Price, Base Price or tax withholding or similar obligations, such tendered or withheld Shares shall again be available for grant under the Plan. Notwithstanding the foregoing, and except to the extent required by applicable law, Replacement Awards shall not be counted against Shares available for grant pursuant to this Plan.

Section 3.2 Limitation on Non-Employee Director Awards. The maximum number of Shares subject to Awards granted during a single Compensation Year to any non-employee Director, taken together with any cash fees paid during the Compensation Year to the non-employee Director, in respect of the Director's service as a member of the Board during such year (including service as a member or chair of any committees of the Board), shall not exceed $500,000 in total value (calculating the value of any such Awards based on the grant date fair value of such Awards for financial reporting purposes).

Section 3.3 Changes in Company Common Stock; Disposition of Assets and Corporate Events.

(a) If and to the extent necessary or appropriate to reflect any stock dividend, extraordinary dividend, stock split or share combination or any recapitalization, merger, consolidation, exchange of shares, spin-off, liquidation or dissolution of the Company or other similar transaction affecting the Company Common Stock (each, a "**Corporate Event**"), the Administrator shall adjust the number of shares of Company Common Stock available for issuance under the Plan, and the number, class and Exercise Price (if applicable) or Base Price (if applicable) of any outstanding Award, and/or make such substitution, revision or other provisions or take such other actions with respect to any outstanding Award or the holder or holders thereof, in each case as it determines to be equitable. Without limiting the generality of the foregoing sentence, in the event of any such Corporate Event, the Administrator shall have the power to make such changes as it deems appropriate in (i) the number and type of shares or other securities covered by outstanding Awards, (ii) the prices specified therein (if applicable), (iii) the securities, cash or other property to be received upon the exercise, settlement or conversion of such outstanding Awards or otherwise to be received in connection with such outstanding Awards and (iv) any applicable Performance Goals. After any adjustment made by the Administrator pursuant to this Section 3.3, the number of shares subject to each outstanding Award shall be rounded down to the nearest whole number of whole or fractional shares (as determined by the Administrator), and (if applicable) the Exercise Price or Base Price thereof shall be rounded up to the nearest cent.

(b) Any adjustment of an Award pursuant to this Section 3.3 shall be effected in compliance with Section 424 and 409A of the Code to the extent applicable.

Section 3.4 Award Agreement Provisions. The Administrator may include such provisions and limitations in any Award Agreement as it shall determine, subject to the terms of the Plan.

Section 3.5 Prohibition Against Repricing. Except to the extent (i) approved in advance by holders of a majority of the Shares entitled to vote generally in the election of directors or (ii) pursuant to Section 3.3 as a result of any Corporate Event or pursuant to Article XI in connection with a Change in Control, the Administrator shall not have the power or authority to reduce, whether through amendment or otherwise, the Exercise Price of any outstanding Option or Base Price or any outstanding SAR or to grant any new Award, or make any cash payment, in substitution for or upon the cancellation of Options or SARs previously granted and as to which the Exercise Price or Base Price thereof is in excess of the then-current Fair Market Value of Share.

Article IV
OPTIONS AND SARS

Section 4.1 Grant of Options and SARs. The Administrator is authorized to make Awards of Options and/or SARs to any Service Provider in such amounts and subject to such terms and conditions as determined by the Administrator, consistent with the Plan. SARs may be granted in tandem with Options or may be granted on a freestanding basis, not related to any Option. Excluding Replacement Awards, the per Share purchase price of the Shares subject to each Option (the "**Exercise Price**") and the Base Price of each SAR shall be not less than 100% of the Fair Market Value of a Share on the date such Option or SAR is granted. Each Option and each SAR shall be evidenced by an Award Agreement.

Section 4.2 Exercisability and Vesting; Exercise. Each Option and SAR shall vest and become exercisable according to the terms and conditions as determined by the Administrator. Except as otherwise determined by the Administrator, SARs granted in tandem with an Option shall become vested and exercisable on the same date or dates as the Options with which such SARs are associated vest and become exercisable. SARs that are granted in tandem with an Option may only be exercised upon the surrender of the right to exercise such Option for an equivalent number of Shares, and may be exercised only with respect to the Shares for which the related Option is then exercisable. The Administrator shall specify the manner of and any terms and conditions of exercise of an exercisable Option or SAR, including but not limited to net-settlement, delivery of previously owned stock and broker-assisted sales.

Section 4.3 Settlement of SARs. Upon exercise of a SAR, the Participant shall be entitled to receive payment in Shares, or such other form as determined by the Administrator, having an aggregate value equal to the Fair Market Value of one Share on the exercise date over (ii) the Base Price of such SAR; provided, however, that on the grant date, the Administrator may establish a maximum amount per Share that may be payable upon exercise of a SAR.

Section 4.4 Expiration of Options and SARs. No Option or SAR may be exercised after the expiration of ten (10) years from the date the Option or SAR was granted, unless a longer or shorter period is set forth in the Award Agreement. Notwithstanding the foregoing, in the event that on the last business day of the term of the Option or SAR (x) the exercise of the Option or SAR is prohibited by applicable law or (y) Shares may not be purchased or sold by certain employees or directors of the Company due to the "black-out period" of a Company policy or a "lock-up" agreement undertaken in connection with an issuance of securities by the Company, the term of the Option or SAR shall be extended but not beyond a period of thirty (30) days following the end of the legal prohibition, black-out period or lock-up agreement (to the extent permissible under Section 409A of the Code) and provided further that no extension will be made if the applicable Exercise Price or Base Price at the date the initial term would otherwise expire is below the Fair Market Value on such date.

Article V
Restricted Stock Awards AND RESTRICTED STOCK UNIT AWARDS

Section 5.1 Restricted Stock. The Administrator is authorized to make Awards of Restricted Stock to any Service Provider selected by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator. All Awards of Restricted Stock shall be evidenced by an Award Agreement. Restricted Stock shall be subject to such restrictions on transferability and other restrictions as the Administrator may impose. These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Administrator determines at the time of the grant of the Award or thereafter. The issuance of Restricted Stock granted pursuant to the Plan may be evidenced in such manner as the Administrator shall determine.

Section 5.2 Restricted Stock Units. The Administrator is authorized to make Awards of Restricted Stock Units to any Service Provider selected by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator. The Administrator may specify any conditions to vesting as it deems appropriate. For the avoidance of doubt, the Administrator may grant Restricted Stock Units that are fully vested and nonforfeitable when granted. At the time of grant, the Administrator shall specify the settlement date applicable to each grant of Restricted Stock Units. Unless otherwise provided in an Award Agreement, on the settlement date, the Company shall, subject to the terms of this Plan, transfer to the Participant one Share (or a cash amount equal to the then Fair Market Value of a Share) for each Restricted Stock Unit scheduled to be paid out on such date and not previously forfeited. A Participant shall not be, nor have any of the rights or privileges of, a stockholder in respect of Restricted Stock Units awarded pursuant to the Plan unless and until the Shares attributable to such Restricted Stock Units have been issued to such Participant. Notwithstanding the foregoing, unless otherwise determined by the Administrator, the Restricted Stock Units awarded pursuant to the Plan will receive Dividend Equivalents in accordance with Article VIII.

Article VI
Performance AWARDS

Section 6.1 Grant of Performance Awards. The Administrator is authorized to make Performance Awards to any Participant selected by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator. All Performance Shares and Performance Units shall be evidenced by an Award Agreement.

Section 6.2 Issuance and Restrictions. The Administrator shall have the authority to determine the Participants who shall receive Performance Awards; the number of Performance Shares, the number and value of Performance Units; the cash entitlement of any Participant with respect to any Performance Cycle; and the Performance Goals applicable in respect of such Performance Awards for each Performance Cycle. The Administrator shall determine the duration of each Performance Cycle (the duration of Performance Cycles may differ from one another), and there may be more than one Performance Cycle in existence at any one time. An Award Agreement evidencing the grant of Performance Shares or Performance Units shall specify the number of Performance Shares and the number and value of Performance Units awarded to the Participant, the Performance Goals applicable thereto, and such other terms and conditions as the Administrator shall determine. Unless the Administrator shall determine otherwise, no Company Common Stock will be issued at the time an Award of Performance Shares is made.

Section 6.3 Earned Performance Awards. Performance Awards shall become earned, in whole or in part, based upon the attainment of specified Performance Goals or the occurrence of any event or events, as the Administrator shall determine or as set forth in an Award Agreement. In addition to the achievement of the specified Performance Goals, the Administrator may condition payment of Performance Awards on such other conditions as the Administrator shall determine. The Administrator may also provide in an Award Agreement for the completion of a minimum period of service (in addition to the achievement of any applicable Performance Goals) as a condition to the vesting of any Performance Award.

Section 6.4 Rights as a Stockholder. A Participant shall not have any rights as a stockholder in respect of Performance Awards (including, without limitation, the right to vote on any matter submitted to the Company’s stockholders) until such time as the Shares attributable to such Performance Awards have been issued to such Participant or his or her beneficiary. Performance Shares as to which Shares are issued prior to the end of the Performance Cycle shall, during such period, be subject to such restrictions on transferability and other restrictions as the Administrator may impose. Notwithstanding the foregoing, unless otherwise determined by the Administrator, the Performance Awards awarded pursuant to the Plan will receive Dividend Equivalents settled in Shares in accordance with Article VIII.

Section 6.5 Performance Goals and Related Provisions. The Administrator shall establish the Performance Goals that must be satisfied in order for a Participant to receive an Award for a Performance Cycle or for a Performance Award to be earned or vested. The Administrator may provide for a threshold level of performance below which no amount of compensation will be paid and a maximum level of performance above which no additional amount of compensation will be paid under the Plan, and it may provide for the payment of differing amounts of compensation for different levels of performance. Performance Goals may be established on a Company-wide basis, with respect to one or more business units, divisions, Subsidiaries or products or based on individual performance measures, and may be expressed in absolute terms or relative to other metrics including internal targets or budgets, past performance of the Company, the performance of one or more similarly situated companies, performance of an index, outstanding equity or other external measures. In the case of earning-based measures, performance goals may include comparisons relating to capital (including but limited to, the cost of capital), shareholders' equity, shares outstanding, assets or net assets, or any combination thereof. Performance Goals may also be subject to such other terms and conditions as the Administrator may determine appropriate. The Administrator may also adjust the Performance Goals for any Performance Cycle as it deems equitable in recognition of unusual or non-recurring events affecting the Company; changes in applicable tax laws or accounting principles; other extraordinary events such as restructurings; discontinued operations; asset write-downs; significant litigation or claims, judgments or settlements; acquisitions or divestitures; reorganizations or changes in the corporate structure or capital structure of the Company; foreign exchange gains and losses; change in the fiscal year of the Company; business interruption events; unbudgeted capital expenditures; unrealized investment gains and losses; impairments and/or such other factors as the Administrator may determine.

Section 6.6 Determination of Attainment of Performance Goals. As soon as practicable following the end of a Performance Cycle and prior to any payment or vesting in respect of such Performance Cycle, the Administrator shall determine the number of Performance Shares or other Performance Awards and the number and value of Performance Units or the amount of any cash entitlement, in each case that has been earned or vested.

Section 6.7 Payment of Awards. Payment or delivery of Company Common Stock with respect to earned Performance Shares, earned Performance Units and earned cash entitlements shall be made to the Participant or, if the Participant has died, to the Participant's Eligible Representative, as soon as practicable after the expiration of the Performance Cycle and the Administrator's determination under Section 6.6 above and (unless an applicable Award Agreement shall set forth one or more other dates) in any event no later than the earlier of (i) ninety (90) days after the end of the fiscal year in which the Performance Cycle has ended and (ii) ninety (90) days after the expiration of the Performance Cycle. The Administrator shall determine and set forth in the applicable Award Agreement whether earned Performance Shares and the value of earned Performance Units are to be distributed in the form of cash, Shares or in a combination thereof, with the value or number of Shares payable to be determined based on the Fair Market Value of the Company Common Stock on the date of the Administrator's determination under Section 6.6 above or such other date specified in the Award Agreement. The Administrator may, in an Award Agreement with respect to the Award or delivery of Shares, condition the vesting of such Shares on the performance of additional service.

Section 6.8 Newly Eligible Participants. Notwithstanding anything in this Article VI to the contrary, the Administrator shall be entitled to make such rules, determinations and adjustments as it deems appropriate with respect to any Participant who becomes eligible to receive Performance Shares, Performance Units or other Performance Awards after the commencement of a Performance Cycle.

Article VII
OTHER Stock-Based Awards

Section 7.1 Grant of Stock-Based Awards. The Administrator is authorized to make Awards of other types of equity-based or equity-related awards and fully vested stock awards, including grants of fully vested Shares (collectively, "**Stock-Based Awards**") not otherwise described by the terms of the Plan in such amounts and subject to such terms and conditions as the Administrator shall determine, including without limitation the payment of cash bonuses or other incentives in the form of Stock-Based Awards. Unless otherwise determined by the Administrator, all Stock-Based Awards shall be evidenced by an Award Agreement. Such Stock-Based Awards may be granted as an inducement to enter the employ of the Company or any Subsidiary or in satisfaction of any obligation of the Company or any Subsidiary to an officer or other key employee, whether pursuant to this Plan or otherwise, that would otherwise have been payable in cash or in respect of any other obligation of the Company. Such Stock-Based Awards may entail the transfer of actual Shares, or payment in cash or otherwise of amounts based on the value of Shares and may include, without limitation, Awards designed to comply with or take advantage of the applicable local laws of jurisdictions other than the United States.

Article VIII
Dividend Equivalents

Section 8.1 Generally. Dividend Equivalents may be granted to Participants at such time or times as shall be determined by the Administrator. Dividend Equivalents may be granted in tandem with other Awards, in addition to other Awards, or freestanding and unrelated to other Awards. Notwithstanding the terms of this Section 8.1, no Dividend Equivalents shall be granted with respect to Options or SARs. The grant date of any Dividend Equivalents will be the date on which the Dividend Equivalent is awarded by the Administrator, or such other date permitted by applicable laws as the Administrator shall determine. Dividend Equivalents may, at the discretion of the Administrator, be fully vested and nonforfeitable when granted or subject to such vesting conditions as determined by the Administrator; provided, that, unless the Administrator shall determine otherwise in an Award Agreement, Dividend Equivalents with respect to Awards shall not be fully vested until the Awards have been earned and shall be forfeited if the related Award is forfeited. Dividend Equivalents shall be evidenced in writing, whether as part of the Award Agreement governing the terms of the Award, if any, to which such Dividend Equivalent relates, or pursuant to a separate Award Agreement with respect to freestanding Dividend Equivalents, in each case, containing such provisions not inconsistent with the Plan as the Administrator shall determine, including customary representations, warranties and covenants with respect to securities law matters.

Article IX
Termination and Forfeiture

Section 9.1 Termination for Cause; Post-Service Competitive Activity. Unless otherwise set forth in the Award Agreement, if a Participant's employment or service terminates for Cause or a Participant engages in Competitive Activity following the Participant's termination of employment or service, all Options and SARs, whether vested or unvested, and all other Awards that are unvested or unexercisable or otherwise unpaid (or were unvested or unexercisable or unpaid at the time of occurrence of Cause or engagement in Competitive Activity) shall be immediately forfeited and canceled, effective as of the date of the termination or engagement in Competitive Activity. If the Participant engages in Competitive Activity following the termination, any portion of the Participant's Awards that became vested after termination, and any Shares or cash issued upon exercise or settlement of such Awards, shall be immediately forfeited, canceled, and disgorged or paid to the Company together with all gains earned or accrued due to the sale of Shares issued upon exercise or settlement of such Awards.

Section 9.2 Termination due to Death. Unless otherwise set forth in the Award Agreement, if a Participant's employment or service terminates by reason of death:

(a) All Options and SARs (whether or not then otherwise exercisable) shall become exercisable in full and the Participant's Eligible Representative may exercise all such Options and SARs at any time prior to the earlier of (i) the one-year anniversary of the Participant's death or (ii) the expiration of the term of the Options or SARs; provided that any in-the-money Options and SARs that are still outstanding on the last day of the time period specified in this Section 9.2(a) shall automatically be exercised on such date; and

(b) All other Awards shall immediately vest in full upon the Participant's death, and Restricted Stock Units and Performance Awards that have not been settled or converted into Shares prior to the Participant's death shall immediately be settled in Shares. Any Performance Awards that vest as a result of this Section 9.2(b) shall vest and be paid based on target levels of performance.

Section 9.3 Termination due to Disability. Unless otherwise set forth in the Award Agreement, if a Participant's employment or service terminates by reason of Disability, the Participant shall be treated for purposes of the treatment of the Participant's Awards under this Section 9.3 as though the Participant continued in the employ or service of the Company and all unvested Awards shall remain outstanding and vest, or in the case of Options and SARs, vest and become exercisable, in accordance with the terms set forth in the applicable Award Agreement. Any Options or SARs granted to such Participant that are exercisable at the date of termination by reason of Disability or that thereafter become exercisable by reason of the operation of the immediately preceding sentence may be exercised at any time prior to the earlier of (i) the fifth anniversary of the Participant's termination for Disability or (ii) the expiration of the term of such Options or SARs.

Section 9.4 Involuntary Termination Without Cause. Unless otherwise set forth in the Award Agreement, if a Participant's employment or service is involuntarily terminated without Cause:

(a) All Options and SARs that are unvested shall be immediately forfeited and canceled, effective as of the date of the termination, and all Options and SARs that are vested shall remain outstanding and exercisable until the earlier of (i) 30 days after the effective date of the termination under this Section 9.4 or (ii) the expiration of the term of such Options or SARs; and

(b) All Awards of Restricted Stock or Restricted Stock Units that are unvested shall be immediately forfeited and canceled, effective as of the date of the termination; and

(c) Provided that the Participant signs a general release and waiver of claims in the form provided by the Administrator and does not exercise any rights to revoke such release, the Participant shall retain a portion of any unvested Performance Awards granted earlier than one year prior to the termination under this Section 9.4 equal to, for each grant of Performance Awards, the number of Performance Shares or Performance Units specified in the Award Agreement multiplied by the quotient of (i) the number of full months elapsed between the grant date in respect of such Performance Awards and the effective date of the termination under this Section 9.4 over (ii) the total number of months in the Performance Cycle. Such retained Performance Awards will remain outstanding and vest subject to the attainment of the applicable Performance Goals in respect thereof. Any Performance Awards that do not vest pursuant to this Section 9.4(c) shall be immediately forfeited and canceled, effective as of the date of the termination.

Section 9.5 Termination for Any Other Reason. Unless otherwise set forth in the Award Agreement, if a Participant's employment or service terminates for any reason other as set forth in Sections 9.1 (other than post-service Competitive Activity) through 9.4:

(a) All Options and SARs that are unvested shall be immediately forfeited and canceled, effective as of the date of the termination, and all Options and SARs that are vested shall remain outstanding and exercisable until the earlier of (i) 30 days after the effective date of the termination under this Section 9.5 or (ii) the expiration of the term of such Options or SARs; and

(b) All other Awards that are unvested or have not otherwise been earned shall be immediately forfeited and canceled, effective as of the date of termination.

Section 9.6 Post-Termination Informational Requirements. Before the settlement of any Award following termination of employment or service, the Administrator may require the Participant (or the Participant's Eligible Representative, if applicable) to make such representations and provide such documents as the Administrator deems necessary or advisable to effect compliance with applicable law and the provisions of this Plan.

Section 9.7 Forfeiture and Recoupment of Awards. Awards granted under this Plan (and gains earned or accrued in connection with Awards) shall be subject to such generally applicable policies as to forfeiture and recoupment (including, without limitation, upon the occurrence of material financial or accounting errors, financial or other misconduct or Competitive Activity) as may be adopted by the Administrator or the Board from time to time. Any such policies may (in the discretion of the Administrator or the Board) be applied to outstanding Awards at the time of adoption of such policies, or on a prospective basis only. Participants shall also forfeit and disgorge to the Company any Awards granted or vested and any gains earned or accrued due to the exercise of Options or SARs or the sale of any Company Common Stock to the extent required by applicable law or as required by any stock exchange or quotation system on which the Company Common Stock is listed or quoted, in each case in effect on or after the Effective Date, including but not limited to Section 304 of the Sarbanes-Oxley Act of 2002 and Section 10D of the Exchange Act. The implementation of policies and procedures pursuant to this Section 9.7 and any modification of the same shall not be subject to any restrictions on amendment or modification of Awards.

Article X
CHANGE IN CONTROL

Section 10.1 Alternative Award. Unless otherwise provided in an Award Agreement, and other than with respect to the Performance Award Conversion, no cancellation, acceleration or other payment shall occur in connection with a Change in Control pursuant to Section 10.3 with respect to any Award or portion thereof as a result of the Change in Control if the Administrator reasonably determines in good faith, prior to the occurrence of the Change in Control, that such Award shall be honored or assumed, or new rights substituted therefor following the Change in Control (such honored, assumed or substituted award, an "**Alternative Award**"), provided that any Alternative Award must (i) give the Participant who held the Award rights and entitlements substantially equivalent to or better than the rights and terms applicable under the Award immediately prior to the Change in Control, including an equal or better vesting schedule and that Alternative Awards that are stock options have identical or better methods of payment of the exercise price thereof and a post-termination exercise period extending until at least the fifth anniversary of the Participant's termination (or, if earlier, the expiration of the term of such stock options); (ii) have terms such that if a Participant's employment is involuntarily (*i.e.*, by the Company or its successor other than for Cause) or constructively (*i.e.*, by the Participant with Good Reason) terminated within the twenty-four (24) months following a Change in Control at a time when any portion of the Alternative Award is unvested, the unvested portion of such Alternative Award shall immediately vest in full and such Participant shall receive (as determined by the Board prior to the Change in Control) either (1) a cash payment equal in value to the excess (if any) of the fair market value of the stock subject to the Alternative Award at the date of exercise or settlement over the price (if any) that such Participant would be required to pay to exercise such Alternative Award or (2) publicly-traded shares or equity interests equal in value (as determined by the Administrator) to the value in clause (1).

Section 10.2 Performance Award Conversion. Unless otherwise provided in an Award Agreement, upon a Change in Control, then-outstanding Performance Awards shall be modified to remove any Performance Goals applicable thereto and to substitute, in lieu of such Performance Goals, vesting solely based on the requirement of continued service through, as nearly as is practicable, the date(s) on which the satisfaction of the Performance Goals would have been measured if the Change in Control had not occurred (or, if applicable, the later period of required service following such measurement date) (such Awards, the "**Alternative Performance Awards**"), with such service-vesting of the Alternative Performance Awards to accelerate upon the termination of service of the holder prior to such vesting date(s) thereof, if such termination of service satisfies the requirements of clause (ii) of Section 10.1 hereof. The number of Alternative Performance Awards shall be equal to (i) if less than 50% of the Performance Cycle has elapsed, the target number of Performance Awards, and (ii) if 50% or more of the Performance Cycle has elapsed, a number of Performance Awards based on actual performance through the date of the Change in Control if determinable, or the target, if not determinable (with the Administrator as constituted prior to the Change in Control making any determinations necessary to determine performance and the vesting date(s) thereof). The conversion of the Performance Awards into Alternative Performance Awards is referred to herein as the "**Performance Award Conversion**". Following the Performance Award Conversion, the Alternative Performance Awards shall either remain outstanding as Alternative Awards consistent with this Section 10.2 or shall be treated as provided in Section 10.3.

Section 10.3 Accelerated Vesting and Payment. Except as otherwise provided in this Article X or in an Award Agreement, upon a Change in Control:

(a) each vested and unvested Option or SAR shall be canceled in exchange for a payment equal to the excess, if any, of the Change in Control Price over the applicable Exercise Price or Base Price;

(b) the vesting restrictions applicable to all other unvested Awards (other than (x) freestanding Dividend Equivalents not granted in connection with another Award and (y) Performance Awards) shall lapse, all such Awards shall vest and become non-forfeitable and be canceled in exchange for a payment equal to the Change in Control Price;

(c) the Alternative Performance Awards shall be canceled in exchange for a payment equal to the Change in Control Price;

(d) all other Awards (other than freestanding Dividend Equivalents not granted in connection with another Award) that were vested prior to the Change in Control but that have not been settled or converted into Shares prior to the Change in Control shall be canceled in exchange for a payment equal to the Change in Control Price; and

(e) all freestanding Dividend Equivalents not granted in connection with another Award shall be cancelled without payment therefor.

To the extent any portion of the Change in Control Price is payable other than in cash and/or other than at the time of the Change in Control, Award holders under the Plan shall receive the same value in respect of their Awards (less any applicable Exercise Price, Base Price or similar feature) as is received by the Company's stockholders in respect of their Company Common Stock (as determined by the Administrator), and the Administrator shall determine the extent to which such value shall be paid in cash, in securities or other property, or in a combination of cash and securities or other property, consistent with applicable law. To the extent any portion of the Change in Control Price is payable other than at the time of the Change in Control, the Administrator shall determine the time and form of payment to the Award holders consistent with Section 409A of the Code and other applicable laws. Upon a Change in Control the Administrator may cancel Options and SARs for no consideration if the Fair Market Value of the Shares subject to such Options or such SARs is less than or equal to the Exercise Price of such Options or the Base Price of such SARs.

Article XI
OTHER PROVISIONS

Section 11.1 Awards Not Transferable. Except as otherwise determined by the Administrator, no Award or interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law, by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that nothing in this Section 11.1 shall prevent transfers by will, by the applicable laws of descent and distribution or pursuant to the beneficiary designation procedures approved by the Company pursuant to Section 11.13 or, with the prior approval of the Company, estate planning transfers.

Section 11.2 Amendment, Suspension or Termination of the Plan or Award Agreements.

(a) The Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator; provided, that without the approval by a majority of the shares entitled to vote at a duly constituted meeting of shareholders of the Company, no amendment or modification to the Plan may (i) except as otherwise expressly provided in Section 3.3, increase the number of Shares subject to the Plan; (ii) modify the class of persons eligible for participation in the Plan or (iii) materially modify the Plan in any other way that would require shareholder approval under applicable law. Except as otherwise expressly provided in the Plan, neither the amendment, suspension or termination of the Plan shall, without the written consent of the holder of the Award, materially adversely alter or impair any rights or obligations under any Award theretofore granted.

(b) The Administrator at any time, and from time to time, may amend the terms of any one or more existing Award Agreements; provided, however, that the rights of a Participant under an Award Agreement shall not be materially adversely impaired without the Participant's written consent. The Company shall provide a Participant with notice of any amendment made to a Participant's existing Award Agreement.

(c) No Award may be granted during any period of suspension nor after termination of the Plan, and in no event may any Award be granted under this Plan after the expiration of ten (10) years from the Effective Date.

Section 11.3 Effect of Plan upon Other Award and Compensation Plans. The adoption of this Plan shall not affect any other compensation or incentive plans in effect for the Company or any of its Affiliates. Nothing in this Plan shall be construed to limit the right of the Company or any of its Affiliates (a) to establish any other forms of incentives or compensation for Service Providers or (b) to grant or assume options or restricted stock other than under this Plan in connection with any proper corporate purpose, including, but not by way of limitation, the grant or assumption of options or restricted stock in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, firm or association.

Section 11.4 At-Will Employment. Nothing in the Plan or any Award Agreement hereunder shall confer upon the Participant any right to continue as a Service Provider of the Company or any of its Affiliates or shall interfere with or restrict in any way the rights of the Company or any of its Affiliates, which are hereby expressly reserved, to discharge any Participant at any time for any reason whatsoever, with or without Cause.

Section 11.5 Conformity to Securities Laws. The Plan is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated under any of the foregoing, to the extent the Company, any of its Affiliates or any Participant is subject to the provisions thereof. Notwithstanding anything herein to the contrary, the Plan shall be administered, and Awards shall be granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and Awards granted hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

Section 11.6 Term of Plan. The Plan shall become effective on Closing Date, as defined in the Business Combination Agreement (the "**Effective Date**") and shall continue in effect, unless sooner terminated pursuant to Section 11.2, until the tenth (10th) anniversary of the Effective Date. The provisions of the Plan shall continue thereafter to govern all outstanding Awards.

Section 11.7 Governing Law. To the extent not preempted by federal law, the Plan shall be construed in accordance with and governed by the laws of the State of Delaware regardless of the application of rules of conflict of law that would apply the laws of any other jurisdiction.

Section 11.8 Severability. In the event any portion of the Plan or any action taken pursuant thereto shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provisions had not been included, and the illegal or invalid action shall be null and void.

Section 11.9 Governing Documents. In the event of any express contradiction between the Plan and any Award Agreement or any other written agreement between a Participant and the Company or any Affiliate that has been approved by the Administrator, the express terms of the Plan shall govern, unless it is expressly specified in such Award Agreement or other written document that such express provision of the Plan shall not apply.

Section 11.10 Withholding Taxes. In addition to any rights or obligations with respect to the federal, state, local or foreign income taxes, withholding taxes or employment taxes required to be withheld under applicable law, the Company or any Affiliate employing a Service Provider shall have the right to withhold from the Service Provider, or otherwise require the Service Provider or an assignee to pay, any such required withholding obligations arising as a result of grant, exercise, vesting or settlement of any Award or any other taxable event occurring pursuant to the Plan or any Award Agreement, including, without limitation, to the extent permitted by law, the right to deduct any such withholding obligations from any payment of any kind otherwise due to the Service Provider or to take such other actions (including, without limitation, withholding any Shares or cash deliverable pursuant to the Plan or any Award) as may be necessary to satisfy such withholding obligations.

Section 11.11 Section 409A. To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the adoption of the Plan. Notwithstanding any provision of the Plan to the contrary, in the event that following the adoption of the Plan, the Administrator determines that any Award may be subject to Section 409A of the Code and related regulations and Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the adoption of the Plan), the Administrator may adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, (b) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance or (c) comply with any correction procedures available with respect to Section 409A of the Code. Notwithstanding anything else contained in this Plan or any Award Agreement to the contrary, if a Service Provider is a "specified employee" at the time of the Service Provider's "separation from service" (as determined under Section 409A of the Code) then, to the extent necessary to comply with, and avoid imposition on such Service Provider of any tax penalty imposed under, Section 409A of the Code, any payment required to be made to a Service Provider hereunder upon or following his or her separation from service shall be delayed until the first to occur of (i) the six-month anniversary of the Service Provider's separation from service and (ii) the Service Provider's death. Should payments be delayed in accordance with the preceding sentence, the accumulated payment that would have been made but for the period of the delay shall be paid in a single lump sum during the ten (10) day period following the lapsing of the delay period. No provision of this Plan or an Award Agreement shall be construed to indemnify any Service Provider for any taxes incurred by reason of Section 409A (or timing of incurrence thereof), other than an express indemnification provision therefor.

Section 11.12 Notices. Except as provided otherwise in an Award Agreement, all notices and other communications required or permitted to be given under this Plan or any Award Agreement shall be in writing and shall be deemed to have been given if delivered personally, sent by email or any other form of electronic transfer approved by the Administrator, sent by certified or express mail, return receipt requested, postage prepaid, or by any recognized international equivalent of such delivery, (i) in the case of notices and communications to the Company, to its current business address and to the attention of the Corporate Secretary of the Company or (ii) in the case of a Participant, to the last known address, or email address or, where the individual is an employee of the Company or one of its Subsidiaries, to the individual's workplace address or email address or by other means of electronic transfer acceptable to the Administrator. All such notices and communications shall be deemed to have been received on the date of delivery, if sent by email or any other form of electronic transfer, at the time of dispatch or on the third business day after the mailing thereof.

Section 11.13 Beneficiary Designation. Each Participant under the Plan may from time to time pursuant to procedures approved by the Company name any beneficiary or beneficiaries by whom any right under the Plan is to be exercised in case of such Participant's death.

Exhibit 10.4

Execution Version

EMPLOYMENT AGREEMENT

This Employment Agreement (this "**Agreement**") is made as of July 1, 2020, between 180 Life Sciences Corp. (the '**Company**"), and James N. Woody ("**Executive**") (collectively, the Company and Executive are the "**Parties**").

WHEREAS, this Agreement is being entered into in connection with that certain proposed business agreement("**Business Combination Agreement**") between KBL Merger Corp. IV ("**KBL**"), and the Company. The effectiveness of this Agreement is conditioned upon the closing of the Business Combination Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Start Date; Employment Term. Executive's employment with the Company pursuant to this Agreement will commence on the closing of the transactions contemplated by the Business Combination Agreement (the "**Start Date**") and end on the first (1st anniversary of the Start Date (the "**initial term**"), provided, however, that on such anniversary and on each anniversary thereafter (each, an " **Extension Date**" the term of Executive's employment under this Agreement shall be automatically extended for an additional one (1) year period (each, a "**Renewal Term**"), unless the Company or the Executive provides the other at least 60 (sixty) days' prior written notice before the next Extension Date that the Initial Tern or Renewal Term, as applicable, shall not be so extended. This Agreement shall automatically terminate without any action on the part of any person and be *void ab initio* if the Combination Agreement is terminated in accordance with its terms, and neither the Company nor any other person shall have any liability to Executive under this Agreement if the Closing does not occur. The period of time from the Start Date through the termination of this Agreement and Executive's employment hereunder pursuant to its terms is hereafter referred to as the "**Employment Term**".

2. Position; Duties. During the Employment Term, Executive shall serve as the Chief Executive Officer, reporting to Board of Directors (the '**Board**"). Executive shall also serve as a Director on the Company' s Board. During the Employment Term, Executive shall perform such duties and responsibilities on behalf of the Company and its affiliates consistent with Executive's position and titles, including, without limitation: (a) overall responsibility for creating, planning and integrating the strategic direction of the Company (b) the engagement and retention of advisors and all other key employees and consultants of the Company; (c) the review and approval of the Company's budgets; (d) review and approval of the Company's annual strategic plan and (e) review and approval of all mergers and acquisitions of other companies and assets including disposition and licensing of all intellectual property and patents.

3. Compensation.

(a) **Base Salary**: Executive's annual base salary will initially be $250,000 per year, payable in accordance with the Company's normal payroll procedures, less all applicable withholdings and deductions. With the completion of the next qualified financing, of over $20M, the terms will be renegotiated.

(b) **Equity Award**: The Company shall establish, as of immediately following the closing of the financing transaction contemplated by the Combination Agreement, an equity incentive pool in an amount equal to 15% of the Company's outstanding common stock, on a fully-diluted basis, for purposes of granting equity awards to directors, executive officers, employees and consultants of the Company. The Board will consider the appropriate equity stock option amounts to award the Chief Executive Officer. as of the closing. The remainder of such equity incentive pool shall be allocated by the Board to other directors, executive officers, employees and consultants of the Company based on recommendations of Executive. The equity awards granted to Executive by the Board as of the closing date will vest ratably on a monthly basis over 36 months, beginning on the last day of the month of the date of grant; provided however, that the equity awards will vest immediately upon Executive's death or disability (as defined in section 4(b)), termination without Cause or a termination by Executive for Good Reason, a change in control of the Company (as defined in the Company's equity incentive plan or agreement) or upon a sale of the Company. Such equity awards shall be subject to such other provisions to be set forth in Company's equity incentive plan and the applicable grant agreement(s) to be entered into between Executive and the Company, which grant agreement shall be no less favorable than that for other senior executives and directors of the Company.

(c) **Benefits**. Executive will be eligible to participate in the benefits offered by the Company, including, without limitation, any health insurance, retirement, and fringe benefits offered by the Company, in accordance with the applicable terms of the benefit program, plan, or arrangement.

(d) **Vacation**: The executive is entitled to up to 20 days' of vacation per year. If not taken, unused vacation is paid out in cash at the end of each year of the Agreement.

(e) **Expenses**: All expenses associated with Company's business will be 100% reimbursed on submission of receipts for payment. Payment shall be made within 30 days of receipt of documentation. Executive shall receive prior authorization for expenses exceeding $5,000.

(f) **Office**. The Company shall provide the Executive and his executive team with office space located in Palo Alto, California with sufficient staff and equipment to operate an office.

(g) **Other Activities**: Nothing in this agreement shall prevent the Executive from undertaking any other business activities while this agreement is in force, provided that:

(i) such activity does not cause a breach of any of the Executive's obligations under this agreement; and

(ii) the Executive shall not engage in any such activity if it relates to a business which is similar to or in any way competitive with the business of the Company (or any Group Company) without the prior written consent of the Company; and

(iii) Any activities that were initiated prior to the signing of this Agreement, that were non competing, and disclosed in writing to the Company.

(i) **Termination of Employment.** The Company or the Executive may terminate the Executive's employment pursuant to this Section 4. Upon any termination of the Executive's employment, the Company shall have no further obligations to the Executive under this Agreement other than for payment of any accrued but unpaid base salary, properly incurred but unreimbursed business expenses, accrued but unused vacation, and severance payments, if any, required under Section 5. Rights and benefits of the Executive under the benefit plans and programs of the Company shall be determined in accordance with the provisions of such plans and programs.

a. *Death*. The Executive's employment will terminate upon the Executive's death. If such an event should occur all compensation due, and equity shall be awarded to the Executive's spouse, Suzanne Mann Moore within 90 days.

b. *Disability*. The Company may terminate the Executive's employment by reason of the Executive's becoming subject to a Disability (as defined in the following sentence) upon the Company providing thirty (30) days' prior notice to Executive of its intention to terminate Executive's employment due to his or her Disability. For purposes of this Agreement, "**Disability**"means the Executive is unable to perform the essential functions of his or her position, with or without a reasonable accommodation, for a period of ninety (90) consecutive calendar days or one-hundred and eighty (180) non-consecutive calendar days within any rolling twelve (12) month period.

c. *Cause*. The Company may terminate the Executive's employment under this Agreement for '**Cause**." For purposes of this Agreement, "**Cause**" means any of the following: (i) Executive's engaging in any acts of fraud, theft, or embezzlement involving the Company; (ii) Executive's conviction, including any plea of guilty or nolo contendere, of any felony crime which is relevant to the Executive's position with the Company; and (iii) Executive's material violation of this Agreement which is materially damaging to the reputation or business of the Company, provided that prior to terminating Executive for Cause, the Board must first (A) provide notice to Executive specifying in reasonable detail the condition giving rise to Cause for termination no later than the sixtieth (60th) day following the occurrence of that condition; (B) provide the Executive a period of thirty (30) days to remedy the condition, if subject to remedy, and so specify in the notice; and (C) terminate his employment for Cause within thirty (30) days following the expiration of the period to remedy if the Executive fails to remedy the condition.

d. *Without Cause*. The Company may terminate the Executive's employment without Cause on sixty (60) days' prior written notice to the Executive.

e. *By the Executive for Good Reason*. The Executive may terminate his employment for Good Reason by (A) providing notice to the Company specifying in reasonable detail the condition giving rise to the Good Reason no later than the sixtieth (60th) day following the occurrence of that condition; (B) providing the Company a pe1iod of thirty (30) days to remedy the condition if subject to remedy, and so specifying in the notice; and (C) terminating his employment for Good Reason within thirty (30) days following the expiration of the period to remedy if the Company fails to remedy the condition. The following, if occurring without the Executive's consent, shall constitute "**Good Reason**" for termination by the Executive: (i) a material diminution in the nature or scope of the Executive's title, authority or responsibilities; (ii) a material adverse change in the Executive's duties, including, without limitation, such duties set forth in Section 2; (iii) a requirement that the Executive report to any person other than the Board; (iv) a material reduction in Base Salary or target bonus opportunity; or (v) the Company's breach of a material provision of this Agreement.

f. By the Executive without Good Reason. The Executive may terminate his employment hereunder at any time upon thirty (30) days' prior written notice to the Company.

g. Expiration. Executive's employment will terminate automatically upon the expiration of the Initial Term or Renewal Term, as applicable, if either party has elected not to extend the Initial Term or Renewal Term in accordance with Section 1.

(j) **Payments on Termination.**

a. *Termination Without Cause; For Good Reason*. Subject to Section 5(b), in the event the Company terminates the employment of Executive without Cause pursuant to Section 4(d), Executive resigns for Good Reason pursuant to Section 4(e), or the Executive's employment terminates clue to expiration of the Employment Term in accordance with Section 4(g) following the Company's delivery to Executive of a notice of intent not to renew pursuant to Section 1, then the Compa11y shall pay to the Executive, in addition to any amounts payable under Section 4, (i) severance payments in the form of continued Base Salary, at Executive's Base Salary as then in effect, for the twelve (12) month period following the effective date of the Executive's termination if such termination happens during the first year, or successive years, of the Executive's employment, (ii) payment by the Company of Executive's monthly health insurance premiums for a period matching the period that Executive is entitled to severance payments pursuant to section 5(a)(i) hereof. The severance in 5(a)(i) and (iv) will be paid pursuant to the Company's payroll schedule then in effect commencing on the sixtieth (60th) day following the last day of employment and the payments in S(a)(ii) and (iii) will be paid on the sixtieth (60th) day following the last day of employment.

b. *Requirement of Release*. As a condition precedent to receiving any of the severance payments pursuant to Section 5(a), Executive must execute (without revocation) a general release of claims in a form mutually agreed to by the Company and the Executive (the "**Release**"). The Release must be effective and revocable prior to the sixtieth (60th) day following the Executive' s last day of employment. If the Executive fails to execute the Release pursuant to this Section 5(b), the Executive shall forfeit and not be entitled to any severance payments under Sections 5(a).

(k) **Section 409A Compliance.** This Agreement and any payments or benefits provided hereunder shall be interpreted, operated and administered in a manner intended to avoid the imposition of additional taxes under Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**"). Further, the Company and Executive hereto acknowledge and agree that the form and timing of the payments and benefits to be provided pursuant to this Agreement are intended to be exempt from, or to comply with, one or more exceptions to the requirements of Section 409A of the Code. Notwithstanding anything contained herein to the contrary, to the extent required to avoid accelerated taxation or tax penalties under Section 409A of the Code, Executive shall not be considered to have terminated employment for purposes of this Agreement and no payments shall be due to Executive under this Agreement that are payable upon Executive's tem1ination of employment until Executive would be considered to have incurred a "**separation from service**" from the Company within the meaning of Section 409A of the Code. In addition, for purposes of this Agreement, each amount to be paid or benefit to be provided to Executive pursuant to this Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code. If the Executive is deemed on the date of termination to be a "**specified employee**" within the meaning of that term under Section 409A(a)(2)(B), then with regard to any payment or the provision of any benefit that is considered defined compensation under Section 409A payable on account of a "**separation from service**," such payment or benefit shall not be made or provided until the date which is the earlier of (i) the expiration of the six (6)-month period measured from the date of such "**separation from service**" of the Executive, and (ii) the date of the Executive's death, to the extent required under Section 409A. Upon the expiration of the foregoing delay period, all payments and benefits delayed pursuant to this Section 6 (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Executive in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein. With respect to expenses eligible for reimbursement under the terms of this Agreement: (i) the amount of such expenses eligible for reimbursement in any taxable year shall not affect the expenses eligible for reimbursement in another taxable year; and (ii) any reimbursements of such expenses shall be made no later than the end of the calendar year following the calendar year in which the related expenses were incurred, except, in each case, to the extent that the right to reimbursement does not provide for a "**deferral of compensation**"within the meaning of Section 409A of the Code.

(l) **Representations**. Executive represents and warrants to the Company that (a) the execution, delivery and performance of this Agreement by Executive does not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Executive is a party or by which Executive is bound, (b) Executive is not a party to or bound by any employment agreement , noncompetition agreement or confidentiality agreement with any other person or entity (other than any such agreement with any subsidiary or predecessor of the Company) and (c) upon the execution and delivery of this Agreement by the Company, this Agreement shall be the valid and binding obligation of Executive, enforceable in accordance with its terms.

(m) **Survival**. Executive acknowledges and agrees that Sections 5-10 of this Agreement shall survive the separation of Executive's employment for any reason.

(n) **Severability**. The Parties intend for this Agreement to be enforced as written. However, if any section or portion of a section of this Agreement shall to any extent be declared illegal or unenforceable by a duly authorized court having jurisdiction , (a) then the remainder of this Agreement, or the application of such section or portions of such section in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each section or portion of such section of this Agreement shall be valid and enforceable to the fullest extent permitted by law; and/or (b) because of the scope of a section or portion of such section is found to be unreasonable, the Company and Executive agree that the court making such determination shall have the power to "**blue-pencil**" the Agreement as necessary to make it reasonable in scope; and in its reduced or blue-penciled fo1m such section or portion of such section shall then be enforceable and shall be enforced.

(o) **Miscellaneous.**

a. *Deductions and Withholding*. Executive agrees that the Company and/or its subsidiaries or affiliates shall withhold from any and all compensation paid to or required to be paid to Executive pursuant to this Agreement all federal, state, local and/or other taxes which the Company determines are required to be withheld in accordance with applicable statutes and/or regulations from time to time in effect and all amounts required to be deducted in respect of Executive's coverage under applicable employee benefit plans.

b. *Integration*. This Agreement embodies the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof. No statement, representation, warranty, covenant or agreement of any kind not expressly set forth in this Agreement shall affect, or be used to interpret, change or restrict, the express terms and provisions of this Agreement.

c. *Successors*. This Agreement shall inure to the benefit of and be enforceable by Executive's personal representatives, executors, administrators, heirs, distibutees, devisees and legatees. The Company shall take commercially reasonable effo1ts to require any successor to the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Executive's rights and obligations under this Agreement may not be assigned by Executive without the prior written consent of the Company.

d. *Waiver*. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any patty of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

e. *Amendment*. This Agreement may be amended or modified only by a written instrument signed by Executive and by a duly authorized representative of the Company.

f. *Governing Law*. This Agreement shall be governed by and enforced in accordance with the internal laws of the State of Delaware without regard to principles of conflict of laws.

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g. *Counterparts*. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

(p) **Indemnification.** The Company agrees to indemnify and hold the Executive harmless from and against any and all loss, damage, cost and expense of every kind, including reasonable attorneys' fees (each, a "**Loss**") resulting from any claim by a third party relating to the services rendered in connection with this Agreement, or prior statements, obligations, commitments, verbal or written or otherwise communicated, made by the Company before the date of this Agreement, and to any injury or death alleged to have been caused by or attributable to any drug, device or biologic relating to services rendered pursuant to this Agreement, unless such Loss arises out of the gross negligence, willful misconduct or breach of this Agreement by the Executive. The Company agrees to acquire sufficient D&O insurance to cover the Executive under usual conditions.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the date and year first above written

180 Life Sciences Corp.

By: /s/ MARC FELDMANN
Name MARC FELDMANN
Print Name: MARC FELDMANN

Title: Chairman Board of Directors,
180 Life Sciences Corp.

Date: 07-06-2020

James N. Woody MD, PhD

By: /s/ James N. Woody
Name: James N. Woody

Date: 7-6-2020

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This First Amendment to Employment Agreement (this "**Agreement**"), dated September [ ], 2020 and effective as July 1, 2020 (the "**Effective Date**"), amends that certain Employment Agreement dated July 1, 2020 (the "**Employment Agreement**"), entered into by and between 180 Life Sciences Corp. (the "**Company**") and James N. Woody ("**Executive**"). Certain capitalized terms used below but not otherwise defined shall have the meanings given to such terms in the Employment Agreement.

WHEREAS, the Company and Executive desire to amend the Employment Agreement on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the premises and the mutual covenants, agreements, and considerations herein contained, and other good and valuable consideration, which consideration the parties hereby acknowledge and confirm the receipt and sufficiency thereof, the parties hereto agree as follows:

1. Amendments to Employment Agreement.

(a) Effective as of the Effective Date, the definition of "**Start Date**" as set forth in the first sentence of "Section 1 Start Date; Employment Term" of the Employment Agreement, shall be amended and restated to provide for the "**Start Date**" to be July 1, 2020.

(b) Effective as of the Effective Date, Section 3(a) of the Employment Agreement, shall be amended and restated to read as follows:

"(a) **Base Salary**: Executive's annual base salary will initially be $250,000 per year (the "**Initial Salary**"), pro-rata for partial years, and will increase to $360,000 per year, effective September 1, 2020 (the "**Increase**"), pro-rata for partial years, payable in accordance with the Company's normal payroll procedures, less all applicable withholdings and deductions. The amount of the Increase (i.e., the incremental increase over the Initial Salary) shall be accrued until the closing of the Business Combination Agreement, at which time such Increase, and such accrued portions thereof, will be paid. With the completion of the next qualified financing, of over $20M, the terms will be renegotiated."

2. Effect of Agreement; Employment Agreement to Continue in Full Force and Effect. Upon the effectiveness of this Agreement, each reference in the Employment Agreement to "**Employment Agreement**", "**Agreement,**" "**hereunder,**" "**hereof,**" "**herein**" or words of like import shall mean and be a reference to such Employment Agreement as modified or amended hereby. Except as specifically modified or amended herein, the Employment Agreement and the terms and conditions thereof shall remain in full force and effect.

3. Entire Agreement. This Agreement sets forth all of the promises, agreements, conditions, understandings, warranties and representations among the parties with respect to the transactions contemplated hereby and thereby, and supersedes all prior agreements, arrangements and understandings between the parties, whether written, oral or otherwise. This Agreement shall be read in connection with the Employment Agreement (as amended hereby).

4. Counterparts and Signatures. This Agreement and any signed agreement or instrument entered into in connection with this Agreement, and any amendments hereto or thereto, may be executed in one or more counterparts, all of which shall constitute one and the same instrument. Any such counterpart, to the extent delivered by means of a facsimile machine or by .pdf, .tif, .gif, .jpeg or similar attachment to electronic mail shall be treated in all manner and respects as an original executed counterpart and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written to be effective as of the Effective Date.

Company:

180 Life Sciences Corp.

By: /s/ Ozan Pamir
Printed Name: Ozan Pamir
Its: CFO & Director

Executive:

James N. Woody

/s/ James N. Woody

Exhibit 99.1

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of
180 Life Sciences Corp.
(formerly known as CannBioRx Life Sciences Corp.)

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of 180 Life Sciences Corp. (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of operations and comprehensive loss, changes in stockholders' equity (deficiency) and cash flows for each of the two years in the period ended December 31, 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph — Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2, the Company has a significant working capital deficiency, has incurred significant losses and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (the "PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the U.S. Securities and Exchange Commission and the PCAOB. We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, 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.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Marcum LLP

Marcum LLP

We have served as the Company's auditor since 2019.
New York, NY
August 28, 2020

180 LIFE SCIENCES CORP. AND SUBSIDIARIES
(FORMERLY CANNBIORX LIFE SCIENCES CORP.)
CONSOLIDATED BALANCE SHEETS
(Expressed in US Dollars)

	December 31, 2019	December 31, 2018
Assets		
Current Assets:		
Cash	$ 83,397	$ 567,220
Subscription receivable	—	120,929
Due from related parties	73,248	49,277
Notes receivable, net (see Note 6)	—	—
Prepaid expenses and other current assets	591,648	254,534
Prepaid expenses and other current assets – related parties	—	24,014
Total Current Assets	748,293	1,015,974
Deposits – related parties	—	17,590
Property and equipment, net	54,307	22,119
Intangible assets, net	2,121,834	403,532
In-process research and development	12,536,950	—
Goodwill	36,423,084	—
Total Assets	$ 51,884,468	$ 1,459,215
Liabilities and Stockholders' Equity (Deficiency)		
Current Liabilities:		
Accounts payable	$ 4,103,566	$ 212,654
Accounts payable – related parties	123,035	32,555
Accrued expenses	1,691,466	251,231
Accrued expenses – related parties	177,074	—
Due to related parties	17,341	—
Loans payable	116,250	—
Loans payable – related parties	220,525	—
Convertible notes payable	2,736,946	—
Convertible notes payable – related parties	454,604	—
Accrued issuable equity	—	640,116
Accrued issuable equity – related parties	—	7,548,870
Investor deposits	—	450,734
Total Current Liabilities	9,640,807	9,136,160
Deferred tax liability	3,672,759	—
Total Liabilities	13,313,566	9,136,160
Commitments and contingencies (see Note 12)		
Stockholders' Equity (Deficiency):		
Preferred stock, $0.0001 par value; 2 shares authorized; 2 shares and 0 shares issued and outstanding at December 31, 2019 and 2018, respectively	—	—
Common stock, $0.0001 par value; 150,000 shares authorized; 82,204 shares and 10,510 shares issued and outstanding at December 31, 2019 and 2018, respectively	8	1
Additional-paid in capital	75,891,671	4,089,040
Accumulated other comprehensive income	152,803	313,548
Accumulated deficit	(37,473,580)	(12,079,534)
Total Stockholders' Equity (Deficiency)	38,570,902	(7,676,945)
Total Liabilities and Stockholders' Equity (Deficiency)	$ 51,884,468	$ 1,459,215

The accompanying notes are an integral part of these consolidated financial statements.

180 LIFE SCIENCES CORP. AND SUBSIDIARIES
(FORMERLY CANNBIORX LIFE SCIENCES CORP.)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in US Dollars)

	For The Year Ended December 31, 2019	For The Period From March 7, 2018 (Inception) Through December 31, 2018
Operating Expenses (Income):		
Research and development	$ 1,887,402	$ 895,236
General and administrative	5,701,705	2,515,576
General and administrative – related parties	340,765	3,875,726
Modification of stock award – related parties	12,959,360	—
Rental income – related parties	(25,946)	—
Total Operating Expenses, Net	20,863,286	7,286,538
Loss From Operations	(20,863,286)	(7,286,538)
Other Income (Expense):		
Gain on sale of property and equipment	1,714	—
Other income – related parties	552,329	—
Interest income	3,727	10,196
Interest expense	(162,066)	—
Interest expense – related parties	(23,074)	—
Loss on extinguishment of convertible note payable	(703,188)	—
Change in fair value of accrued issuable equity	(327,879)	—
Change in fair value of accrued issuable equity – related parties	(3,881,819)	(4,803,192)
Total Other Expense, Net	(4,540,256)	(4,792,996)
Loss Before Income Taxes	(25,403,542)	(12,079,534)
Income tax benefit	9,496	—
Net Loss	(25,394,046)	(12,079,534)
Other Comprehensive (Loss) Income:		
Foreign currency translation adjustments	(160,745)	313,548
Total Comprehensive Loss	$ (25,554,791)	$ (11,765,986)

The accompanying notes are an integral part of these consolidated financial statements.

180 LIFE SCIENCES CORP. AND SUBSIDIARIES
(FORMERLY CANNBIORX LIFE SCIENCES CORP.)
CONSOLIDATED STATEMENTS OF
CHANGES IN STOCKHOLDERS' EQUITY (DEFICIENCY)
(Expressed in US Dollars)

For The Year Ended December 31, 2019

	Preferred Stock		Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Capital	Income (Loss)	Deficit	(Deficiency)
Balance – January 1, 2019	—	$ —	10,510	$ 1	$ 4,089,040	$ 313,548	$ (12,079,534)	$ (7,676,946)
Issuances of common stock for:								
Cash and services[1]	—	—	2,589	—	1,463,802	—	—	1,463,802
Satisfaction of accrued issuable equity and investor deposits	—	—	18,297	2	12,992,468	—	—	12,992,470
Modification of stock award – related party	—	—	—	—	12,959,360	—	—	12,959,360
Beneficial conversion feature on convertible debt issued	—	—	—	—	250,839	—	—	250,839
Shares issued in connection with reorganization	2	—	50,808	5	45,866,494	—	—	45,866,499
Effect of reverse acquisition	—	—	—	—	(1,730,332)	—	—	(1,730,332)
Comprehensive loss:								
Net loss	—	—	—	—	—	—	(25,394,046)	(25,394,046)
Other comprehensive loss	—	—	—	—	—	(160,745)	—	(160,745)
Balance – December 31, 2019	2	$ —	82,204	$ 8	$ 75,891,671	$ 152,803	$ (37,473,580)	$ 38,570,901

(1) Includes $1,130,656 of cash consideration

The accompanying notes are an integral part of these consolidated financial statements.

180 LIFE SCIENCES CORP. AND SUBSIDIARIES
(FORMERLY CANNBIORX LIFE SCIENCES CORP.)
CONSOLIDATED STATEMENTS OF
CHANGES IN STOCKHOLDERS' EQUITY (DEFICIENCY) — Continued
(Expressed in US Dollars)

For The Period From March 7, 2018 (Inception) Through December 31, 2018

	Preferred Stock		Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Capital	Income	Deficit	(Deficiency)
Balance – March 7, 2018 (Inception)	—	$ —	—	$ —	$ —	$ —	$ —	$ —
Issuances of common stock for:								
Cash and services[2]	—	—	8,764	1	3,581,701	—	—	3,581,702
Intangible assets	—	—	662	—	386,410	—	—	386,410
Subscription receivable[3]	—	—	1,084	—	120,929	—	—	120,929
Comprehensive loss:								
Net loss	—	—	—	—	—	—	(12,079,534)	(12,079,534)
Other comprehensive income	—	—	—	—	—	313,548	—	313,548
Balance – December 31, 2018	—	$ —	10,510	$ 1	$ 4,089,040	$ 313,548	$ (12,079,534)	$ (7,676,945)

(2) Includes $3,503,652 of cash consideration for 8,633 shares of common stock.
(3) Cash consideration of $120,929 was received in July 2019.

The accompanying notes are an integral part of these consolidated financial statements.

180 LIFE SCIENCES CORP. AND SUBSIDIARIES
(FORMERLY CANNBIORX LIFE SCIENCES CORP.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in US Dollars)

	For The Year Ended December 31, 2019	For The Period From March 7, 2018 (Inception) Through December 31, 2018
Cash Flows From Operating Activities		
Net loss	$ (25,394,046)	$ (12,079,534)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	72,244	19,231
Capitalized interest on the convertible notes	105,641	—
Capitalized interest on the convertible notes – related parties	9,604	—
Bad debt expense	649,825	—
Stock-based compensation	340,411	3,832,902
Modification of stock award – related party	12,959,360	—
Gain on sale of property and equipment	(1,714)	—
Loss on extinguishment of convertible note payable	703,188	—
Deferred tax liability	(9,496)	—
Change in fair value of accrued issuable equity	327,879	—
Change in fair value of accrued issuable equity – related parties	3,881,819	4,803,192
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	405,415	(265,540)
Prepaid expenses and other current assets – related parties	22,507	(25,101)
Due from related parties	(22,570)	(51,506)
Deposits	91,813	—
Deposits – related parties	18,090	(18,386)
Accounts payable	2,850,320	222,162
Accounts payable – related parties	45,325	34,028
Accrued expenses	196,807	262,598
Accrued expenses – related parties	58,202	—
Due to related parties	(100,759)	—
Deferred income – related parties	(528,519)	—
Total adjustments	22,075,392	8,813,580
Net Cash Used In Operating Activities	(3,318,654)	(3,265,954)
Cash Flows From Investing Activities		
Purchases of property and equipment	—	(25,689)
Acquisition of intangible assets	(144,402)	(50,000)
Issuance of notes receivable	(649,825)	—
Cash acquired in Reorganization	86,078	—
Net Cash Used In Investing Activities	$ (708,149)	$ (75,689)

The accompanying notes are an integral part of these consolidated financial statements.

180 LIFE SCIENCES CORP. AND SUBSIDIARIES
(FORMERLY CANNBIORX LIFE SCIENCES CORP.)
CONSOLIDATED STATEMENTS OF CASH FLOWS — Continued
(Expressed in US Dollars)

	For The Year Ended December 31, 2019	For The Period From March 7, 2018 (Inception) Through December 31, 2018
Cash Flows From Financing Activities		
Proceeds from sale of common stock	$ 1,132,676	$ 3,503,652
Deposits for sales of common stock	—	471,127
Proceeds from subscription receivable	124,369	—
Proceeds from loans payable	116,250	—
Proceeds from loans payable – related parties	219,053	—
Proceeds from convertible notes payable	2,175,000	—
Proceeds from convertible notes payable – related parties	175,000	—
Cash Provided By Financing Activities	3,942,348	3,974,779
Effect of Exchange Rate Changes on Cash	(399,368)	(65,916)
Net (Decrease) Increase In Cash	(483,823)	567,220
Cash – Beginning of Period	567,220	—
Cash – End of Period	$ 83,397	$ 567,220
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for interest	$ —	$ —
Non-cash Investing and Financing Activities:		
Issuance of common stock in satisfaction of accrued issuable equity	$ 12,631,663	$ —
Issuance of common stock in satisfaction of investor deposits	$ 463,557	$ —
Receivable from related party in connection with sale of property and equipment	$ 8,902	$ —
Recognition of beneficial conversion feature as loss on extinguishment of convertible note payable	$ 250,839	$ —
Redemption premium and restructuring fee recognized as an increase in convertible note principal	$ 452,349	$ —
Common stock issued for the purchase of intangible assets	$ —	$ 386,410
Subscription receivable	$ —	$ 120,929

The accompanying notes are an integral part of these consolidated financial statements.

180 LIFE SCIENCES CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 — BUSINESS ORGANIZATION AND NATURE OF OPERATIONS

180 Life Sciences Corp. (“180”, f/k/a CannBioRx Life Sciences Corp.) was incorporated in the State of Delaware on January 28, 2019 (180 collectively with its subsidiaries are hereafter referred to as the “Company”). 180 is located in the United States (“U.S.”), and is a medical pharmaceutical company focused upon unmet medical needs in the areas of chronic pain, inflammation, inflammatory diseases, and fibrosis by employing innovative research and, where appropriate, combination therapies, through its three wholly owned subsidiaries, Katexco Pharmaceuticals Corp. (“Katexco”), CannBioRex Pharmaceuticals Corp. (“CBR Pharma”), and 180 Therapeutics L.P. (“180 LP”). Katexco, CBR Pharma and 180 LP are together, the “180 Subsidiaries.” Additionally, 180’s wholly owned subsidiaries Katexco Callco, ULC, Katexco Purchaseco, ULC, CannBioRex Callco, ULC, and CannBioRex Purchaseco, ULC were formed in the Canadian Province of British Columbia on May 31, 2019 to facilitate the acquisition of Katexco, CBR Pharma and 180 LP, as described below.

Katexco is a medical pharmaceutical company researching and developing orally available therapies harnessing endocannabinoid and nicotine receptors to treat inflammatory diseases. CBR Pharma is a pharmaceutical research company specializing in the clinical development of synthetic pharmaceutical grade cannabinoid compounds for the treatment of rheumatoid arthritis and related arthritic diseases. 180 LP is a clinical stage biopharmaceutical company focused on the discovery and development of biologic therapies for the treatment of fibrosis.

On July 16, 2019, 180, Katexco, CBR Pharma and 180 LP consummated a reorganization wherein 180 acquired 100% of the outstanding shares of Katexco, CBR Pharma, and 180 LP (the “Reorganization”). The Reorganization was accounted for as a reverse acquisition, and Katexco is deemed to be the accounting acquirer, while 180, CBR Pharma and 180 LP are deemed to be the “Accounting Acquirees”. Consequently, the assets and liabilities and the historical operations that are reflected in these consolidated financial statements prior to the Reorganization are those of Katexco. Katexco was incorporated on March 7, 2018 under the provisions of the British Corporation Act of British Columbia. The preferred stock, common stock, additional paid in capital and earnings per share amounts in these consolidated financial statements for the period prior to the Reorganization have been restated to reflect the recapitalization based on the shares issued to the Katexco shareholders. References herein to the “Company” are to Katexco for the period prior to the Reorganization and are to 180 (as combined with the 180 Subsidiaries) after the Reorganization.

On July 25, 2019, the Company entered into an agreement (the “Business Combination Agreement”) with KBL Merger Corp. IV, a special-purpose acquisition company and public company (“KBL”) and KBL Merger Sub, Inc. (“Merger Sub”), pursuant to which Merger Sub will merge with and into the Company, with the Company continuing as a wholly owned subsidiary of KBL after the closing (the “Business Combination”). The Merger Sub will purchase 100% of the outstanding equity and equity equivalents of the Company as of the date of closing in exchange for 17.5 million shares of KBL common stock, reduced by the number of shares equal to the amount of any liabilities of the Company in excess of $5 million at the closing divided by $10. Pursuant to the Business Combination Agreement, the consummation of the Business Combination is conditioned upon (i) stockholder and any necessary regulatory approvals, (ii) the effectiveness of a registration statement; and (iii) KBL having at least $5,000,001 of net tangible assets. The Business Combination is deemed to be a capital transaction of 180 (the legal acquiree) for accounting purposes and is equivalent to the issuance of shares by 180 for the net monetary assets of KBL, accompanied by a recapitalization. See Note 16 — Subsequent Events — Business Combination Update.

NOTE 2 — GOING CONCERN AND MANAGEMENT’S PLANS

The Company has not generated any revenues and has incurred a significant loss since Inception. During the year ended December 31, 2019, the Company incurred a net loss of $25,394,046 and used $3,318,654 of cash in operations. As of December 31, 2019, the Company has an accumulated deficit of $37,473,580 and a working capital deficit of $8,892,514. The Company expects to invest a significant amount of capital to fund research and development. As a result, the Company expects that its operating expenses will increase significantly, and consequently will require significant revenues to become profitable. Even if the Company does become profitable, it may not be able to sustain or increase profitability on a quarterly or annual basis. The Company cannot predict when, if ever, it will be profitable. There can be no assurance that the intellectual property of the Company, or other technologies it may acquire, will meet applicable regulatory standards, obtain required regulatory approvals, be capable of being produced in commercial quantities at reasonable costs, or be successfully marketed. The Company plans to undertake additional laboratory studies with respect to the intellectual property, and there can be no assurance that the results from such studies or trials will result in a commercially viable product or will not identify unwanted side effects.

NOTE 2 — GOING CONCERN AND MANAGEMENT'S PLANS (cont.)

These consolidated financial statements have been prepared under the assumption of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue its operations is dependent upon the continuing support of its creditors and its success in obtaining new financing for its ongoing operations, including closing on the Business Combination with KBL. Financing options available to the Company include equity financings and loans and if the Company is unable to obtain such additional financing timely, the Company may have to curtail its development, marketing and promotional activities, which would have a material adverse effect on its business, financial condition and results of operations, and could ultimately be forced to discontinue its operations and liquidate. These matters raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time, which is defined as within one year after the date that the consolidated financial statements are issued. Realization of the Company's assets may be substantially different from the carrying amounts presented in these consolidated financial statements and the accompanying consolidated financial statements do not include any adjustments that may become necessary, should the Company be unable to continue as a going concern.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The consolidated financial statements of the Company include the accounts of the Company and its subsidiaries.

Principles of Consolidation

The consolidated financial statements include the historical accounts of Katexco as accounting acquirer (see Note 4 — Reorganization and Recapitalization) and, effective with the closing of the Reorganization, the accounting acquirees. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, together with amounts disclosed in the related notes to the consolidated financial statements. The Company's significant estimates used in these financial statements include, but are not limited to, the fair value of equity shares, the valuation of intangible assets in acquisition accounting, the useful lives of long-lived assets and the recovery of notes receivable and other assets. Certain of the Company's estimates could be affected by external conditions, including those unique to the Company and general economic conditions. It is reasonably possible that these external factors could have an effect on the Company's estimates and may cause actual results to differ from those estimates.

Accounting for Business Combinations

As required by U.S. GAAP, the Company records acquisitions under the acquisition method of accounting, under which the assets acquired and liabilities assumed are initially recorded at their respective fair values and any excess purchase price over the estimated fair value of net assets acquired is reflected as goodwill. The Company uses estimates and, in some instances, independent third-party valuation firms to assist in determining the fair values of assets acquired, liabilities assumed and contingent consideration, if any. Such estimates and valuations require significant assumptions, including projections of future events and operating performance. The estimated fair values are subject to change during the measurement period, which is limited to one year subsequent to the acquisition date.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Foreign Currency Translation

The Company's reporting currency is the United States dollar. The functional currency of certain subsidiaries is the Canadian Dollar ("CAD") or British Pound ("GBP"). Assets and liabilities are translated based on the exchange rates at the balance sheet date (0.7689 and 0.7329 for the CAD, 1.3262 and 1.2741 for the GBP as of December 31, 2019 and 2018, respectively), while expense accounts are translated at the weighted average exchange rate for the period (0.7568 and 0.7660 for the CAD and 1.2613 and 1.2994 for the GBP for the year ended December 31, 2019 and the period from March 7, 2018 through December 31, 2018, respectively). Equity accounts are translated at historical exchange rates. The resulting translation adjustments are recognized in stockholders' equity (deficiency) as a component of accumulated other comprehensive income.

Comprehensive income (loss) is defined as the change in equity of an entity from all sources other than investments by owners or distributions to owners and includes foreign currency translation adjustments as described above. During the year ended December 31, 2019 and for the period from March 8, 2018 (Inception) through December 31, 2018, the Company recorded other comprehensive gain/(loss) of ($160,745) and $313,548, respectively, as a result of foreign currency translation adjustments.

Foreign currency gains and losses resulting from transactions denominated in foreign currencies, including intercompany transactions, are included in results of operations. The Company recorded $7,652 and ($5,618) of foreign currency transaction gains/(losses) for the year ended December 31, 2019 and for the period from March 7, 2018 (Inception) through December 31, 2018, respectively. Such amounts have been classified within general and administrative expenses in the accompanying consolidated statements of operations and comprehensive loss.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents in the financial statements. The Company had no cash equivalents at December 31, 2019 or 2018. As of December 31, 2019, the Company had bank accounts in the United States, Canada and the United Kingdom. The Company's cash deposits in United States, Canadian and English financial institutions may at times may be in excess of the Federal Deposit Insurance Corporation ("FDIC"), the Canadian Deposit Insurance Corporation ("CDIC") or the Financial Services Compensation Scheme ("FSCS") insurance limits, respectively. The Company has not experienced losses in such accounts and periodically evaluates the creditworthiness of its financial institutions. As of December 31, 2019 and 2018, the Company had uninsured balances of CAD $0 and CAD $660,945 ($484,407), respectively, with the CDIC.

Property and Equipment

Property and equipment consists primarily of furniture, fixtures and equipment, and leasehold improvements and is stated at cost less accumulated depreciation. Furniture, fixtures and equipment are depreciated on a straight-line basis over the useful life of the related asset (5 years). Leasehold improvements are amortized on a straight-line basis over the shorter of the original term of the lease, plus reasonably expected renewal terms, or the estimated useful life of the improvement.

Intangible Assets and In-Process Research and Development ("IPR&D")

Intangible assets consist of licensed patents held by Katexco as well as technology licenses acquired in connection with the Reorganization. Licensed patents are amortized over the remaining life of the patent. Technology licenses acquired for the development and commercialization of certain licenses and knowledge are amortized on a straight-line basis over the estimated useful lives of the underlying patents. It will be necessary to monitor and possibly adjust the useful lives of the licensed patents and technology licenses depending on the results of the Company's research and development activities.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

IPR&D assets represent the fair value assigned to technologies that were acquired on July 16, 2019 in connection with the Reorganization, which have not reached technological feasibility and have no alternative future use. IPR&D assets are considered to be indefinite-lived until the completion or abandonment of the associated research and development projects. During the period that the IPR&D assets are considered indefinite-lived, they are tested for impairment on an annual basis, or more frequently if the Company becomes aware of any events occurring or changes in circumstances that indicate that the fair value of the IPR&D assets are less than their carrying amounts. If and when development is complete, which generally occurs upon regulatory approval, and the Company is able to commercialize products associated with the IPR&D assets, these assets are then deemed definite-lived and are amortized based on their estimated useful lives at that point in time. If development is terminated or abandoned, the Company may record a full or partial impairment charge related to the IPR&D assets, calculated as the excess of the carrying value of the IPR&D assets over their estimated fair value.

Impairment of Long-Lived Assets

The Company reviews long-lived assets and certain identifiable assets for impairment whenever circumstances and situations change such that there is an indication that the carrying amounts may not be recovered. An impairment exists when the carrying value of the long-lived asset is not recoverable and exceeds its estimated fair value. No impairment charges were recorded during the year ended December 31, 2019 and for the period from March 7, 2018 (Inception) through December 31, 2018, respectively.

Impairment of Goodwill

When testing goodwill for impairment, the Company assesses qualitative factors for our reporting units to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount, including goodwill. If impairment is more likely than not, the Company will perform a quantitative test of impairment. At December 31, 2019, the Company performed a qualitative assessment to identify and evaluate events and circumstances to conclude whether it is more likely than not that the fair value of the Company's reporting units is less than their carrying amounts. Based on the Company's qualitative assessments, the Company concluded that a positive assertion can be made that it is more likely than not that the fair value of the reporting units exceeded their carrying values and no impairment of goodwill was identified at December 31, 2019.

Fair Value of Financial Instruments

The Company measures the fair value of financial assets and liabilities based on the guidance of Accounting Standards Codification ("ASC") 820 "Fair Value Measurements" ("ASC 820"), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

- Level 1 — Quoted prices in active markets for identical assets or liabilities;
- Level 2 — Quoted prices for similar assets and liabilities in active markets or inputs that are observable; and
- Level 3 — Inputs that are unobservable (for example, cash flow modeling inputs based on assumptions).

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The carrying amounts of the Company's financial instruments, consisting primarily of notes receivable, loans payable and convertible notes payable, approximate their fair values as presented in these consolidated financial statements due to the short-term nature of those instruments.

Convertible Notes

The Company evaluates its convertible instruments to determine if those contracts or embedded components of those contracts qualify as derivative financial instruments to be separately accounted for in accordance with ASC Topic 815 of the Financial Accounting Standards Board ("FASB"). The accounting treatment of derivative financial instruments requires that the Company record embedded conversion options and any related freestanding instruments at their fair values as of the inception date of the agreement and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as non-operating, non-cash income or expense for each reporting period at each balance sheet date. The Company reassesses the classification of its derivative instruments at each balance sheet date. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification. Bifurcated embedded conversion options and any related freestanding instruments are recorded as a discount to the host instrument.

If the instrument is determined to not be a derivative liability, the Company then evaluates for the existence of a beneficial conversion feature ("BCF") by comparing the commitment date fair value to the effective conversion price of the instrument. The Company records a BCF as debt discount which is amortized to interest expense over the life of the respective note using the effective interest method. BCFs that are contingent upon the occurrence of a future event are recognized when the contingency is resolved.

Research and Development

Research and development expenses are charged to operations as incurred. During the year ended December 31, 2019 and for the period from March 7, 2018 (Inception) through December 31, 2018, the Company incurred $1,887,402 and $895,236, respectively, of research and development expenses.

Stock-Based Compensation

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. The fair value of the award is measured on the grant date and is estimated by management based on observations of the recent cash sales prices of common stock. The fair value amount is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period. Upon the exercise of an option or warrant, the Company issues new shares of common stock out of its authorized shares.

Income Taxes

The Company accounts for income taxes under the provisions of ASC Topic 740 "Income Taxes" ("ASC 740").

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of items that have been included or excluded in the financial statements or tax returns. Deferred tax assets and liabilities are determined on the basis of the difference between the tax basis of assets and liabilities and their respective financial reporting amounts ("temporary differences") at enacted tax rates in effect for the years in which the temporary differences are expected to reverse.

The Company utilizes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company's policy is to classify assessments, if any, for tax related interest as interest expense and penalties as general and administrative expenses in the consolidated statements of operations and comprehensive loss.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Subsequent Events

The Company has evaluated events that have occurred after the balance sheet date but before these financial statements were issued. Based upon that evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the financial statements, except as disclosed in Note 16, Subsequent Events.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update ("ASU") No 2016-02, "Leases (Topic 842)" ("ASU 2016-02"). ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of twelve months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. This amendment will be effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021 . The FASB issued ASU No. 2018-10 "Codification Improvements to Topic 842, Leases" ("ASU 2018-10"), ASU No. 2018-11 "Leases (Topic 842) Targeted Improvements" ("ASU 2018-11") in July 2018, and ASU No. 2018-20 "Leases (Topic 842) — Narrow Scope Improvements for Lessors" ("ASU 2018-20") in December 2018. ASU 2018-10 and ASU 2018-20 provide certain amendments that affect narrow aspects of the guidance issued in ASU 2016-02. ASU 2018-11 allows all entities adopting ASU 2016-02 to choose an additional (and optional) transition method of adoption, under which an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Company is currently evaluating these ASUs and their impact on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement ("ASU 2018-13"). The amendments in ASU 2018-13 modify the disclosure requirements associated with fair value measurements based on the concepts in the Concepts Statement, including the consideration of costs and benefits. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. The amendments are effective for all entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Company does not expect the adoption of ASU 2018-13 to have a material impact on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes," which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. ASU 2019-12 is effective for the Company beginning in fiscal years after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021. The Company is currently assessing the impact that this pronouncement will have on its consolidated financial statements.

In February 2020, the FASB issued ASU No. 2020-02, Financial Instruments — Credit Losses (Topic 326) and Leases (Topic 842) — Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date ("ASU 2020-02") which provides clarifying guidance and minor update to ASU No. 2016-13 — Financial Instruments — Credit Loss (Topic 326) ("ASU 2016-13") and related to ASU No. 2016-02 — Leases (Topic 842). ASU 2020-02 amends the effective date of ASU 2016-13, such that ASU 2016-13 and its amendments will be effective for the Company for interim and annual periods in fiscal years beginning after December 15, 2022. The adoption of ASU 2016-13 is not expected to have a material impact on the Company's consolidated financial statements or disclosures.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Recently Adopted Accounting Pronouncements

In November 2016, the FASB issued ASU No. 2016-18, Restricted Cash (a consensus of the FASB Emerging Issue Task Force) ("ASU 2016-18"). This new standard addresses the diversity that exists in the classification and presentation of changes in restricted cash on the statement of cash flows. The amendments in ASU 2016-18 require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the statement of cash flows. The Company adopted this guidance on January 1, 2019 with no impact to its consolidated financial statements.

In July 2017, the FASB issued ASU No. 2017-11, "Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815)" ("ASU 2017-11"). Among other things, ASU 2017-11 provides guidance that eliminates the requirement to consider "down round" features when determining whether certain financial instruments or embedded features are indexed to an entity's stock and need to be classified as liabilities. ASU 2017-11 provides for entities to recognize the effect of a down round feature only when it is triggered. The guidance is effective for annual periods beginning after December 15, 2019, with early adoption permitted. The Company early adopted ASU 2017-11 on July 1, 2019 and the adoption had no immediate impact on the Company's consolidated financial statements.

In January 2019, the Company adopted ASU 2016-15, "Statement of Cash Flows (Topic 230) Classification of Certain Cash Receipts and Cash Payments" ("ASU 2016-15"). The new standard makes changes to how cash receipts and cash payments are presented and classified in the statement of cash flows. The adoption of ASU 2016-15 did not have an impact on the Company's consolidated financial statements.

NOTE 4 — REORGANIZATION AND RECAPITALIZATION

On July 16, 2019, in connection with the Reorganization, the Company issued an aggregate of 50,808 shares of common stock, and 2 shares of preferred stock which are convertible into an aggregate of 17,763 shares of common stock at the option of the holders, to the former shareholders of CBR Pharma and 180 LP, in exchange for 100% of the outstanding equity and equity equivalents of CBR Pharma and 180 LP. Of the 50,808 shares of common stock issued in connection with the Reorganization, 16,000 shares issued to a consultant were subject to redemption by 180 (the "Contingently Redeemable Shares") for an aggregate redemption price of $4.00 if (i) the closing of the Business Combination did not occur on or prior to October 31, 2019; or (iii) the consultant terminated its service with 180 prior to October 31, 2019. On November 11, 2019, the Company agreed to waive its right of redemption in connection with the Contingently Redeemable Shares. See Note 13, Stockholders' Equity (Deficiency), Contingently Redeemable Shares.

The Reorganization as described in Note 1, Business Organization and Nature of Operations was accounted for as a reverse acquisition using the acquisition method of accounting, with Katexco being the accounting acquirer for financial reporting purposes.

NOTE 4 — REORGANIZATION AND RECAPITALIZATION (cont.)

The following table summarizes the purchase price consideration paid to the accounting acquirees:

	CBR Pharma	180 LP	Total
Debt assumed	$ —	$ 270,000	$ 270,000
Shares at fair value[a]	24,927,275	20,939,224	45,866,499
Total consideration	$ 24,927,275	$ 21,209,224	$ 46,136,499

(a) Represents the fair value of 28,571 and 24,000 shares of common stock and common stock equivalents issued to the former shareholders of CBR Pharma and 180 LP, respectively. The value of the Contingently Redeemable Shares was not accounted for since, as of the date of the Reorganization it was not probable that the conditions for which the redemption provision could be removed would be met.

The following table represents the preliminary allocation of the assets acquired and liabilities assumed, based on their fair values on the acquisition date:

	CBR Pharma	180 LP	Total
Cash	$ 47,268	$ 38,810	$ 86,078
Prepaid expenses[1]	126,606	595,849	722,455
Other receivables	—	420,000	420,000
Deposits	86,192	—	86,192
Property and equipment	47,958	—	47,958
Technology licenses[2]	1,609,000	—	1,609,000
In process research and development[2]	1,584,000	10,943,000	12,527,000
Due from (to) related parties	783,593	(555,100)	228,493
Accounts payable and accrued expenses	(1,528,894)	(134,081)	(1,662,976)
Deferred income, related party[3]	(36,537)	(492,329)	(528,866)
Deferred tax liabilities	(832,000)	(2,845,180)	(3,677,180)
Net fair value of assets acquired and liabilities assumed	1,887,185	7,970,969	9,858,154
Goodwill [2]	23,040,089	13,238,255	36,278,344
Total	$ 24,927,275	$ 21,209,224	$ 46,136,498

(1) Includes $588,349 related to prepaid research and development expenses with Oxford University. See Note 12 — Commitments and Contingencies.
(2) Changes in the balance of technology licenses, in process research and development and goodwill reflected on the balance sheet are the result of the impact of the change in foreign currency exchange rates.
(3) Represents deferred income associated with the Reformation Pharmaceuticals Agreement. See Note 12 — Commitments and Contingencies.

Management, with the assistance of an independent valuation firm, valued the technology licenses and the in-process research and development utilizing the cost approach. The goodwill is attributed to (a) synergies arising from the overlap of clinical research among the entities; (b) the benefit of future market, drug and product development; and (c) the benefit of revenue growth from both areas. The deferred tax liability relates to the book-tax basis difference associated with the intangible assets at an estimated tax rate of 26%, which is an estimate of the blended United States and Canadian federal and state/province effective income tax rates.

NOTE 4 — REORGANIZATION AND RECAPITALIZATION (cont.)

Pro Forma Results

The following table sets forth the unaudited pro forma results of the Company as if the Reorganization were effective on January 1, 2018. These combined results are not necessarily indicative of the results that may have been achieved had the companies always been combined.

	Years Ended December 31,	
	2019	**2018**
Revenues	$ —	$ —
Operating loss	$ (25,300,321)	$ (12,067,255)
Net loss	$ (29,437,823)	$ (16,901,970)

NOTE 5 — PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses consist of the following as of December 31, 2019 and 2018:

	As of December 31,	
	2019	**2018**
Research and expense tax credit receivable	$ 211,740	$ —
Research and development expenses	186,391	—
Professional fees	115,166	146,504
Value-added tax receivable	43,352	44,753
License maintenance fee	32,558	—
Travel expenses	479	45,598
Short-term advances	—	10,000
Insurance	—	7,401
Other	1,962	278
	$ 591,648	$ 254,534

As of December 31, 2019 and 2018, prepaid expenses — related parties was $0 and $24,014, respectively. As of December 31, 2018, prepaid expenses — related parties consisted of professional fees, advances and rent of $17,342, $3,132 and $3,540, respectively. See Note 15 — Related Parties for details.

NOTE 6 — NOTES RECEIVABLE, NET

The Company had the following notes receivable from KBL as of December 31, 2019 and 2018:

	As of December 31,	
	2019	**2018**
Notes receivable from KBL dated April 10, 2019	$ 1,050,000	$ —
Notes receivable from KBL dated August 21, 2019	250,000	—
Notes receivable from KBL dated August 28, 2019	184,895	—
Notes receivable from KBL dated September 18, 2019	107,975	—
Notes receivable from KBL dated October 31, 2019	106,955	—
Subtotal	1,699,825	—
Provision for uncollectible notes receivable	(1,699,825)	—
	$ —	$ —

NOTE 6 — NOTES RECEIVABLE, NET (cont.)

On April 10, 2019, the Company loaned $1,050,000 to KBL to fund its operating expenses, deal transaction expenses, and any financing expenses for the Business Combination. During August, September, and October 2019, the Company loaned an aggregate of $649,825 to KBL. The notes do not accrue interest and mature upon the closing of the Business Combination or the liquidation of KBL, whichever comes first.

The notes receivable from KBL are fully reserved because recoverability cannot be assured in the event the Business Combination does not close. The Company recorded bad debt expense of $649,825 during the year ended December 31, 2019, related to the notes receivable from KBL, which is included in general and administrative expense on the accompanying consolidated statements of operations and comprehensive loss.

NOTE 7 — INTANGIBLE ASSETS

Intangible assets consist of the following as of December 31, 2019 and 2018:

	Remaining Amortization Period In Years at December 31, 2019	As of December 31, 2019			As of December 31, 2018		
		Gross Asset Value	Accumulated Amortization	Net Carrying Value	Gross Asset Value	Accumulated Amortization	Net Carrying Value
Licensed patents	15.1	$ 583,145	$ (43,314)	$ 539,831	$ 419,473	$ (15,941)	$ 403,532
Technology license	19.5	1,619,107	(37,104)	1,582,003	—	—	—
		$ 2,202,252	$ (80,418)	$ 2,121,834	$ 419,473	$ (15,941)	$ 403,532

Changes in the gross asset value of licensed patents and technology licenses from the dates acquired are the result of changes in the foreign currency exchange rate.

The Company recorded amortization expense of $62,589 and $16,662 during the year ended December 31, 2019 and the period from March 7, 2018 (Inception) through December 31, 2018, respectively, related to intangible assets which is included in general and administrative expense on the accompanying consolidated statements of operations and comprehensive loss.

Future amortization related to intangible assets is as follows:

For the Years Ending December 31,	
2020	$ 113,770
2021	114,667
2022	114,667
2023	114,667
2024	114,667
Thereafter	1,549,396
	$ 2,121,834

NOTE 8 — ACCRUED EXPENSES

Accrued expenses consist of the following as of December 31, 2019 and 2018:

	As of December 31,	
	2019	2018
Consulting fees	$ 613,115	$ 24,765
Employee and director compensation	395,248	219,870
Professional fees	459,084	—
Research and development fees	120,631	—
Patent costs	84,814	—
Interest	15,571	—
Other	3,003	—
Travel expenses	—	6,596
	$ 1,691,466	$ 251,231

As of December 31, 2019 and 2018, accrued expenses — related parties was $177,074 and $0, respectively. As of December 31, 2019, accrued expenses — related parties consisted of accrued interest on the loans and convertible notes payable, accounting fees and professional fees of $78,610, $68,000 and $30,464, respectively. See Note 15 — Related Parties for details.

NOTE 9 — ACCRUED ISSUABLE EQUITY AND INVESTOR DEPOSITS

Accrued Issuable Equity

A Level 3 reconciliation of accrued issuable equity is as follows:

	Accrued Issuable Equity	Accrued Issuable Equity - Related Parties	Total
Balance – March 7, 2018 (Inception)	$ —	$ —	$ —
Accrued issuable equity	662,134	3,051,739	3,713,873
Change in fair value of accrued issuable equity	—	4,803,192	4,803,192
Effect of FX translation	(22,018)	(306,061)	(328,078)
Balance – December 31, 2018	640,116	7,548,870	8,188,986
Change in fair value of accrued issuable equity	327,879	3,881,819	4,209,698
Shares issued in satisfaction of accrued issuable equity	(979,365)	(11,553,510)	(12,532,875)
Effect of FX translation	11,370	122,821	134,191
Balance – December 31, 2019	$ —	$ —	$ —

During the period from March 7, 2018 through December 31, 2018, the Company agreed to issue 1,146 shares of common stock initially valued at $662,134 in exchange for services rendered (the “Service Shares”). The Service Shares had not been issued as of December 31, 2018 and the fair value of the unissued shares as of December 31, 2018 was $640,116. The Service Shares were issued in June 2019. The aggregate fair value of the Service Shares at the date of issuance was $979,365. The Company recorded $327,879 of change in fair value of accrued issuable equity in the accompanying consolidated statements of operations and comprehensive loss related to the increase in the fair value of the Service Shares from December 31, 2018 through the date that the shares were issued. The U.S. dollar carrying value of accrued issuable equity also changed during the period as a result of translation adjustments resulting from exchange rate fluctuations.

NOTE 9 — ACCRUED ISSUABLE EQUITY AND INVESTOR DEPOSITS (cont.)

During the period from March 7, 2018 through December 31, 2018, the Company entered into subscription agreements with certain management and officers of the Company for the issuance of 13,534 shares of common stock initially valued at $2,953,587 (the “Related Party Shares”) for services rendered. The fair value of the subscribed but unissued Related Party Shares was $7,548,870 at December 31, 2018 and is reflected in accrued issuable equity — related parties on the accompanying consolidated balance sheet at December 31, 2018. The Company issued the Related Party Shares during June 2019. The aggregate fair value of the Related Party Shares at the date of issuance was $11,553,510. The increase of $3,881,819 in the fair value of the Related Party Shares from December 31, 2018 through the date of issuance is recorded as change in fair value of accrued issuable equity in the accompanying consolidated statements of operations and comprehensive loss. The U.S. dollar carrying value of accrued issuable equity also decreased during the period as a result of translation adjustments resulting from exchange rate fluctuations.

Investor Deposits

During the period from March 7, 2018 through December 31, 2018, the Company entered into subscription agreements with certain investors for the issuance of 3,619 shares of common stock (the “Investor Shares”) for cash consideration of $450,734. The cash was received by the Company and the shares had not been issued as of December 31, 2018 and, accordingly, the Company recorded investor deposits of $450,734 as a liability on the accompanying consolidated balance sheet. The Company issued the Investor Shares during the period from January 2019 to June 2019.

NOTE 10 — LOANS PAYABLE

The Company had the following loans payable as of December 31, 2019 and 2018:

	Simple Interest Rate	As of December 31, 2019	As of December 31, 2018
Loan payable issued September 18, 2019	8%	$ 50,000	$ —
Loan payable issued October 29, 2019	8%	66,250	—
		$ 116,250	$ —

Loans payable to related parties consist of loans payable to certain of the Company’s officers, directors and a greater than 10% investor. The Company had the following loans payable to related parties as of December 31, 2019 and 2018:

	Simple Interest Rate	As of December 31, 2019	As of December 31, 2018
Loan payable issued September 18, 2019	8%	$ 50,000	$ —
Loan payable issued October 8, 2019	0%	4,000	—
Loan payable issued October 20, 2019	8%	79,572	—
Loan payable issued October 28, 2019	8%	6,887	—
Loan payable issued October 29, 2019	8%	40,000	—
Loan payable issued October 29, 2019	8%	10,000	—
Loan payable issued November 27, 2019	8%	19,933	—
Loan payable issued December 11, 2019	8%	10,133	—
		$ 220,525	$ —

The loan payable issued on October 20, 2019 is denominated in GBP (£60,000) and is translated to USD using the exchange rate (1.3262) in effect at the balance sheet date (see Note 3 — Summary of Significant Accounting Policies, Foreign Currency Translation).

NOTE 10 — LOANS PAYABLE (cont.)

The loan agreements originally matured 60 days after the date of each agreement, but the loans were later amended to mature upon the earlier of (a) the consummation of the Business Combination; or (b) June 30, 2020. On July 1, 2020, the Company amended the terms of the loans to extend the maturity terms to the earlier of (a) the closing of a Qualified Financing, as defined; or (b) November 1, 2020. During the year ended December 31, 2019, the Company recognized interest expense and interest expense — related parties associated with the loans payable of $2,055 and $3,086, respectively. As of December 31, 2019, the Company had accrued interest and accrued interest — related parties associated with the loans payable of $2,055 and $3,086, respectively. See Note 15, Related Parties for additional details.

In the event of default, the lender may, by written notice to the Company, declare all indebtedness of the Company to the lender hereunder to be immediately due and payable, and enforce all rights and remedies available to the Lender under the law.

NOTE 11 — CONVERTIBLE NOTES PAYABLE

The following table details the convertible notes payable at December 31, 2019. The balance of convertible notes payable at December 31, 2018 is $0.

	Effective Date	Date Amended (if applicable)	Maturity Date (as amended, if applicable)		Original Note Principal	Unpaid Interest Capitalized to Principal	Amendment to Senior Note	Total Principal Balance
Senior Notes	7/25/2019	NA	11/15/2019	[1]	$ 1,025,000	$ 56,251	$ —	$ 1,081,251
Amended Senior Note	7/25/2019	12/11/2019	2/28/2020	[1]	900,000	49,390	456,305	1,405,695
Bridge Note	12/27/2019	NA	6/30/2020		250,000	—	—	250,000
					$ 2,175,000	$ 105,641	$ 456,305	$ 2,736,946

[1] See Note 16 — Subsequent Events for details regarding the amendment and extension of the Senior Notes and Amended Senior Note.

The following table details the convertible notes payable — related parties at December 31, 2019. The balance of convertible notes payable — related parties at December 31, 2018 is $0.

	Effective Date	Maturity Date		Original Note Principal	Unpaid Interest Capitalized to Principal	Total Principal Balance
Senior Notes	7/25/2019	11/15/2019	[1]	$ 175,000	$ 9,604	$ 184,604
180 LP convertible note	9/24/2013	9/25/2015		160,000	—	160,000
180 LP convertible note	6/16/2014	6/16/2017		10,000	—	10,000
180 LP convertible note	7/8/2014	7/8/2017		100,000	—	100,000
				$ 445,000	$ 9,604	$ 454,604

[1] See Note 16 — Subsequent Events for details regarding the amendment and extension of the Senior Notes and Amended Senior Note.

Senior Notes

On July 25, 2019, the Company issued Senior Secured Notes (the “Senior Notes”) totaling $1,200,000 of which an aggregate of $175,000 was issued to the Chief Executive Officer and a director of the Company.

NOTE 11 — CONVERTIBLE NOTES PAYABLE (cont.)

The Senior Notes bear interest at a rate of 15% per annum and matured on November 15, 2019. Any accrued and unpaid interest portion is capitalized to principal on a monthly basis. Pursuant to the terms of the Senior Notes, the maturity date may be extended an additional 30 days at the option of the Company if the Securities and Exchange Commission's review of the documents filed in connection with the Business Combination has taken more than 30 days. In the event of an event of default: a) the Company is required to notify the holders of these notes (the "Holders") within one business day of any such occurrence; b) the interest rate increases to 18% per annum; and c) the Holder may require the Company to redeem any or all of the outstanding principal and interest together with a 25% premium.

The Senior Notes rank senior to all outstanding and future indebtedness of the Company and its subsidiaries and are secured by: a) the Company's equity interests in its subsidiaries; b) guarantees issued by those subsidiaries; and c) assets of those subsidiaries.

The Senior Notes, plus accrued and unpaid interest, and any outstanding late charges, automatically convert into common shares immediately prior to the occurrence of the Business Combination at the conversion price of $740.37 per share. If the Company issues any shares of its common stock or securities that are effectively common stock equivalents prior to the Business Combination at a price of less than $740.37 per share, then the conversion price per share will be adjusted so that the Holders receive the same conversion price. The above represents a contingent beneficial conversion feature that will be accounted for when the contingency is resolved. As of December 31, 2019, the contingently adjustable, non-bifurcated beneficial conversion features associated with the Senior Notes were not resolved.

Amended Senior Note

On July 25, 2019, the Company issued a Senior Note in the amount of $900,000, with the same original terms as described in Senior Notes, above, which was amended on December 11, 2019 (the "Amended Senior Note"). Pursuant to the terms of the Amended Senior Note, the maturity date of the Amended Senior Note was extended to February 28, 2020. Further, each $100,000 of principal outstanding under the Amended Senior Notes is convertible at the option of the holder into 135,067 shares of common stock at any time following issuance until maturity. In connection with the amendment, the holder waived all events of default associated with the Senior Note and the aggregate principal amount of the notes was adjusted to $1,405,695. See Note 16 — Subsequent Events for details regarding the amendment and extension of the Amended Senior Note.

The Company accounted for the exchange of the Senior Note for the Amended Senior Note as a note extinguishment as a result of the debt instruments being substantially different with regard to the present value of the cash flows, and accordingly the Company recognized a loss on extinguishment of $703,188 in connection with the derecognition of the carrying amount of the extinguished Senior Note of $953,346 (consisting of $949,390 of principal and $3,956 of accrued interest) and the issuance of the Amended Senior Note in the principal amount of $1,405,695 (consisting of $949,390 of the outstanding principal of the Senior Note, $3,956 of accrued interest reclassified to principal, $200,000 of restructuring fees and $252,349 of redemption premiums), plus the immediately recognized beneficial conversion feature of $250,839 arising from the modified conversion terms of the Amended Senior Note.

Bridge Note

Effective December 27, 2019, the Company issued an investor a senior unsecured convertible promissory note in the principal amount of $250,000. The convertible note bears interest at a rate of 15% per annum, compounding monthly, and provides for a maturity date on the earlier of an effective registration statement, an event of default or June 30, 2020. The convertible note automatically converts into a portion of the 17.5 million shares of KBL common stock to be received upon the consummation of the Business Combination Agreement at a conversion price equal to the lesser of $6.00 per KBL share or 60% of the implied valuation at such time, as defined. The Company may elect to prepay the note at any time without penalty, however, the holder may elect to receive shares of common stock of the Company in lieu of prepayment at the holder's discretion.

NOTE 11 — CONVERTIBLE NOTES PAYABLE (cont.)

The Company analyzed the embedded conversion option of the convertible note at issuance and determined the embedded conversion option contains a contingent beneficial conversion feature that will be accounted for when the contingency is resolved. As of December 31, 2019, the contingently adjustable, non-bifurcated beneficial conversion feature associated with the convertible note was not resolved.

180 LP Convertible Notes

In connection with the Reorganization, the Company assumed $270,000 of debt related to convertible notes payable (the “Notes”), of which $10,000 is owed to the Chief Executive Officer and $260,000 is owed to a founder and director of the Company.

Principal of $160,000 due under the Notes accrues interest at a rate of 5.0% per annum and principal of $110,000, accrues interest at 2.5% per annum. Interest is compounded annually. Effective upon the closing of the first issuance of convertible preferred units (or units with similar rights) with proceeds of at least $1,000,000 (the “Qualified Financing”), all of the outstanding principal and interest under these Notes will automatically be converted into other equity interests of the Company of the same class issued to other investors in the Qualified Financing, at a conversion price equal to 80% of the price per unit of the Qualified Financing securities paid by the other investors. The Notes contain contingent beneficial conversion features, which will be accounted for at the time the conversion price is known, and the contingency is resolved.

Interest on Convertible Notes

During the year ended December 31, 2019 and for the period from March 7, 2018 (Inception) through December 31, 2018, the Company recorded interest expense of $123,112 and $0, respectively, related to convertible notes payable, and recorded interest expense — related parties of $17,827 and $0, respectively, related to convertible notes payable — related parties. During the year ended December 31, 2019, the Company capitalized an aggregate of $105,641 of accrued interest and $9,604 of accrued interest — related parties, respectively, to note principal.

As of December 31, 2019 and 2018, accrued interest expense related to convertible notes payable was $13,515 and $0, respectively, and accrued interest expense — related parties related to convertible notes payable — related parties was $75,524 and $0, which is included in accrued expenses and accrued expenses — related parties, respectively, on the accompanying consolidated balance sheets.

NOTE 12 — COMMITMENTS AND CONTINGENCIES

Litigation and Other Loss Contingencies

The Company records liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties and other sources when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company has no liabilities recorded for loss contingencies as of December 31, 2019 or 2018.

Yissum Research and License Agreement

On May 13, 2018, CBR Pharma entered into a worldwide research and license agreement with Yissum Research Development Company of the Hebrew University of Jerusalem, Ltd. (“Yissum Agreement”) allowing CBR Pharma to utilize certain patent (the “Licensed Patents”). The Licensed Patents shall expire, if not earlier terminated pursuant to the provisions of the Yissum Agreement, on a country-by-country, product-by-product basis, upon the later of: (i) the date of expiration in such country of the last to expire Licensed Patent included in the Licensed Technology; (ii) the date of expiration of any exclusivity on the product granted by a regulatory or government body in such country; or (iii) the end of a period of twenty (20) years from the date of the First Commercial Sale in such country. Should the periods referred to in items (i) or (ii) above expire in a particular country prior to the period referred to in item (iii), above, the license in that country or those countries shall be deemed a license to the Know-How during such post-expiration period.

NOTE 12 — COMMITMENTS AND CONTINGENCIES (cont.)

Royalties will be payable to Yissum if sales of any products which use, exploit or incorporate technology covered by the Licensed Patents ("Net Sales") are US $500,000,000 or greater, calculated at 3% for the first annual $500,000,000 of Net Sales and at 5% of Net Sales thereafter.

Pursuant to the Yissum Agreement, if Yissum achieves the following milestones, CBR Pharma will be obligated to make the following payments:

i) $75,000 for successful point of care in animals;

ii) $75,000 for submission of the first investigational new drug testing;

iii) $100,000 for commencement of one phase I/II trial;

iv) $150,000 for commencement of one phase III trial;

v) $100,000 for each product market authorization/clearance (maximum of $500,000); and

vi) $250,000 for every $250,000,000 in accumulated sales of the product until $1,000,000,000 in sales is achieved.

In the event of an initial public offering ("IPO"), the Company will issue 1,428.5714 shares of the issued and outstanding shares of 180, on a fully diluted basis, to Yissum prior to the closing of the IPO. These shares will be subject to: (a) as to half of such shares, a lock-up period ending 12 months from the IPO listing date and as to the other half of such shares, a lock-up period ending 24 months from the IPO listing date, and (b) in any event, any resale restrictions (including lock-ups and hold periods).

CBR Pharma is also party to consulting agreements with Yissum, whereby Yissum has agreed to provide two of its employees as consultants to the Company for $100,000 per annum per person for a term of three years, commencing May 13, 2018.

During the year ended December 30, 2019, actual research and development expenses and accrued expenses relating to the Yissum Agreement were $19,350 and $121,894, respectively. Because CBR Pharma is an accounting acquiree in the Reorganization, the contract expense included in the accompanying consolidated statements of operations and comprehensive loss is only for the post-Reorganization period.

Additional Yissum Agreement

On November 11, 2019 (the "Effective Date"), CBR Pharma entered into a new worldwide research and license agreement with Yissum (the "Additional Yissum Agreement"), allowing CBR Pharma to obtain a license and perform the research, development and commercialization of the licensed patents (the "Licensed Patents") in the research of cannabinoid salts relating to arthritis and pain management. Within 60 days after the end of the first anniversary of the Effective Date, Yissum will present the Company with a detailed written report summarizing the results of their research.

The Licensed Patents shall expire, if not earlier terminated pursuant to the provisions of the Additional Yissum Agreement, on a country-by-country, product-by-product basis, upon the later of: (i) the date of expiration in such country of the last to expire Licensed Patent included in the Licensed Technology; (ii) the date of expiration of any exclusivity on the product granted by a regulatory or government body in such country; or (iii) the end of a period of twenty (20) years from the date of the First Commercial Sale in such country. Should the periods referred to in items (i) or (ii) above expire in a particular country prior to the period referred to in item (iii), above, the license in that country or those countries shall be deemed a license to the Know-How during such post-expiration period.

NOTE 12 — COMMITMENTS AND CONTINGENCIES (cont.)

Pursuant to the terms of the Additional Yissum Agreement, CBR Pharma paid Yissum a non-refundable license fee of $70,000 and will pay an aggregate of $398,250 of research, development and consulting fees over the term of the Additional Yissum Agreement, as well as an annual license maintenance fee of $25,000, beginning on the first anniversary of the Effective Date.

The Company shall pay Yissum the following amounts in connection with the achievement of the following milestones:

- Submission of the first Investigational New Drug application: $75,000
- Dosing of first patient in phase II trial: $100,000
- Dosing of first patient in phase Ill trial: $150,000
- Upon first market authorization/clearance: $150,000
- Upon second market authorization/clearance: $75,000
- For every $250,000,000.00 US in accumulated Net Sales of the Product until $1,000,000,000.00 US in sales: $250,000

Upon the commercialization of the license, the Company shall pay Yissum a royalty equal to 3% of the first aggregate $500,000,000 of annual net sales and 5% thereafter. During the year ended December 31, 2019, the Company recognized $100,134 and $0 of research and development expenses and accrued expenses, respectively, relating to the Additional Yissum Agreement. As of December 31, 2019, the Company recorded the purchase of the patents of $71,525 as an intangible asset to be amortized on a straight-line basis over the remaining lives of the patents. During December 2019, the Company prepaid the second-year annual license fee of $25,544 which is reflected in prepaid expenses and other current assets on the accompanying consolidated balance sheet, and will be amortized over 12 months beginning November 2020.

Evotec Agreement

On June 7, 2018, Katexco entered into an agreement (the “Drug Discovery Services Agreement”) with Evotec International GmbH (“Evotec”), whereby the Company and Evotec have agreed to negotiate research programs to be conducted by Evotec for the Company. Pursuant to the Drug Discovery Services Agreement, Evotec has agreed to conduct specified research services (the “Project”). The Project is scheduled to be conducted over a 24-month period, over which the Company will fund a minimum of $4,937,500 and a maximum of $5,350,250, based on quarterly invoices. During the year ended December 31, 2019 and for the period from March 7, 2018 (Inception) through December 31, 2018, the Company expensed $1,401,165 and $895,236, respectively, of research and development expenses in connection with the Drug Discovery Services agreement, and recorded interest expense of $36,899 and $0, respectively, on unpaid balances owed related to the Drug Discovery Services Agreement, which is included in accounts payable on the accompanying consolidated balance sheets.

Stanford Agreement

On May 8, 2018, Katexco entered into a six-month option agreement (the “Stanford Option”) with Stanford University (“Stanford”) under which Stanford granted the Company a six-month option to acquire an exclusive license for the Licensed Patents which are related to biological substances used to treat auto-immune diseases. In consideration for the Stanford Option, the Company paid Stanford $10,000 (the “Option Payment”), creditable against the first anniversary license maintenance fee payment and, accordingly, has been included as a prepaid amount as of December 31, 2019.

NOTE 12 — COMMITMENTS AND CONTINGENCIES (cont.)

Pursuant to the License Agreement, beginning upon the first anniversary of the Effective Date, and each anniversary thereafter, the Company will pay Stanford, in advance, a yearly license maintenance fee of $20,000, on each of the first and second anniversaries and $40,000 on each subsequent anniversary, which will be expensed on a straight-line basis annually.

Furthermore, the Company will be obligated to make the following milestone payments:

(i) $100,000 upon initiation of Phase II trial;

(ii) $500,000 upon the first U.S. Food and Drug Administration approval of a product (the "Licensed Product") resulting from the Licensed Patents; and

(iii) $250,000 upon each new Licensed Product thereafter.

The License Agreement is cancellable by the Company within 30 days' notice. Royalties, calculated at 2.5% of 95% of net product sales, will be payable to Stanford. Also, the Company will reimburse Stanford for patent expenses as per the agreement. The Company paid Stanford $20,000 for the annual license maintenance fee that was recorded to prepaid expenses and is being straight-lined over 12 months, which had a balance of $1,698 as of December 31, 2019. During the year ended December 31, 2019 and for the period from March 7, 2018 (Inception) through December 31, 2018, the Company recorded patent and license fees of $32,443 and $80,202, respectively, related to the Stanford Option, which is included in general and administrative expenses on the accompanying statements of operations and comprehensive loss.

Pursuant to the License Agreement, there are other considerations disclosed in the agreement, such as a purchase right of up to 10% participation in a Qualifying Offering, which refers to a private offering of the Company's equity securities, and if there is a change of control in the Company, the Company will pay a change of control fee of $200,000 to Stanford.

Oxford University Agreements

On August 15, 2018, CBR Pharma entered into an agreement (the "Oxford University Agreement") for a research project with the University of Oxford ("Oxford"), which expires on December 31, 2019, or any later date agreed upon by the parties in writing. The Oxford University Agreement provides that Oxford will undertake a research project (the "Project') based around the clinical development of cannabinoid-based and non-cannabinoid-based drugs that are known to exhibit both anti-inflammatory and immunomodulatory properties. The aim of the Project is to develop and characterize chemical compounds that are synthesized at Yissum in order to create treatments for rheumatoid arthritis and other chronic inflammatory conditions, and to eventually obtain regulatory approval in order to initiate early-phase clinical trials in patients.

The Company has agreed to pay to Oxford the following, which is being recognized on a straight-line basis over the 12-month term of the Oxford Agreement:

(i) £166,800 on signing of the agreement, (USD $214,210 paid on August 22, 2018)

(ii) £166,800 six months after commencement of the Project, (USD $214,804 paid on January 29, 2019)

(iii) £166,800 nine months after commencement of the Project and (USD $217,877 paid on May 5, 2019)

(iv) £55,600 twelve months after commencement of the Project. (USD $73,737 accrued at December 31, 2019)

NOTE 12 — COMMITMENTS AND CONTINGENCIES (cont.)

During the year ended December 31, 2019, the Company recorded research and development expenses and accrued expenses of $57,498 and $73,737, respectively. Because CBR Pharma is an accounting acquiree in the Reorganization, the contract expense included in the accompanying consolidated statements of operations and comprehensive loss is only for the post-Reorganization period.

On May 30, 2019 ("Effective Date"), CBR Pharma entered into an amended research agreement with Oxford to amend the expiration date of the research project to December 31, 2019 or until any later date agreed by the parties in writing, or until this Oxford University Agreement is terminated in accordance with its provisions. On November 27, 2019, the Company entered into an amended agreement with Oxford to further extend the term of the research project to March 31, 2020 or any later date agreed upon by the parties in writing.

On November 1, 2013, 180 LP entered into a consulting services agreement with the Oxford, pursuant to which Oxford agreed to provide advice and expertise on an ad hoc basis in exchange for a fixed annual fee of $10,500, which is recorded in research and development in the accompanying consolidated statements of operations and comprehensive loss. The agreement, as amended, expires on October 31, 2020. During the year ended December 31, 2019, the Company recognized consulting services related to research and development of $4,716. Because 180 LP is an accounting acquiree in the Reorganization, the contract expense included in the accompanying consolidated statements of operations and comprehensive loss is only for the post-Reorganization period.

On March 22, 2019, 180 LP entered into a one-year research agreement (the "Research Agreement") with Oxford pursuant to which 180 LP agreed to pay Oxford approximately $900,000 to perform certain research and to obtain the exclusive option to negotiate a license to commercially exploit any arising intellectual property as a result of Oxford's research. During the year ended December 31, 2019, the Company recognized research and development expenses and accrued expenses of $396,958 and $0, respectively, related to the Research Agreement. Because 180 LP is an accounting acquiree in the Reorganization, the contract expense included in the accompanying consolidated statements of operations and comprehensive loss is only for the post-Reorganization period.

Kennedy License Agreement

On September 27, 2019, 180 LP entered into a license agreement (the "Kennedy License Agreement") with the Kennedy Trust for Rheumatology Research ("Kennedy") exclusively in the U.S., Japan, United Kingdom and countries of the European Union, for certain licensed patents (the "Kennedy Licensed Patents"), including the right to grant sublicenses, and the right to research, develop, sell or manufacture any pharmaceutical product (i) whose research, development, manufacture, use, importation or sale would infringe the Kennedy Licensed Patents absent the license granted under the Kennedy License Agreement or (ii) containing an antibody that is a fragment of or derived from an antibody whose research, development, manufacture, use, importation or sale would infringe the Kennedy Licensed Patents absent the license granted under the Kennedy License Agreement, for all human uses, including the diagnosis, prophylaxis and treatment of diseases and conditions.

As consideration for the grant of the Kennedy Licensed Patents, 180 LP paid Kennedy an upfront fee of GBP £60,000, (USD $74,000) on November 22, 2019, which was recognized as an intangible asset for the purchase of the licensed patents and is being amortized over the remaining life of the patents. 180 LP will also pay Kennedy royalties equal to (i) 1% of the net sales for the first annual GBP £1 million (USD $1,261,300) of net sales, and (ii) 2% of the net sales after the net sales are at or in excess of GBP £1 million, as well as 25% of all sublicense revenue, provided that the amount of such percentage of sublicense revenue based on amounts which constitute royalties shall not be less than 1% on the first cumulative GBP £1 million of net sales of the products sold by such sublicenses or their affiliates, and 2% on that portion of the cumulative net sales of the products sold by such sublicenses or their affiliates in excess of GBP £1 million.

NOTE 12 — COMMITMENTS AND CONTINGENCIES (cont.)

The term of the royalties paid by the Company to Kennedy will expire on the later of (i) the last valid claim of a patent included in the Kennedy Licensed Patents which covers or claims the exploitation of a product in the applicable country; (ii) the expiration of regulatory exclusivity for the product in the country; or (iii) 10 years from first commercial sale of the product in the country. The Kennedy License Agreement may be terminated without cause by providing a 90-day notice.

Petcanna Sub-License Agreement

On August 20, 2018, CBR Pharma entered into a sub-license agreement (the "Sub-License Agreement") with its wholly owned subsidiary, Petcanna Pharma Corp. ("Petcanna"), of which the Company's former Chief Financial Officer is a director.

Pursuant to the terms of the Sub-license Agreement, the Company has granted a sub-license on the Licensed Patents to pursue development and commercialization for the treatment of any and all veterinary conditions. In consideration, Petcanna will (a) issue 9,000,000 common shares of its share capital (the "Petcanna Shares") 30 days after the effective date; and (b) pay royalties of 1% of net sales. The Company will be issued 85% and Yissum will be issued 15% of the 9,000,000 common shares of the Petcanna subsidiary. The Petcanna shares are deemed to be founders shares with no value. The Petcanna shares have not been issued as of December 30, 2019 and 2018, due to administrative delays.

ReFormation Pharmaceuticals Agreement — Related Party

On February 26, 2019, 180 LP entered into a one-year agreement (the "Pharmaceutical Agreement") with ReFormation Pharmaceutical Corporation ("ReFormation"), a related party that shares directors and officers of 180 LP, pursuant to which the ReFormation agreed to pay 180 LP $1.2 million for rights of first negotiation to provide for an acquisition of any arising intellectual property or an exclusive licensing, partnering, or collaboration transaction to use any arising intellectual property with respect to a contemplated research agreement between the Company and Oxford (see Oxford University Agreements, above), which was signed on March 22, 2019 and therefore is the start date of the project. Of the $1.2 million receivable from Reformation pursuant to the Pharmaceutical Agreement, $0.9 million was received by the Company on March 14, 2019 and the remaining $0.3 million will be received over the one-year term of the agreement.

180 LP is recognizing the income earned in connection with the Pharmaceutical Agreement on a straight-line basis over the term of the agreement. 180 LP recognized $552,329 of income related to the Pharmaceutical Agreement during the post-Reorganization period, which is included in other income in the accompanying consolidated statement of operations and other comprehensive income loss. (Because 180 LP is an accounting acquiree in the Reorganization, the other income included in the accompanying consolidated statements of operations and comprehensive loss is only for the post-Reorganization period). As of December 31, 2019, the Company recorded a receivable of $60,000 representing income earned in excess of cash received pursuant to the Pharmaceutical Agreement.

The Pharmaceutical Agreement was amended on July 1, 2020. See Note 16 — Subsequent Events, Amended Agreement with ReFormation Pharmaceuticals — Related Party.

Operating Leases

On June 8, 2018, CBR Pharma entered into a thirty (30) month agreement to lease office space located in Toronto, Canada (the "Toronto Lease"). The Toronto Lease base rent ranged from $10,993 to $14,658 per month over the lease term for a total base lease commitment of $425,082. The Toronto Lease expires on November 30, 2020. The Company is subleasing the office space in Toronto, Canada to various other companies on a month to month basis. Please refer to "Due from Related Parties" in Note 15, Related Parties. In September 2019, the Company and the landlord of the Toronto Lease mutually agreed to terminate the lease on March 31, 2020 without penalty and the landlord would retain the security deposit of CAD $120,000 ($92,268) as rent expense for the period of October 2019 through March 2020. Since the Company and its sublessees vacated the space in October 2019 and did not occupy the space as of December 31, 2019, the Company recorded the full amount of the security deposit to rent expense in satisfaction of the lease agreement and accelerated a rent expense of CAD $60,000 ($46,134). During the year ended December 31, 2019, the Company recognized rent expense of $76,267. During the year ended December 31, 2019, the Company recognized rental income — related parties of $25,946. Because CBR Pharma is an accounting acquiree in the Reorganization, the contract expense and rental income included in the accompanying consolidated statements of operations and comprehensive loss is only for the post-Reorganization period.

NOTE 12 — COMMITMENTS AND CONTINGENCIES (cont.)

On October 17, 2018, CBR Pharma entered into a twelve (12) month lease agreement to lease office space located in London, U.K. The rent is approximately GBP £6,400 (USD $4,808) per month over the lease term for a total lease commitment of GBP £56,845 (USD $69,823). The lease commenced on December 1, 2018 and expired on November 30, 2019 and was not renewed. In connection with the lease, the Company paid the landlord a security deposit of GBP £4,410 (USD $5,619). See Note 16 — Subsequent Events, New Lease Agreement for more information.

180 rents a virtual office, which it uses as its corporate headquarters, located at 4 Palo Alto Square, 3000 El Camino Real, Suite 200, Palo Alto, California, 94306, on a month to month basis for a monthly fee of $289. 180 LP maintains a virtual office at 1 Broadway, Cambridge, Massachusetts, for a monthly fee of $435.

NOTE 13 — STOCKHOLDERS' EQUITY (DEFICIENCY)

Common Stock

During the year ended December 31, 2018, the Company issued an aggregate of 10,510 shares of its common stock, of which 8,633 shares were issued in exchange for aggregate cash consideration of $3,503,652, 131 shares were issued in exchange for services of $78,050, 1,084 shares were issued in connection with subscriptions receivable of $120,929, and 662 shares were issued in exchange for an intangible asset valued at $386,410. The subscription receivable was paid in full during July 2019.

During the year ended December 31, 2019, the Company issued 71,694 shares of its common stock, of which 2,589 shares were issued for cash consideration of $1,125,601 and services valued at $338,201, 18,297 shares with an aggregate issuance date fair value of $12,992,470 were issued in full satisfaction of accrued issuable equity and investors deposits, and 50,808 shares with an aggregate fair value at issuance of $45,866,499 were issued in connection with the Reorganization.

On July 16, 2019, in connection with the Reorganization, the Company issued an aggregate 50,808 shares of common stock, and 2 shares of preferred stock convertible into 17,763 shares of common stock at the option of the holders, to the former shareholders of CBR Pharma and 180 LP, in exchange for 100% of the outstanding equity and equity equivalents of CBR Pharma and 180 LP.

Contingently Redeemable Shares

On July 16, 2019, in connection with the Reorganization, the Company issued 16,000 shares to a consultant that were subject to redemption by 180 for an aggregate redemption price of $4.00 if (i) the closing of the Business Combination did not occur on or prior to October 31, 2019; or (iii) the consultant terminated his service with 180 prior to October 31, 2019.

On November 11, 2019, the Company agreed to waive its right of redemption in connection with the Contingently Redeemable Shares. This was accounted for as a modification of the stock award. During the year ended December 31, 2019, the Company recorded a charge related to a modification of a stock award — related parties of $12,959,360 in connection with the waiver of the Company's right of redemption related to the Contingently Redeemable Shares.

NOTE 14 — INCOME TAXES

The Company is subject to federal and state/provincial income taxes in the United States, Canada, and the United Kingdom and each legal entity files on a non-consolidated basis. The benefit of the pre-reorganization net operating losses of 180 LP were passed through to its owners.

The loss before income taxes consist of the following domestic and international components:

	For the Year Ended December 31, 2019	For the Period From March 7, 2018 (Inception) to December 31, 2018
Domestic	$ (18,288,861)	$ (1,252,099)
International	(7,114,681)	(10,827,435)
	$ (25,403,542)	$ (12,079,534)

The provision for income taxes consists of the following benefits (provisions):

	For the Year Ended December 31, 2019	For the Period From March 7, 2018 (Inception) to December 31, 2018
Deferred tax benefits:		
Domestic:		
Federal	$ 969,769	$ 262,941
State	321,576	87,647
International	663,972	591,663
	1,955,317	942,251
Change in valuation allowance	(1,945,821)	(942,251)
Net income tax benefit	$ 9,496	$ —

The provision for income taxes differs from the United States Federal statutory rate as follows:

	For the Year Ended December 31, 2019	For the Period From March 7, 2018 (Inception) to December 31, 2018
US Federal statutory rate	21.0%	21.0%
Difference between domestic and foreign federal rates	(1.6)%	(5.4)%
State and provincial taxes, net of federal benefits	8.3%	11.5%
Permanent differences:		
Stock-based compensation	(14.6)%	(8.6)%
Change in the fair value of accrued issuable equity	(4.5)%	(10.7)%
Loss on extinguishment	(0.8)%	0.0%
Other	(0.1)%	0.0%
Change in valuation allowance	(7.7)%	(7.8)%
Effective income tax rate	0.0%	0.0%

NOTE 14 — INCOME TAXES (cont.)

Deferred tax assets consist of the following assets (liabilities):

	As of December 31,	
	2019	2018
Deferred tax assets:		
Net operating loss carryforwards	$ 4,131,288	$ 942,251
Reserve for uncollectible trade and notes receivable not currently deductible for tax purposes	713,367	—
Accrued compensation not currently deductible	134,620	—
	4,979,276	942,251
Deferred tax liabilities:		
Difference between book and tax basis related to:		
Technology license	(394,824)	—
Acquired in-process research and development	(3,277,935)	—
	(3,672,759)	—
Deferred tax assets and liabilities	1,306,517	942,251
Valuation allowance	(4,979,276)	(942,251)
Deferred tax liabilities, net	$ (3,672,759)	$ —

The change in the valuation reserve for deferred tax assets consists of the following:

	For the Year Ended December 31, 2019	For the Period From March 7, 2018 (Inception) to December 31, 2018
Beginning of period	$ (942,251)	$ —
Allowance established in connection with the recording of deferred tax assets acquired resulting from the Reorganization described in Note 1:	(2,031,811)	—
Change in valuation pursuant to the tax provision	(1,945,821)	(942,251)
True-up to a prior year's tax return	(59,393)	—
End of period	$ (4,979,276)	$ (942,251)

As of December 31, 2019, the Company had net operating loss ("NOL") carryforwards that may be available to offset future taxable income in various jurisdictions as follows:

- Approximately $5,892,000 of domestic federal and state NOLs. The federal NOLs have no expiration date and the state NOLs will begin to expire in 2038;
- Approximately $8,146,000 of Canadian federal and provincial NOLs. Those NOLs will begin to expire in 2038; and
- Approximately $1,842,000 of United Kingdom federal NOLs. Those NOLs have no expiration date.

The utilization of the domestic NOLs to offset future taxable income may be subject to annual limitations under Section 382 of the Internal Revenue Code and similar state statutes as a result of ownership changes, but the US federal NOLs have no expiration date.

NOTE 14 — INCOME TAXES (cont.)

The Company has assessed the likelihood that deferred tax assets will be realized in accordance with the provisions of ASC 740 *Income Taxes* ("ASC 740"). ASC 740 requires that such a review considers all available positive and negative evidence, including the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies. ASC 740 requires that a valuation allowance be established when it is "more likely than not" that all, or a portion of, deferred tax assets will not be realized. After the performance of such reviews as of December 31, 2019 and 2018, management believes that uncertainty exists with respect to future realization of its deferred tax assets and has, therefore, established a full valuation allowance as of those dates. Thus, the Company established valuation reserves of $2,031,811 in connection with the net deferred tax assets acquired in connection with the Reorganization described in Note 1 during the year ended December 31, 2019. Additionally, the Company recorded increases in the valuation allowance of $1,945,821 and $942,251 in connection with the tax provisions for the year ended December 31, 2019 and the period from March 7, 2018 (Inception) to December 31, 2018, respectively.

Management has evaluated and concluded that there were no material uncertain tax positions requiring recognition in the Company's consolidated financial statements as of December 31, 2019 and 2018. The Company does not expect any significant changes in its unrecognized tax benefits within twelve months of the reporting date.

No tax audits were commenced or were in process during the year ended December 31, 2019 and the period from March 7, 2018 (Inception) to December 31, 2018. No tax related interest or penalties were incurred during the year ended December 31, 2019 and the period from March 7, 2018 (Inception) to December 31, 2018. The Company's tax returns filed in the United States, Canada, and the United Kingdom filed since inception remain subject to examination, with the exception of the tax returns file for the 180 LP pass through entity whose tax returns remain subject to examination beginning with the 2016 tax return.

NOTE 15 — RELATED PARTIES

Due from Related Parties

Due from related parties was $73,248 as of December 31, 2019 and consists of (i) a receivable of $60,000 due from a research and development company that has shared officers and directors and (ii) a travel advance of $13,248 to a company with shared officers and directors. Due from related parties was $49,277 as of December 31. 2018 and primarily relates to an advance to a company whose directors and officers are also directors and officers of the Company.

Prepaid Expenses and Other Current Assets — Related Parties

Prepaid expenses — related parties were $0 and $24,014 as of December 31, 2019 and 2018, respectively, and consist of (i) a retainer of $0 and $17,342, respectively, paid to an officer of the Company for consulting services and (ii) advances of $0 and $6,672, respectively, paid to companies with shared officers and directors.

Deposits — Related Parties

Deposits due from related parties were $0 and $17,590 as of December 31, 2019 and 2018, respectively, and consists of a deposit paid for the subleasing of office space in Toronto, Canada to a company whose directors and officers are also directors and officers of the Company.

Accounts Payable — Related Parties

Accounts payable — related parties was $123,035 as of December 31, 2019 and consists of $101,009 for professional services provided by the Company's directors and $22,026 for accounting fees for services provided by a director and his company. Accounts payable — related parties was $32,555 as of December 31, 2018 and consists of $24,603 of rent owed to CBR Pharma and $7,952 owed to a former director and his company for corporate advisory and accounting services.

NOTE 15 — RELATED PARTIES (cont.)

Accrued Expenses — Related Parties

Accrued expenses — related parties of $177,074 as of December 31, 2019, consists of $78,610 of interest accrued on loans and convertible notes due to the certain officers and directors of the Company, $30,464 of accrued professional fees for services provided by certain directors of the Company and $68,000 of accrued accounting fees related to services provided by a Company director and his company. There were no accrued expenses due to related parties amounts as of December 31, 2018.

Due to Related Parties

Due to related parties was $17,341 as of December 31, 2019, represents an overpayment of rent by a company that is subleasing space from the Company in Toronto, Canada whose directors and officers of the Company are affiliated with this company. There were no due to related parties amounts as of December 31, 2018.

Loan Payable — Related Parties

Loan payable — related parties consist of $220,525 as of December 31, 2019. Please refer to Note 10 — Loan Payables for more information. There were no loans payable due to related parties amounts as of December 31, 2018.

Convertible Notes Payable — Related Parties

Convertible notes payable — related parties of $454,604 as of December 31, 2019, represents the principal balance of convertible notes owed to certain officers and directors of the Company. Please refer to Note 11 — Convertible Notes Payable for more information. There were no convertible notes payable due to related parties amounts as of December 31, 2018**.**

Accrued Issuable Equity — Related Parties

Accrued issuable equity — related parties was $0 and $7,548,870 as of December 31, 2019 and 2018, respectively and relates to unissued common shares to be issued to individuals and companies affiliated with our officers, directors and investors in exchange for corporate advisory services. See Note 9 — Accrued Issuable Equity and Investor Deposits.

General and Administrative Expenses — Related Parties

During the year ended December 31, 2019, the Company incurred $340,765 of general and administrative expenses for related party services, including (a) $322,765 for professional fees paid to current or former officers, directors or greater than 10% investors, or affiliates thereof; and (b) $18,000 for travel expenses paid to a greater than 10% investor of the Company.

During the period from March 7, 2018 (Inception) through December 31, 2018, the Company incurred $3,875,726 of general and administrative expenses for related party services, including (a) $3,087,219 of stock-based compensation for services provided by directors, officers or greater than 10% investors; (b) $741,947 for professional fees paid to current or former officers, directors or greater than 10% investors, or affiliates thereof; or (c) $46,560 for rent paid to a company whose directors and officers are also directors and officers of the Company.

Modification of Stock Award — Related Party

During the year ended December 31, 2019, the Company incurred $12,959,360 related to the modification of a stock award granted to a greater than 10% investor related to the Contingent Redeemable Shares. See Note 13 Stockholders' Equity (Deficiency).

NOTE 15 — RELATED PARTIES (cont.)

Rental Income — Related Parties

During the year ended December 31, 2019, the Company recorded $25,946 of rental income for sub-leasing office space in Toronto, Canada to companies with shared officers and directors. There was no rental income from related parties amounts during the year ended December 31, 2018.

Other Income — Related Parties

During the year ended December 31, 2019, the Company recorded $552,329 of other income, related to a one-year research and development agreement with a company who has common officers and directors of the Company. Please refer to Note 12 — Commitments and Contingencies, Reformation Pharmaceuticals Agreement — Related Party. There was no other income with related parties amounts during the year ended December 31, 2018.

Interest Expense — Related Parties

During the year ended December 31, 2019, the Company recorded $23,074 of interest expense — related parties, of which $17,827 related to the convertible notes with officers and directors of the Company and $3,086 related to interest expense on loans with officers, directors and a greater than 10% investor of the Company, and $2,161 was incurred prior to the Reorganization in connection with a Katexco loan payable to CBR Pharma. There was no interest expense with related parties during the period from March 7, 2018 (Inception) through December 31, 2018.

Change in Fair Value of Accrued Issuable Equity — Related Parties

During the year ended December 31, 2019 and for the period from March 7, 2018 (Inception) through December 31, 2018, the Company recorded charges of $3,881,819 and $4,803,192, respectively, related to the change in the fair value of unissued shares of common stock to officers, directors and investors of the Company in exchange for corporate advisory services. See Note 9 — Accrued Issuable Equity.

NOTE 16 — SUBSEQUENT EVENTS

Amendment to the Yissum Agreement

On January 1, 2020 (“Effective Date”), CBR Pharma entered into a first amendment to the Research and License Agreement (“First Amendment”) with Yissum, allowing CBR Pharma to sponsor additional research with two of their professors. Pursuant to the terms of the First Amendment, the Company will pay Yissum $200,000 plus 35% for university overhead for the additional research performed by each professor over a 12-month period, starting May 1, 2020.

New Lease Agreement

On February 17, 2020, the Company entered into a twelve (12) month lease agreement (“Lease Agreement”) to lease office space located in London, UK. The rent is approximately GBP £4,250 (USD $6,433) per month over the lease term for a total lease commitment of GBP £61,200 (USD $77,192). The lease commenced on February 19, 2020 and expires on February 18, 2021. In connection with the lease, the Company paid the landlord a security deposit of GBP £5,100 (USD $6,433). The lease shall continue until one of the following two events occur: (a) another Lease Agreement is entered into by the parties or (b) either party giving not less than three full calendar months written notice terminating this agreement on the expiration date.

NOTE 16 — SUBSEQUENT EVENTS (cont.)

Consulting Agreement

Effective January 6, 2020, the Company entered into a consulting agreement (the "Consulting Agreement"), pursuant to which the Company will receive consulting services in the area of drug development in exchange for consideration of $15,000 per month. The Consulting Agreement will continue for a period of six months, and thereafter will automatically renew for successive six-month periods. The Agreement terminates upon thirty days prior written notice of either party. On July 1, 2020, the Company entered into an employment agreement with the Consultant, pursuant to which the Consultant will be appointed the Company's Chief Executive Officer, effective upon the closing of the Business Combination. (See Appointment of New Chief Executive Officer below)

Appointment of New Chief Executive Officer

On July 1, 2020, the Company, KBL and the Board of Directors appointed a new Chief Executive Officer ("CEO") of the Company, effective upon the closing of the Business Combination, at an initial base salary of $250,000 per year. Upon the termination of employment by the Company without cause, or by the CEO for good reason, the CEO is entitled to severance payments in the form continued base salary and health insurance for twelve months following the date of termination.

First Amendment to the Convertible Notes

Subsequent to December 31, 2019, the Company and holders of the Senior Notes agreed to amend the terms of the Senior Notes (the "Senior Note Amendments"). Pursuant to the Senior Note Amendments, the note holders waived all events of default associated with the Senior Notes, the aggregate principal amount of the notes was adjusted from $1,282,205 to a new aggregate principal amount of $1,846,052 (consisting of $1,282,205 of the outstanding principal of the Senior Notes, $6,411 of accrued interest reclassified to principal, $200,000 of restructuring fees and $357,436 of redemption premiums), of which the aggregate principal amount of Senior Notes held by the Chief Executive Officer and a director of the Company was adjusted from $186,988 to a new principal amount of $239,320. Additionally, the maturity dates of the Senior Notes were extended from November 2019 to February 2020.

Second Amendment of the Amended Senior Notes

On June 12, 2020, the Company entered into an amended agreement with each noteholder to extend the maturity dates from February 2020 to August 2021. Pursuant to the terms of the Senior Note Amendments, (i) a Senior Note in the principal amount of $1,054,878 as of December 31, 2019, will automatically convert into 404,265 shares of the Company upon the Business Combination, and (ii) the holder of such Amended Senior Note and its affiliates shall not sell or dispose more than 5% of the daily trading volume of such shares of common stock as reported by Bloomberg, LP. The Senior Notes, as amended are convertible at any time following issuance until maturity.

Extinguishment of Senior Note and Issuance of New Note

On June 12, 2020, the Company, KBL, certain investors (the "Purchasers") and the holder (the "Initial Purchaser") of an Amended Senior Note in the aggregate principal amount of $1,405,695 as of December 31, 2019, entered into a Securities Purchase Agreement pursuant to which (i) the Amended Senior Note was extinguished, and (ii) KBL sold to the Purchasers a secured promissory note which is secured by the intellectual property of the Company. Such transaction closed on June 29, 2020. Concurrent with the transaction, on June 12, 2020, the Company, KBL, the Purchasers and Kingsbrook entered into a guaranty agreement pursuant to which the Company is a guarantor to the notes issued by KBL to the Purchasers and Kingsbrook.

NOTE 16 — SUBSEQUENT EVENTS (cont.)

Additionally, in connection with the Securities Purchase Agreement, the Company issued the Initial Purchaser a loan payable in the principal amount of $150,000 which bears interest at a rate of 15% per annum, payable at maturity. The note matures on August 31, 2021.

Loan Agreements — Related Parties

Subsequent to December 31, 2019, the Company entered into the following loan agreements with related parties:

	Simple Interest Rate	Principal Amount
Loan payable issued January 14, 2020	8%	$ 4,726
Loan payable issued January 20, 2020	8%	137,381
Loan payable issued January 30, 2020	8%	6,550
Loan payable issued February 5, 2020	8%	3,500
Loan payable issued February 28, 2020	8%	17,799
Loan payable issued March 31, 2020	8%	4,537
Loan payable issued April 2, 2020	8%	1,872
Loan payable issued April 2, 2020	8%	1,564
Loan payable issued April 13, 2020	8%	12,905
Loan payable issued April 13, 2020	8%	12,875
Loan payable issued April 27, 2020	8%	7,358
Loan payable issued May 19, 2020	8%	1,916
Loan payable issued May 29, 2020	8%	7,736
Loan payable issued May 30, 2020	8%	7,358
Loan payable issued June 17, 2020	8%	485
Loan payable issued July 15, 2020	8%	5,503
		$ 234,064

The loan agreements are entered into with the Company's officers and directors and mature upon the earlier of (a) the consummation of the Business Combination; or (b) June 30, 2020. On July 1, 2020, the Company amended the terms of the loans to extend the maturity terms to the earlier of (a) the closing of a Qualified Financing, as defined; or (b) November 1, 2020.

Loan Agreements

Subsequent to December 31, 2019, the Company entered into the following loan agreements:

	Simple Interest Rate	Principal Amount
Loan payable issued February 5, 2020	8%	$ 3,500
Loan payable issued March 31, 2020	8%	4,537
Loan payable issued July 5, 2020	8%	4,587
		$ 12,624

The loan agreements mature upon the earlier of (a) the consummation of the Business Combination; or (b) June 30, 2020. On July 1, 2020, the Company amended the terms of the loans to extend the maturity terms to the earlier of (a) the closing of a qualified financing, as defined; or (b) November 1, 2020.

NOTE 16 — SUBSEQUENT EVENTS (cont.)

Issuance of New Bridge Notes

On January 3, 2020, the Company issued convertible bridge notes in the aggregate amount of $82,500. The total outstanding principal amount of convertible bridge notes (the "Bridge Notes") of $332,500 and the respective accrued interest will automatically convert into a portion of the 17.5 million shares of KBL common stock to be received upon the consummation of the Business Combination Agreement at a conversion price equal to the lesser of $6.00 per KBL share or 60% of the implied valuation at such time, as defined. The convertible bridge notes accrue interest at 15% per annum. The contingently adjustable, non-bifurcated beneficial conversion feature associated with the convertible note will be accounted for, if necessary, at the time the contingency is resolved.

First Amendment of the Bridge Notes

On July 7, 2020, effective June 29, 2020, the Company entered into an amendment agreement ("First Amendment") with each Bridge Note holder to extend the maturity dates of the Bridge Notes to August 2021, increased each principal by 10% and modified the conversion price to $4.23 per share from $6.00 per share. Additionally, the First Amendment gives the Bridge Note holders the option to convert at 40% discount, or $4.23, to convert at the next financing, removal of the automatic conversion at the business combination and instead there is an automatic conversion at maturity.

KBL Payments Made on Behalf of 180

Subsequent to December 31, 2019, KBL issued payments to various vendors of 180 in the aggregate amount of $367,000 to fund its operations.

Amended Agreement with ReFormation Pharmaceuticals — Related Party

On July 1, 2020, the Company entered into an amended agreement with ReFormation Pharmaceuticals, Corp. and 360 Life Sciences, Corp. ("360"), whereby 360 has entered into an agreement to acquire 100% ownership of ReFormation, on or before July 31, 2020 ("Closing Date"). Upon the Closing Date, 360 will make tranche payments to 180 LP in the aggregate amount of $300,000. The parties agree that the obligations will be paid by 360 to 180 by payments of $100,000 for every $1,000,000 raised through the financing activities of 360, up to a total of $300,000, however, not less than 10% of all net financing proceeds received by 360 shall be put towards the obligation to the Company until paid in full. This transaction closed on July 31, 2020.

COVID-19 Update

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak"). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve. The impact of the COVID-19 outbreak on the Company's results of operations, financial position and cash flows will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions. These developments and the impact of the COVID-19 outbreak on the financial markets and the overall economy are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy continue to be impacted for an extended period, the Company's financial position, results of operations and cash flows may be materially adversely affected. Additionally, the ability to complete the Business Combination may be materially adversely affected due to significant governmental measures being implemented to contain the COVID-19 outbreak or treat its impact, including travel restrictions, the shutdown of businesses and quarantines, among others. As of June 30, 2020, COVID-19 has delayed and paused patient follow ups in one of the Company's clinical trials to the end 2021.

NOTE 16 — SUBSEQUENT EVENTS (cont.)

Business Combination Update

See Note 1 — Business Organization and Nature of Operations for additional information related to the Company's Business Combination Agreement with KBL.

On January 29, 2020, KBL and the Company entered into Amendment No. 1 to the Business Combination Agreement, pursuant to which the parties extended the termination date under the Business Combination Agreement from December 9, 2019 to April 9, 2020. The purpose of the extension was to provide the parties with additional time to complete the Business Combination and the other transactions as set forth in the Business Combination Agreement. No other changes were made to the Business Combination Agreement.

On June 2, 2020, KBL received a written notice (the "Notice") from the Listing Qualifications Department of The Nasdaq Stock Market LLC ("Nasdaq") indicating that it was no longer in compliance with the Nasdaq Listing Rules (the "Rules'). In the Notice, Nasdaq advised KBL that, pursuant to Rule IM-5101-2, a special purpose acquisition company ("SPAC") must complete one or more business combinations within 36 months of the effectiveness of the SPAC's initial public offering. Since KBL's registration statement for its initial public offering became effective on June 1, 2017, it was required to complete its initial business combination by no later than June 1, 2020. Such rule also provides that if KBL does not comply with the above requirement, Nasdaq will issue a Staff Delisting Determination under Rule 5810 to delist the Company's securities. Accordingly, Nasdaq advised KBL that its securities will be delisted from The Nasdaq Stock Market and, unless KBL requested an appeal of such determination, its securities would be suspended from trading at the opening of business on June 11, 2020 and a Form 25-NSE would be filed with the Securities and Exchange Commission removing the Company's securities from listing and registration on the Nasdaq Stock Market. KBL appealed the Staff's delisting determination by requesting a hearing with a Nasdaq Hearings Panel (the "Panel") pursuant to the procedures set forth in the Nasdaq Listing Rule 5800 Series. The hearing was held on July 16, 2020. On July 17, 2020, KBL received a letter stating that the Panel granted the Company's request for continued listing through November 9, 2020 on the Nasdaq Capital Market, subject to the conditions set forth in the letter.

On August 7, 2020, KBL and the Company entered into Amendment No. 2 to the Business Combination Agreement, pursuant to which the parties extended the termination date under the Business Combination Agreement to November 9, 2020. The purpose of the extension was to provide the parties with additional time to complete the Business Combination and the other transactions as set forth in the Business Combination Agreement. No other changes were made to the Business Combination Agreement.

Exhibit 99.2

180 LIFE SCIENCES CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Expressed in US Dollars)

	June 30, 2020 (unaudited)	December 31, 2019
Assets		
Current Assets:		
Cash	$ 70,127	$ 83,397
Due from related parties	321,904	73,248
Notes receivable, net (see Note 5)	—	—
Prepaid expenses and other current assets	160,511	591,648
Total Current Assets	552,542	748,293
Property and equipment, net	44,077	54,307
Intangible assets, net	1,973,859	2,121,834
In-process research and development	12,462,429	12,536,950
Goodwill	35,339,135	36,423,084
Total Assets	$ 50,372,042	$ 51,884,468
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 4,714,431	$ 4,103,566
Accounts payable – related parties	148,606	123,035
Accrued expenses	2,348,785	1,691,467
Accrued expenses – related parties	237,638	177,074
Due to related parties	25,187	17,341
Loans payable	145,054	116,250
Loans payable – related parties	440,756	220,525
Convertible notes payable	—	2,736,946
Convertible notes payable – related parties	—	454,604
Total Current Liabilities	8,060,457	9,640,808
Loans payable – non current portion	246,914	—
Convertible notes payable – non current portion	2,035,164	—
Convertible notes payable – related parties – non current portion	523,609	—
Deferred tax liability	3,624,036	3,672,759
Total Liabilities	14,490,180	13,313,567
Commitments and contingencies (see Note 9)		
Stockholders' Equity:		
Preferred stock, $0.0001 par value; 2 shares authorized; 2 shares issued and outstanding at June 30, 2020 and December 31, 2019	—	—
Common stock, $0.0001 par value; 150,000 shares authorized; 85,050 shares and 82,204 shares issued and outstanding at June 30, 2020 and December 31, 2019, respectively	8	8
Additional-paid in capital	76,293,471	75,891,671
Accumulated other comprehensive income	(824,158)	152,803
Accumulated deficit	(39,587,459)	(37,473,581)
Total Stockholders' Equity	35,881,862	38,570,901
Total Liabilities and Stockholders' Equity	$ 50,372,042	$ 51,884,468

The accompanying notes are an integral part of these condensed consolidated financial statements.

180 LIFE SCIENCES CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE LOSS
(Expressed in US Dollars)
(unaudited)

	For the Six Months Ended June 30,	
	2020	**2019**
Operating Expenses:		
Research and development	$ 704,800	$ 1,453,659
General and administrative	1,699,859	1,773,654
General and administrative – related parties	96,402	157,704
Total Operating Expenses	2,501,061	3,385,017
Loss From Operations	(2,501,061)	(3,385,017)
Other Income (Expense):		
Other income	12,605	—
Other income – related parties	240,000	—
Interest income	—	2,094
Interest expense	(325,414)	(11,553)
Interest expense – related parties	(41,670)	(1,875)
Gain on extinguishment of convertible note payable, net	491,624	—
Change in fair value of accrued issuable equity	—	(326,211)
Change in fair value of accrued issuable equity – related parties	—	(3,862,073)
Total Other Income (Expense), Net	377,145	(4,199,618)
Loss Before Income Taxes	(2,123,916)	(7,584,635)
Income tax benefit	10,038	—
Net Loss	(2,113,878)	(7,584,635)
Other Comprehensive Loss:		
Foreign currency translation adjustments	(976,961)	(377,066)
Total Comprehensive Loss	$ (3,090,839)	$ (7,961,701)

The accompanying notes are an integral part of these condensed consolidated financial statements.

180 LIFE SCIENCES CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF
CHANGES IN STOCKHOLDERS' EQUITY (DEFICIENCY)
(Expressed in US Dollars)
(unaudited)

For The Six Months Ended June 30, 2020

	Preferred Stock		Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Income (Loss)	Deficit	Equity
Balance – January 1, 2020	2	$ —	82,204	$ 8	$ 75,891,671	$ 152,803	$ (37,473,581)	$ 38,570,901
Issuances of common stock for: Cash	—	—	73	—	72,500	—	—	72,500
Exchange of common stock equivalents	—	—	2,773	—	—	—	—	—
Beneficial conversion feature on convertible debt issued	—	—	—	—	329,300	—	—	329,300
Comprehensive loss:								
Net loss	—	—	—	—	—	—	(2,113,878)	(2,113,878)
Other comprehensive loss	—	—	—	—	—	(976,961)	—	(976,961)
Balance – June 30, 2020	2	$ —	85,050	$ 8	$ 76,293,471	$ (824,158)	$ (39,587,459)	$ 35,881,862

For The Six Months Ended June 30, 2019

	Preferred Stock		Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Income (Loss)	Deficit	Deficiency
Balance – January 1, 2019	—	$ —	10,510	$ 1	$ 4,089,040	$ 313,548	$ (12,079,534)	$ (7,676,945)
Issuances of common stock for:								
Cash and services[(1)]	—	—	2,622	—	1,463,802	—	—	1,463,802
Satisfaction of accrued issuable equity	—	—	18,297	2	12,992,467	—	—	12,992,469
Comprehensive loss:								
Net loss	—	—	—	—	—	—	(7,584,635)	(7,584,635)
Other comprehensive loss	—	—	—	—	—	(377,066)	—	(377,066)
Balance – June 30, 2019	—	$ —	31,429	$ 3	$ 18,545,309	$ (63,518)	$ (19,664,169)	$ (1,182,375)

(1) Includes $1,125,601 of cash consideration (See Note 10).

The accompanying notes are an integral part of these condensed consolidated financial statements.

180 LIFE SCIENCES CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in US Dollars)
(unaudited)

	For the Six Months Ended June 30,	
	2020	**2019**
Cash Flows From Operating Activities		
Net loss	$ (2,113,878)	$ (7,584,635)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	62,299	14,996
Bad debt expense (recoveries)	(338,132)	468,981
Interest expense capitalized to debt principal	219,793	—
Interest expense, related parties capitalized to debt principal	17,609	—
Stock-based compensation	—	341,170
Gain on extinguishment of convertible note payable, net	(491,624)	—
Deferred tax liability	(10,038)	—
Gain on exchange rate fluctuations	(5,256)	—
Change in fair value of accrued issuable equity	—	326,211
Change in fair value of accrued issuable equity – related parties	—	3,862,073
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	411,400	66,622
Prepaid expenses and other current assets – related parties	—	3,775
Due from related parties	(240,000)	(561,617)
Accounts payable	1,050,450	1,281,726
Accounts payable – related parties	34,526	—
Accrued expenses	745,168	285,267
Accrued expenses – related parties	56,083	29,875
Total adjustments	1,512,278	6,119,079
Cash Used In Operating Activities	(601,600)	(1,465,556)
Cash Flows From Investing Activities		
Purchases of property and equipment	—	—
Issuance of note receivable	—	—
Advances from related parties	—	141,913
Cash Provided By Investing Activities	—	141,913
Cash Flows From Financing Activities		
Proceeds from sale of common stock	72,500	1,125,601
Proceeds from loans payable	3,500	—
Proceeds from loans payable – related parties	70,305	—
Proceeds from convertible notes payable	82,500	—
Proceeds from Paycheck Protection Program loan	53,051	—
Proceeds from Bounce Back Loan Scheme loan	63,023	—
Cash Provided By Financing Activities	344,879	1,125,601
Effect of Exchange Rate Changes on Cash	243,452	(212,291)
Net Decrease In Cash	(13,269)	(410,333)
Cash – Beginning of Period	83,396	567,220
Cash – End of Period	$ 70,127	$ 156,887

The accompanying notes are an integral part of these condensed consolidated financial statements.

180 LIFE SCIENCES CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS — Continued
(Expressed in US Dollars)
(unaudited)

	For the Six Months Ended June 30,	
	2020	**2019**
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for interest	$ —	$ 10,485
Non-cash Investing and Financing Activities:		
Issuance of common stock in satisfaction of accrued issuable equity	$ —	$ 12,532,875
Issuance of common stock in satisfaction of investor deposits	$ —	$ 459,594
Recognition of beneficial conversion feature on convertible debt issued	$ 329,300	$ —
Redemption premium and restructuring fee recognized as an increase in convertible note principal	$ 557,436	$ —
Loans payable made for payments paid directly to vendors in satisfaction of accounts payable	$ 7,537	$ —
Loans payable – related parties made for payments paid by the counterparty directly to vendors in satisfaction of accounts payable	$ 21,073	$ 139,843
KBL repayments to vendors in satisfaction of note receivable	$ 338,132	$ —

The accompanying notes are an integral part of these condensed consolidated financial statements.

NOTE 1 — BUSINESS ORGANIZATION AND NATURE OF OPERATIONS

180 Life Sciences Corp. (“180”, f/k/a CannBioRx Life Sciences Corp.) was incorporated in the State of Delaware on January 28, 2019 (180 collectively with its subsidiaries are hereafter referred to as the “Company”). The Company is located in the United States (“U.S.”), and is a medical pharmaceutical company focused upon unmet medical needs in the areas of chronic pain, inflammation, inflammatory diseases, and fibrosis by employing innovative research and, where appropriate, combination therapies, through its three wholly owned subsidiaries, Katexco Pharmaceuticals Corp. (“Katexco”), CannBioRex Pharmaceuticals Corp. (“CBR Pharma”), and 180 Therapeutics L.P. (“180 LP”). Katexco, CBR Pharma and 180 LP are together, the “180 Subsidiaries.” Katexco was incorporated on March 7, 2018 under the provisions of the British Corporation Act of British Columbia. Additionally, 180’s wholly owned subsidiaries Katexco Callco, ULC, Katexco Purchaseco, ULC, CannBioRex Callco, ULC, and CannBioRex Purchaseco, ULC were formed in the Canadian Province of British Columbia on May 31, 2019 to facilitate the acquisition of Katexco, CBR Pharma and 180 LP, as described below.

Katexco is a medical pharmaceutical company researching and developing orally available therapies harnessing endocannabinoid and nicotine receptors to treat inflammatory diseases. CBR Pharma is a pharmaceutical research company specializing in the clinical development of synthetic pharmaceutical grade cannabinoid compounds for the treatment of rheumatoid arthritis and related arthritic diseases. 180 LP is a clinical stage biopharmaceutical company focused on the discovery and development of biologic therapies for the treatment of fibrosis.

On July 16, 2019, 180, Katexco, CBR Pharma and 180 LP consummated a reorganization wherein 180 acquired 100% of the outstanding shares of Katexco, CBR Pharma, and 180 LP (the “Reorganization”). The Reorganization was accounted for as a reverse acquisition, and Katexco is deemed to be the accounting acquirer, while 180, CBR Pharma and 180 LP are deemed to be the “Accounting Acquirees”. Consequently, the assets and liabilities and the historical operations that are reflected in these condensed consolidated financial statements prior to the Reorganization are those of Katexco. The preferred stock, common stock, additional paid-in capital and earnings per share amounts in these condensed consolidated financial statements for the period prior to the Reorganization have been restated to reflect the recapitalization based on the shares issued to the Katexco shareholders. References herein to the “Company” are to Katexco for the period prior to the Reorganization and are to the Company (180 as combined with the 180 Subsidiaries) after the Reorganization.

The following table sets forth the unaudited pro forma results for the six months ended June 30, 2019 of the Company as if the Reorganization was effective on January 1, 2019. These combined results are not necessarily indicative of the results that may have been achieved had the companies always been combined.

	Six Months Ended June 30, 2019
Revenues	$ —
Operating loss	$ (6,656,355)
Net loss	$ (10,516,205)

On July 25, 2019, the Company entered into an agreement (the “Business Combination Agreement”) with KBL Merger Corp. IV, a special-purpose acquisition company and public company (“KBL”) and KBL Merger Sub, Inc. (“Merger Sub”), pursuant to which Merger Sub will merge with and into the Company, with the Company continuing as a wholly owned subsidiary of KBL after the closing (the “Business Combination”). The Merger Sub will purchase 100% of the outstanding equity and equity equivalents of the Company as of the date of closing in exchange for 17.5 million shares of KBL Common Stock reduced by the number of shares equal to the amount of any liabilities of the Company in excess of $5 million at the closing divided by $10. Pursuant to the Business Combination Agreement, the consummation of the Business Combination is conditioned upon (i) stockholder and any necessary regulatory approvals, (ii) the effectiveness of registration statement; and (iii) KBL having at least $5,000,001 of net tangible assets. The Business Combination is deemed to be a capital transaction of 180 (the legal acquiree) for accounting purposes and is equivalent to the issuance of shares by 180 for the net monetary assets of KBL, accompanied by a recapitalization.

NOTE 2 — GOING CONCERN AND MANAGEMENT'S PLANS

The Company has not generated any revenues and has incurred a significant loss since inception. During the six ended June 30, 2020, the Company incurred a net loss of $2,113,878 and used $601,600 of cash in operations. As of June 30, 2020, the Company has an accumulated deficit of $39,587,459 and a working capital deficit of $7,507,915. The Company expects to invest a significant amount of capital to fund research and development. As a result, the Company expects that its operating expenses will increase significantly, and consequently will require significant revenues to become profitable. Even if the Company does become profitable, it may not be able to sustain or increase profitability on a quarterly or annual basis. The Company cannot predict when, if ever, it will be profitable. There can be no assurance that the intellectual property of the Company, or other technologies it may acquire, will meet applicable regulatory standards, obtain required regulatory approvals, be capable of being produced in commercial quantities at reasonable costs, or be successfully marketed. The Company plans to undertake additional laboratory studies with respect to the intellectual property, and there can be no assurance that the results from such studies or trials will result in a commercially viable product or will not identify unwanted side effects.

In December 2019, a new strain of the coronavirus ("COVID-19") was reported in Mainland China and during the first quarter of 2020 the virus had spread to over 150 countries, resulting in a global pandemic. This COVID-19 pandemic and the public health responses to contain it have resulted in global recessionary conditions, which did not exist at December 31, 2019. Among other effects, government-mandated closures, stay-at-home orders and other related measures have significantly impacted global economic activity and business investment in general. A continuation or worsening of the levels of market disruption and volatility seen in the recent past could have an adverse effect on the Company's ability to access capital, on Company's business, results of operations and financial condition. We have been closely monitoring the developments and have taken active measures to protect the health of Company's employees, their families and Company's communities. The ultimate impact on the 2020 fiscal year and beyond will depend heavily on the duration of the COVID-19 pandemic and public health responses, including government-mandated closures, stay-at-home orders and social distancing mandates, as well as the substance and pace of macroeconomic recovery, all of which are uncertain and difficult to predict considering the rapidly evolving landscape of the COVID-19 pandemic and the public health responses to contain it.

These condensed consolidated financial statements have been prepared under the assumption of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue its operations is dependent upon the continuing support of its creditors and its success in obtaining new financing for its ongoing operations, including closing on the Business Combination with KBL. Financing options available to the Company include equity financings and loans and if the Company is unable to obtain such additional financing timely, the Company may have to curtail its development, marketing and promotional activities, which would have a material adverse effect on its business, financial condition and results of operations, and could ultimately be forced to discontinue its operations and liquidate. These matters raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time, which is defined as within one year after the date that the financial statements are issued. Realization of the Company's assets may be substantially different from the carrying amounts presented in these condensed consolidated financial statements and the accompanying condensed consolidated financial statements do not include any adjustments that may become necessary, should the Company be unable to continue as a going concern.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information. The condensed consolidated financial statements of the Company include the accounts of the Company and its subsidiaries. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and related disclosures as of December 31, 2019 and for the period then ended, which are included elsewhere in this filing.

Principles of Consolidation

The condensed consolidated financial statements include the historical accounts of Katexco as accounting acquirer and, effective with the closing of the Reorganization, the accounting acquirees. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, together with amounts disclosed in the related notes to the condensed consolidated financial statements. The Company's significant estimates used in these financial statements include, but are not limited to, the fair value of equity shares issued as merger consideration, the valuation of intangible assets in acquisition accounting, the useful lives of long-lived assets, the recovery of notes receivable and other assets, and the satisfaction of other liabilities. Certain of the Company's estimates could be affected by external conditions, including those unique to the Company and general economic conditions. It is reasonably possible that these external factors could have an effect on the Company's estimates and may cause actual results to differ from those estimates.

Accounting for Business Combinations

As required by U.S. GAAP, the Company records acquisitions under the acquisition method of accounting, under which the assets acquired and liabilities assumed are initially recorded at their respective fair values and any excess purchase price over the estimated fair value of net assets acquired is reflected as goodwill. The Company uses estimates and, in some instances, independent third-party valuation firms to assist in determining the fair values of assets acquired, liabilities assumed and contingent consideration, if any. Such estimates and valuations require significant assumptions, including projections of future events and operating performance. The estimated fair values are subject to change during the measurement period, which is limited to one year subsequent to the acquisition date.

Foreign Currency Translation

The Company's reporting currency is the USD. The functional currency of certain subsidiaries is the Canadian Dollar ("CAD") or British Pound ("GBP"). Assets and liabilities are translated based on the exchange rates at the balance sheet date (0.7330 for the CAD and 1.2326 for the GBP as of June 30, 2020), while expense accounts are translated at the weighted average exchange rate for the period (0.7334 and 0.7499 for the CAD for the six months ended June 30, 2020 and 2019, respectively, and 1.2605 for the GBP for the six months ended June 30, 2020). Equity accounts are translated at historical exchange rates. The resulting translation adjustments are recognized in stockholders' equity (deficiency) as a component of accumulated other comprehensive (loss) income.

Comprehensive income (loss) is defined as the change in equity of an entity from all sources other than investments by owners or distributions to owners and includes foreign currency translation adjustments as described above. During the six months ended June 30, 2020 and 2019, the Company recorded other comprehensive loss of $976,961 and $377,066, respectively, as a result of foreign currency translation adjustments.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Foreign currency gains and losses resulting from transactions denominated in foreign currencies, including intercompany transactions, are included in results of operations. The Company recorded $4,026 and $2,779 of foreign currency transaction losses for the six months ended June 30, 2020 and 2019, respectively, which is included in general and administrative expenses on the accompanying condensed consolidated statements of operations and comprehensive loss. Such amounts have been classified within general and administrative expenses in the accompanying condensed consolidated statements of operations and comprehensive loss.

Fair Value of Financial Instruments

The Company measures the fair value of financial assets and liabilities based on the guidance of Accounting Standards Codification (“ASC”) 820 “Fair Value Measurements” (“ASC 820”), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

- Level 1 — Quoted prices in active markets for identical assets or liabilities;
- Level 2 — Quoted prices for similar assets and liabilities in active markets or inputs that are observable; and
- Level 3 — Inputs that are unobservable (for example, cash flow modeling inputs based on assumptions).

The carrying amounts of the Company’s financial instruments, consisting primarily of notes receivable, accounts payable, loans payable and convertible notes payable, approximate their fair values as presented in these condensed consolidated financial statements due to the short-term nature of those instruments.

Convertible Notes

The Company evaluates its convertible instruments to determine if those contracts or embedded components of those contracts qualify as derivative financial instruments to be separately accounted for in accordance with ASC Topic 815 of the Financial Accounting Standards Board (“FASB”). The accounting treatment of derivative financial instruments requires that the Company record embedded conversion options and any related freestanding instruments at their fair values as of the inception date of the agreement and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as non-operating, non-cash income or expense for each reporting period at each balance sheet date. The Company reassesses the classification of its derivative instruments at each balance sheet date. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification. Bifurcated embedded conversion options and any related freestanding instruments are recorded as a discount to the host instrument.

If the instrument is determined to not be a derivative liability, the Company then evaluates for the existence of a beneficial conversion feature (“BCF”) by comparing the commitment date fair value to the effective conversion price of the instrument. The Company records a BCF as debt discount which is amortized to interest expense over the life of the respective note using the effective interest method. BCFs that are contingent upon the occurrence of a future event are recognized when the contingency is resolved.

Subsequent Events

The Company has evaluated events that have occurred after the balance sheet date and through the date these financial statements were issued. Based upon that evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the financial statements, except as disclosed in Note 12 — Subsequent Events.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Recently Issued Accounting Pronouncements

In August 2018, the FASB issued Accounting Standards Update ("ASU") No. 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement ("ASU 2018-13"). The amendments in ASU 2018-13 modify the disclosure requirements associated with fair value measurements based on the concepts in the Concepts Statement, including the consideration of costs and benefits. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. The amendments are effective for all entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Company adopted this guidance on January 1, 2020, and the adoption did not have a material impact on the Company's unaudited condensed consolidated financial statements.

In February 2020, the FASB issued ASU No. 2020-02, Financial Instruments — Credit Losses (Topic 326) and Leases (Topic 842) — Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date ("ASU 2020-02") which provides clarifying guidance and minor updates to ASU No. 2016-13 — Financial Instruments — Credit Loss (Topic 326) ("ASU 2016-13") and related to ASU No. 2016-02 — Leases (Topic 842). ASU 2020-02 amends the effective date of ASU 2016-13, such that ASU 2016-13 and its amendments will be effective for the Company for interim and annual periods in fiscal years beginning after December 15, 2022. The adoption of ASU 2016-13 is not expected to have a material impact on the Company's consolidated financial statements or disclosures.

In March 2020, the FASB issued ASU 2020-03, "Codification Improvements to Financial Instruments" ("ASU 2020-03"). ASU 2020-03 improves and clarifies various financial instruments topics. ASU 2020-03 includes seven different issues that describe the areas of improvement and the related amendments to GAAP, intended to make the standards easier to understand and apply by eliminating inconsistencies and providing clarifications. The Company adopted ASU 2020-03 upon issuance, which did not have a material effect on the Company's unaudited condensed consolidated financial statements.

NOTE 4 — PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following as of June 30, 2020 and December 31, 2019:

	June 30, 2020	December 31, 2019
Professional fees	$ 61,292	$ 115,166
Value-added tax receivable	35,284	43,352
Insurance	26,341	—
Research and development	24,351	186,391
Other	6,478	1,962
Short term lease deposit	6,286	—
Travel expenses	479	479
Research and development expense tax credit receivable	—	211,740
License maintenance fee	—	32,558
	$ 160,511	$ 591,648

NOTE 5 — NOTES RECEIVABLE, NET

The Company had the following notes receivable from KBL as of June 30, 2020 and December 31, 2019:

	June 30, 2020	December 31, 2019
Notes receivable from KBL dated April 10, 2019	$ 1,050,000	$ 1,050,000
Notes receivable from KBL dated August 21, 2019	250,000	250,000
Notes receivable from KBL dated August 28, 2019	184,825	184,825
Notes receivable from KBL dated September 18, 2019	108,000	108,000
Notes receivable from KBL dated October 31, 2019	107,000	107,000
Subtotal	1,699,825	1,699,825
Payments made by KBL on behalf of 180LS	(338,132)	—
Subtotal	1,361,693	1,699,825
Provision for uncollectible notes receivable	(1,361,693)	(1,699,825)
	$ —	$ —

As of June 30, 2020, the Company loaned $1,699,825 to KBL to fund its operating expenses, deal transaction expenses, and any financing expenses for the Business Combination through the issuance of notes (the "Notes Receivable"). During the six months ended June 30, 2020, KBL made payments in the aggregate amount of $338,132 to certain vendors on behalf of the Company, in partial satisfaction of the Company's Notes Receivable. The notes do not accrue interest and mature upon the closing of the Business Combination or the liquidation of KBL, whichever comes first.

During the six months ended June 30, 2020 and 2019, the Company recorded bad debt expense (recovery) of $(338,132) and $468,981, respectively, related to the Notes Receivable, which is included in general and administrative expense on the accompanying condensed consolidated statements of operations and comprehensive loss. The notes receivable from KBL are fully reserved because recoverability cannot be assured in the event the Business Combination does not close.

NOTE 6 — ACCRUED EXPENSES

Accrued expenses consist of the following as of June 30, 2020 and December 31, 2019:

	June 30, 2020	December 31, 2019
Consulting fees	$ 1,005,399	$ 613,115
Professional fees	623,794	459,084
Employee and director compensation	591,648	395,248
Interest	83,556	15,571
Other	26,626	3,004
Research and development fees	10,250	120,631
Travel expenses	4,600	—
Patent costs	2,912	84,814
	$ 2,348,785	$ 1,691,467

As of June 30, 2020, and December 31, 2019, the Company had accrued expenses — related parties of $237,638 and $177,074, respectively. See Note 11 — Related Parties for additional details.

NOTE 7 — LOANS PAYABLE

Loans Payable, Current Portion

The current portion of the Company's loans payable outstanding as of June 30, 2020 and December 31, 2019 is as follows:

	Simple Interest Rate	June 30, 2020	December 31, 2019
Loan payable issued September 18, 2019	8%	$ 50,000	$ 50,000
Loan payable issued October 29, 2019	8%	69,250	66,250
Loan payable issued February 5, 2020	8%	3,500	—
Loan payable issued March 31, 2020	8%	4,537	—
Current portion of PPP Loans[(1)]	1%	17,767	
		$ 145,054	$ 116,250

(1) See Loans Payable, Non-Current Portion for a description of the PPP Loans.

During January 2020, the loan payable dated October 29, 2019 was amended to increase the principal balance by $3,000 in satisfaction of certain accounts payable. The loans payable issued between September 18, 2019 and March 31, 2019 matured on June 30, 2020. On July 1, 2020, the Company amended the terms of the loans to extend the maturity terms to the earlier of (a) the closing of a Qualified Financing, as defined; or (b) November 1, 2020 (see Note 12 — Subsequent Events).

Loans Payable, Non-Current Portion

The non-current portion of the Company's loans outstanding as of June 30, 2020 is as follows:

	Simple Interest Rate	June 30, 2020	Maturity Date
Loan payable issued June 12, 2020	8.0%	$ 150,000	08/31/21
PPP loan payable issued May 5, 2020	1.0%	51,051	05/04/22
PPP loan payable issued April 24, 2020	1.0%	2,000	04/23/22
BBLS loan payable issued June 10, 2020	2.5%	61,630	06/10/26
Subtotal		264,681	
Less: current portion of PPP loans (see above)		(17,767)	
		$ 246,914	

During April and May 2020, the Company received loans in the aggregate amount of $53,051 (the "PPP Loans"), under the Payroll Protection Program ("PPP"), to support continuing employment during the COVID-19 pandemic.

Effective March 27, 2020, legislation referred to as the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was passed to benefit companies that were significantly impacted by the pandemic. Under the terms of the CARES Act, as amended by the Paycheck Protection Program Flexibility Act of 2020, the Company is eligible to apply for and receive forgiveness for all or a portion of their respective PPP Loans. Such forgiveness will be determined, subject to limitations, based on the use of the loan proceeds for certain permissible purposes as set forth in the PPP, including, but not limited to, payroll costs (as defined under the PPP) and mortgage interest, rent or utility costs (collectively, "Qualifying Expenses") incurred during the 24 weeks subsequent to funding, and on the maintenance of employee and compensation levels, as defined, following the funding of the PPP Loan. The Company intends to use the proceeds of their PPP Loans for Qualifying Expenses. However, no assurance is provided that the Company will be able to obtain forgiveness of the PPP Loans in whole or in part. Any amounts not forgiven incur interest at 1.0% per annum and monthly repayments of principal and interest are deferred for six months after the date of disbursement. While the Company's PPP loans currently have a two-year maturity, the amended law will permit the Company to request a five-year maturity. As of June 30, 2020, the Company recorded accrued interest of $80 related to the PPP loans. During the six months ended June 30, 2020, and December 31, 2019, the Company recorded interest expense of $80 and $0, respectively, related the PPP loans.

NOTE 7 — LOANS PAYABLE (cont.)

On June 10, 2020, the Company received GBP £50,000 (USD $61,630) of cash proceeds pursuant to the BBLS, which provides financial support to businesses across the U.K. that are losing revenue, and seeing their cashflow disrupted, as a result of the COVID-19 outbreak. The BBLS is unsecured and bears interest at 2.5%. The maximum loan amount is GBP £50,000 and the length of the loan is six years, and payments begin 12 months after the date of disbursement. Early repayment is allowed, without early repayment fees.

On June 12, 2020, the Company entered into a promissory note agreement with an aggregate principal sum of $150,000, which bears interest at 15% per annum and matures on August 31, 2021. See Note 8 — Convertible Notes Payable, Extinguishment of Senior Note and Issuance of New Note for additional details.

Loans Payable, Related Parties

Loans payable to related parties (the "Related Party Loans") consist of loans payable to certain of the Company's officers, directors and a greater than 10% investor. The Company had the following loans payable to related parties outstanding as of June 30, 2020 and December 31, 2019:

	Simple Interest Rate	June 30, 2020	December 31, 2019
Loan payable issued September 18, 2019	8%	$ 50,000	$ 50,000
Loan payable issued October 8, 2019	0%	4,000	4,000
Loan payable issued October 20, 2019	8%	74,316	79,572
Loan payable issued October 28, 2019	8%	6,401	6,887
Loan payable issued October 29, 2019	8%	40,000	40,000
Loan payable issued October 29, 2019	8%	10,000	10,000
Loan payable issued November 27, 2019	8%	18,526	19,933
Loan payable issued December 11, 2019	8%	9,660	10,133
Loan payable issued January 14, 2020	8%	4,726	—
Loan payable issued January 20, 2020	8%	137,381	—
Loan payable issued January 30, 2020	8%	6,401	—
Loan payable issued February 5, 2020	8%	3,500	—
Loan payable issued February 28, 2020	8%	17,394	—
Loan payable issued March 31, 2020	8%	4,537	—
Loan payable issued April 2, 2020	8%	1,871	—
Loan payable issued April 2, 2020	8%	1,564	—
Loan payable issued April 13, 2020	8%	12,875	—
Loan payable issued April 13, 2020	8%	12,905	—
Loan payable issued April 27, 2020	8%	7,190	—
Loan payable issued May 19, 2020	8%	1,944	—
Loan payable issued May 29, 2020	8%	7,190	—
Loan payable issued May 30, 2020	8%	7,890	—
Loan payable issued June 17, 2020	8%	485	—
		$ 440,756	$ 220,525

NOTE 7 — LOANS PAYABLE (cont.)

The Related Party Loan issued on October 20, 2019 is denominated in GBP (£60,000) and is translated to USD using the exchange rate in effect at the balance sheet date (See Note 3 — Summary of Significant Accounting Policies, Foreign Currency Translation). The Company recorded a gain on foreign currency transactions of $5,256 during the six months ended June 30, 2019 related to this loan.

As of June 30, 2020, the Related Party Loans provide for a maturity date upon the earliest of (a) the consummation of the Business Combination; (b) June 30, 2020; or (c) 60 days after the respective issuance date. On July 1, 2020, the Company amended the terms of the Related Party Loans to extend the maturity terms to the earlier of (a) the closing of a Qualified Financing, as defined; or (b) November 1, 2020.

Interest Expense on Loans Payable

During the six months ended June 30, 2020, the Company recognized interest expense and interest expense — related parties associated with the loans of $5,001 and $14,791, respectively. As of June 30, 2020, the Company had accrued interest and accrued interest — related parties associated with the loans of $7,055 and $18,051, respectively. As of December 31, 2019, the Company had accrued interest and accrued interest — related parties associated with the loans of $2,055 and $3,086, respectively. See Note 11 — Related Parties for additional details.

NOTE 8 — CONVERTIBLE NOTES PAYABLE

The following table details the activity of the convertible notes payable during the six months ended June 30, 2020:

	Effective Date	Date Last Amended (if applicable)	Maturity Date (as amended, if applicable)	12/31/2019 Principal Balance	Loans issued Six Months Ended June 30, 2020	Unpaid Interest Capitalized to Principal	Amendment to Senior Notes	6/30/2020 Principal Balance
Amended Senior Note	7/25/2019	6/12/2020	8/28/2021	$ 1,405,695	$ —	$ 104,418	$ (1,510,113)	$ —
Amended Senior Note	7/25/2019	6/12/2020	8/28/2021	1,054,878	—	112,561	493,697	1,661,136
Amended Senior Note	7/25/2019	6/12/2020	8/28/2021	26,372	—	2,814	12,342	41,528
Bridge Note	12/27/2019	NA(1)	6/30/2020	250,000	—	—	—	250,000
Bridge Note	1/3/2020	NA(1)	6/30/2020	—	82,500	—	—	82,500
				$ 2,736,945	$ 82,500	$ 219,793	$ (1,004,074)	$2,035,164

(1) See Note 12 — Subsequent Events for details regarding an amendment subsequent to June 30, 2020.

The following table details the activity of the convertible notes payable — related parties during the six months ended June 30, 2020:

	Effective Date	Date Last Amended (if applicable)	Maturity Date (as amended, if applicable)	12/31/2019 Principal Balance	Unpaid Interest Capitalized to Principal	Amendment to Senior Notes	6/30/2020 Principal Balance
Amended Senior Notes	7/25/2019	6/12/2020	8/28/2021	$ 184,604	17,609	51,396	253,609
180 LP Convertible Note	9/24/2013	NA	9/25/2015	160,000	—	—	160,000
180 LP Convertible Note	6/16/2014	NA	6/16/2017	10,000	—	—	10,000
180 LP Convertible Note	7/8/2014	NA	7/8/2017	100,000	—	—	100,000
				$ 454,604	$ 17,609	$ 51,396	$ 523,609

NOTE 8 — CONVERTIBLE NOTES PAYABLE (cont.)

Amendment to Senior Notes

On January 13, 2020, the Company and holders of a series of Senior Secured Notes (the "Senior Notes") agreed to exchange the Senior Notes for new Senior Secured Notes (the "Amended Senior Notes") with amended terms (the "Senior Note Amendments"). Pursuant to the Senior Note Amendments, the note holders waived all events of default associated with the Senior Notes and the aggregate principal amount and accrued interest of $1,282,205 and $6,411, respectively, was converted to principal in the aggregate amount of $1,846,052 (consisting of $1,282,205 of the outstanding principal of the Senior Notes, $6,411 of accrued interest reclassified to principal, $200,000 of restructuring fees and $357,436 of redemption premiums), of which $186,988 and $935, of aggregate principal and accrued interest, respectively, owed to the Chief Executive Officer and a director of the Company was converted to principal in the aggregate amount of $239,320 (consisting of $186,988 of the outstanding principal of the Senior Notes, $935 of accrued interest reclassified to principal and $52,126 of redemption premiums).

The Company accounted for the amendment to the Senior Notes as note extinguishments, since the present value of future cash flows under the Amended Senior Notes was substantially different than the future cash flows under the Senior Notes. Accordingly, the Company recognized a loss on extinguishment of $886,736, consisting of the issuance of the Amended Senior Note in the aggregate principal amount of $1,846,052, partially offset by the derecognition of the aggregate carrying amount of the extinguished Senior Notes of $1,288,616, plus the immediately recognized beneficial conversion feature of $329,300 arising from the modified conversion terms of the Amended Senior Notes.

The Amended Senior Notes rank senior to all outstanding and future indebtedness of the Company and its subsidiaries and are secured by: a) the Company's equity interests in its subsidiaries; b) guarantees issued by those subsidiaries; and c) assets of those subsidiaries.

The Amended Senior Notes were convertible into common stock of the Company at any time following issuance until maturity and automatically convert into common stock of the Company immediately prior to the occurrence of the Business Combination, in either event, at a conversion price of $740.37 per share. If the Company issues any shares of its common stock, or securities that are effectively common stock equivalents, prior to the Business Combination at a price of less than $740.37 per share, then the conversion price per share would be adjusted to the price at which those common shares (or equivalents) were issued.

The Amended Senior Notes bear interest at a rate of 15% per annum and matured in February 2020. On June 12, 2020, the Company entered into an additional amendment with each noteholder to extend the maturity dates from February 2020 to August 2021. Unpaid interest is reclassified to the principal on a monthly basis.

In the event of default: a) the Company is required to notify the holders of these notes within one business day of any such occurrence; b) the interest rate increases to 18% per annum; and c) the holder may require the Company to redeem any or all of the outstanding principal and interest together with a 25% premium.

Additional Amendment to an Amended Senior Note

On June 12, 2020, the Company, KBL, and the holder of an Amended Senior Note in the aggregate principal amount of $1,661,136 agreed that (i) such Amended Senior Note will automatically convert into 404,265 shares of KBL's common stock upon the Business Combination, and (ii) the holder of such Amended Senior Note and its affiliates shall not sell or dispose more than 5% of the daily trading volume of such shares of common stock as reported by Bloomberg, LP.

Extinguishment of Senior Note and Issuance of New Note

On June 12, 2020, the Company, KBL, certain investors (the "Purchasers") and the holder (the "Initial Purchaser") of an Amended Senior Note in the aggregate principal and interest amount of $1,528,360 (consisting of principal of $1,510,113 and accrued interest payable of $18,247) entered into a Securities Purchase Agreement pursuant to which (i) the Amended Senior Note was extinguished, and (ii) KBL sold to the Purchasers a secured promissory note which is secured by the intellectual property of the Company. Such transaction closed on June 29, 2020. Concurrent with the transaction, on June 12, 2020, the Company, KBL, the Purchasers and Kingsbrook entered into a guaranty agreement pursuant to which the Company is a guarantor to the notes issued by KBL to the Purchasers and Kingsbrook. As of June 30, 2020, the Company determined that contingent payments under the guaranty agreement were not probable.

NOTE 8 — CONVERTIBLE NOTES PAYABLE (cont.)

Additionally, in connection with the Securities Purchase Agreement, the Company issued the Initial Purchaser a loan payable in the principal amount of $150,000 which bears interest at a rate of 15% per annum, payable at maturity. The note matures on August 31, 2021 (see Note 7 Loans Payable, Loans Payable, non-current portion).

During the six months ended June 30, 2020, in connection with the Amended Senior Note extinguishment and loan payable issuance above, the Company recognized a gain on extinguishment of convertible notes payable in the amount of $1,378,360.

Bridge Notes

On January 3, 2020, the Company issued convertible bridge notes in the aggregate amount of $82,500. The total outstanding principal amount of convertible bridge notes of $332,500 (the "Bridge Notes") and the respective accrued interest will automatically convert into a portion of the 17.5 million shares of KBL common stock to be received upon the consummation of the Business Combination Agreement at a conversion price equal to the lesser of $6.00 per KBL share or 60% of the implied valuation at such time, as defined. The Bridge Notes accrue interest at 15% per annum. The contingently adjustable, non-bifurcated beneficial conversion feature associated with the convertible note will be accounted for at the time the contingency is resolved. The Bridge Notes matured on June 30, 2020. See Note 12 — Subsequent Events, First Amendment of the Bridge Notes for additional details regarding the extensions of the Bridge Notes.

180 LP Convertible Notes

As of June 30, 2020, the Company had related party convertible notes payable in the aggregate principal amount of $270,000 (the "180 LP Convertible Notes") of which two notes in the aggregate principal amount of $260,000 were held by a director and founder and one note in the principal amount of $10,000 was held by the former Chief Executive Officer. All outstanding principal and the respective accrued interest owed on the 180 LP Notes will automatically be converted effective upon the closing of the first issuance of convertible preferred units (or units with similar rights) with proceeds of at least $1,000,000 (the "Qualified Financing") into equity interests of the Company of the same class issued to other investors in the Qualified Financing, at a conversion price equal to 80% of the price per unit of the Qualified Financing securities paid by the other investors. The contingently adjustable, non-bifurcated beneficial conversion feature associated with the 180 LP Convertible Notes will be accounted for at the time the contingency is resolved.

Interest on Convertible Notes

During the six months ended June 30, 2020, the Company recorded interest expense of $271,085 related to convertible notes payable, and recorded interest expense — related parties $25,277 related to convertible notes payable — related parties. During the six months ended June 30, 2020, interest in the amount of $219,793 has been reclassified to principal on convertible notes payable, and accrued interest in the amount of $17,609 has been reclassified to principal on convertible note payable — related parties.

As of June 30, 2020, accrued interest related to convertible notes payable was $26,490 and accrued interest — related parties related to convertible notes payable — related parties was $83,219, which is included in accrued expenses and accrued expenses — related parties, respectively, on the accompanying condensed consolidated balance sheets.

NOTE 9 — COMMITMENTS AND CONTINGENCIES

Litigation and Other Loss Contingencies

The Company records liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties and other sources when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company has no liabilities recorded for loss contingencies during the six months ended June 30, 2020 and 2019.

Yissum Research and License Agreement

In May 2018, CBR Pharma entered into a worldwide research and license agreement with Yissum Research Development Company of the Hebrew University of Jerusalem, Ltd. ("Yissum Agreement") allowing CBR Pharma to utilize certain patents. On January 1, 2020, CBR Pharma entered into a first amendment to the Research and License Agreement ("First Amendment") with Yissum, allowing CBR Pharma to sponsor additional research performed by two Yissum professors. Pursuant to the terms of the First Amendment, the Company will pay Yissum $200,000 plus 35% additional for University overhead for the additional research performed by each professor over a 12-month period, starting May 1, 2020. As of June 30, 2020, the Company owes an outstanding balance of $684,179 in connection with the Yissum Agreement, of which $366,199 is reflected within accounts payable and $317,980 is included in accrued expenses on the accompanying condensed consolidated balance sheet.

Oxford University Agreements

On August 15, 2018, as amended on May 30, 2019, CBR Pharma entered into an agreement (the "Oxford University Agreement") for a research project with the University of Oxford, which, as amended, expired on March 31, 2020. As of June 30, 2020, the Company owes an outstanding balance of GBP £367,040 (USD $452,416) in connection with the Oxford University Agreement, which is reflected within accounts payable on the accompanying condensed consolidated balance sheet.

Consulting Agreement

Effective January 6, 2020, the Company entered into a consulting agreement (the "Consulting Agreement"), with a consultant (the "Consultant") pursuant to which the Company will receive consulting services in the area of drug development in exchange for consideration of $15,000 per month. The Consulting Agreement has a six-month term, and thereafter automatically renews for successive six-month periods. The Consulting Agreement terminates upon thirty days prior written notice by either party. During the six months ended June 30, 2020, the Company recorded consulting fees of $90,000 related to the Consulting Agreement. During the six months ended June 30, 2020, the Company recorded accrued expenses relating to the Consulting Agreement of $45,000, which have been accrued for in accrued expenses of the accompanying condensed consolidated balance sheet.

On July 1, 2020, the Company entered into an employment agreement with the Consultant, pursuant to which the Consultant will be appointed the Company's Chief Executive Officer, effective upon the closing of the Business Combination (see Note 12 — Subsequent Events).

Operating Leases

On February 17, 2020, the Company entered into a twelve-month lease agreement to lease office space located in London, UK. The rent is approximately GBP £4,250 (USD $5,259) per month over the lease term for a total lease commitment of GBP £61,200 (USD $75,722). The lease commenced on February 19, 2020 and expires on February 18, 2021. In connection with the lease, the Company paid the landlord a security deposit of GBP £5,100 (USD $6,310). The lease shall continue until one of the following two events occur: (a) another lease agreement is entered into by the parties or (b) either party gives not less than three full calendar months written notice terminating this agreement prior to the expiration date. The Company elected to apply the practical expedient available under ASC 842 — "Leases" pursuant to which the right of use assets and lease liabilities are not recognized for short-term leases.

NOTE 9 — COMMITMENTS AND CONTINGENCIES (cont.)

The Company's rent expense amounted to GBP £17,507 (USD $22,067) and GBP £0 for the six months ended June 30, 2020 and 2019, respectively. Rent expense is reflected in general and administrative expenses in the condensed consolidated statements of operations and comprehensive loss.

NOTE 10 — STOCKHOLDERS' EQUITY (DEFICIENCY)

During the six months ended June 30, 2020, the Company issued 2,773 shares of its common stock upon the exchange of common stock equivalents that were granted in connection with the Reorganization and 73 shares of its common stock in exchange for cash proceeds of $72,500.

During the six months ended June 30, 2019, the Company issued an aggregate of 2,622 shares in exchange for services and for an aggregate cash consideration of $1,125,601, and 18,297 shares with an aggregate issuance date fair value of $12,992,469 in full satisfaction of accrued issuable equity and investor deposits.

NOTE 11 — RELATED PARTIES

Due from Related Parties

As of June 30, 2020, due from related parties was $321,904, which consisted of (i) a receivable of $300,000 due from a research and development company that has shared officers and directors, (ii) a travel advance of $13,248 to a company which shared officers and directors, and (iii) a receivable of $8,656 related to furniture and fixtures sold to a company with shared officers and directors. Due from related parties was $73,248 as of December 31, 2019 and consists of (i) a receivable of $60,000 due from a research and development company that has shared officers and directors and (ii) a travel advance of $13,248 to a company with shared officers and directors.

Accounts Payable — Related Parties

As of June 30, 2020, accounts payable— related parties was $148,606, which consisted of $130,750 for professional fees provided by the Company's officers and directors and $17,856 for accounting fees for services provided by a director and his company. Accounts payable — related parties was $123,035 as of December 31, 2019 and consists of $101,009 for professional services provided by the Company's directors and $22,026 for accounting fees for services provided by a director and his company.

Accrued Expenses — Related Parties

As of June 30, 2020, accrued expenses— related parties was $237,638, which consisted of $101,157 of interest accrued on loans and convertible notes due to certain officers and directors of the Company and $136,481 of accrued consulting fees for services provided by certain directors of the Company. Accrued expenses — related parties of $177,074 as of December 31, 2019, consists of $78,610 of interest accrued on loans and convertible notes due to the certain officers and directors of the Company, $30,464 of accrued professional fees for services provided by certain directors of the Company and $68,000 of accrued accounting fees related to services provided by a Company director and his company. See Note 6 — Accrued Expenses for more information.

Due to Related Parties

As of June 30, 2020 and December 31, 2019, due to related parties was $25,187 and $17,341, respectively, which represented an overpayment of rent by a company that is subleasing space from the Company in Toronto, Canada whose directors and officers are affiliated with the Company.

Loan Payable — Related Parties

As of June 30, 2020 and December 31, 2019, loans payable — related parties was $440,756 and $220,525, respectively. See Note 7— Loan Payables for more information.

NOTE 11 — RELATED PARTIES (cont.)

Convertible Notes Payable — Related Parties

As of June 30, 2020 and December 31, 2019, convertible notes payable— related parties was $523,609 and $454,604, respectively, which represents the principal balance of convertible notes owed to certain officers and directors of the Company. See Note 8 — Convertible Notes Payable for more information.

General and Administrative Expenses — Related Parties

During the six months ended June 30, 2020, the Company incurred $96,402 of general and administrative expenses for related party services for professional fees paid to current or former officers, directors or greater than 10% investors of the Company, or affiliates thereof. During the six months ended June 30, 2019, the Company incurred $157,704 of general and administrative expenses for related party services for professional fees paid to current or former officers, directors or greater than 10% investors, or affiliates thereof.

Other Income — Related Parties

During the six months ended June 30, 2020 and 2019, the Company recorded $240,000 and $0, respectively, of other income related to a one-year research and development agreement with a company who shares common officers and directors with the Company. There was no other income with related parties amounts during the six months ended June 30, 2019. See Note 12 — Subsequent Events, Amended Agreement with Reformation Pharmaceuticals — Related Party.

Interest Expense — Related Parties

During the six months ended June 30, 2020, the Company recorded $41,670 of interest expense — related parties, of which $26,745 related to interest on certain convertible notes held by officers and directors of the Company and $14,925 related to interest expense on loans from officers, directors and a greater than 10% investor of the Company. There was no interest expense with related parties during the six months ended June 30, 2019.

Change in Fair Value of Accrued Issuable Equity — Related Parties

During the six months ended June 30, 2020 and 2019, the Company recorded a charge of $0 and $3,862,073, respectively, related to the change in the fair value of common stock earned by, but not yet issued to, officers, directors and investors of the Company in exchange for corporate advisory services.

NOTE 12 — SUBSEQUENT EVENTS

Appointment of New Chief Executive Officer as of the Business Combination

On July 1, 2020, the Company, KBL and the Board of Directors appointed a new Chief Executive Officer ("CEO") of the Company, effective upon the closing of the Business Combination, at an initial base salary of $250,000 per year. Upon the termination of employment by the Company without cause, or by the CEO for Good Reason, as defined, the CEO is entitled to severance payments in the form of continued base salary and health insurance for twelve months following the date of termination.

Amended Agreement with ReFormation Pharmaceuticals — Related Party

On July 1, 2020, the Company entered into an amended agreement with ReFormation Pharmaceuticals, Corp. ("ReFormation") and 360 Life Sciences Corp. ("360"), whereby 360 has entered into an agreement to acquire 100% ownership of ReFormation, on or before July 31, 2020 ("Closing Date"). The Company shares officers and directors with each of ReFormation and 360. Upon the Closing Date, 360 will make tranche payments to 180 LP in the aggregate amount of $300,000. The parties agree that the obligations will be paid by 360 to 180 LP by payments of $100,000 for every $1,000,000 raised through the financing activities of 360, up to a total of $300,000, however, not less than 10% of all net financing proceeds received by 360 shall be put towards the obligation to the Company until paid in full. This transaction closed on July 31, 2020.

NOTE 12 — SUBSEQUENT EVENTS (cont.)

First Amendment of the Bridge Notes

On July 7, 2020, effective June 29, 2020, the Company entered into an amendment agreement with each Bridge Noteholder (the "Amended Bridge Notes"). Pursuant to the terms of the Amended Bridge Notes, (i) the maturity dates of the Bridge Notes are extended to August 2021, (ii) the principal under each Bridge Note by is increased by 10%, (iii) the conversion price in connection with the Bridge Notes is amended to the lesser of $4.23 per share or the per share price equal to 0.60 multiplied by the per share price of one share of common stock sold by the Company as part of the PIPE Transaction. Additionally, principal owed under the Amended Bridge Notes no longer automatically converts upon the consummation of a Business Combination, but automatically converts at maturity.

Investor Relations Consulting Agreement

On September 4, 2020, effective September 15, 2020 ("Effective Date"), the Company entered into a one-year consulting agreement with a consulting firm to provide investor relations, strategic and financial planning, and other services related to the business. Pursuant to the terms of the agreement, the Company shall pay the consulting firm (i) $10,000 paid in cash monthly, (ii) $5,000 of shares of restricted common stock of KBL for each full calendar month, to be issued at the end of each quarter with a price per share based on the closing sales price of KBL's common stock on the last trading day of each applicable calendar quarter and (iii) $30,000 of shares of restricted common stock of KBL earned quarterly and to be issued at the end of the quarter if certain goals are met (goals will be agreed upon prior to the end of the first quarter) at a price per share equal to $10.95, based upon the closing sales price of KBL's common stock on the Effective Date. Either the Company or the consulting firm may terminate this agreement upon thirty (30) days prior written notice.

KBL Payments Made on Behalf of 180

Subsequent to June 30, 2020, KBL paid an aggregate amount of approximately $819,000 on behalf of 180 in the form of payments to various vendors of 180 and cash paid directly to 180 in order to fund its operations.

Amendment to the Employment Agreement of New Chief Executive Officer

On September 1, 2020, the Company entered into an amended agreement with the CEO-elect of the Business Combination, whereby he shall become the CEO of 180 effective July 1, 2020. The CEO's base salary, which was set in the July 1, 2020 employment agreement as $250,000, shall be effective July 1, 2020 instead of upon the Business Combination and the base salary shall be increased to $360,000 starting September 1, 2020. The salary will be accrued and paid upon the closing of the Business Combination.

New Oxford University Research and Development Agreements

On September 18, 2020, the Company entered into a 3 year research and development agreement with the University of Oxford ("Oxford University") to research and investigate the mechanisms underlying fibrosis in exchange for aggregate consideration of $1,022,750 (£795,468), of which $102,858 (£80,000) is to be paid 30 days after the project start date and the remaining amount is to be paid in four equal installments of $229,973 (£178,867) on the six month anniversary and each of the annual anniversaries of the project start date. The agreement can be terminated by either party upon written notice or if the Company remains in default on any payments due under this agreement for more than 30 days.

On September 21, 2020, the Company entered into a 2 year research and development agreement with Oxford University for the clinical development of cannabinoid drugs for the treatment of inflammatory diseases in exchange for aggregate consideration of $588,860 (£458,000), of which $130,858 (£101,778) is to be paid 30 days after the project start date and the remaining amount is to be paid every 6 months after the project start date in 4 installments, whereby $130,858 (£101,778) is to be paid in the first 3 installments and $65,428 (£50,888) is to be paid as the final installment. The agreement can be terminated by either party upon written notice or if the Company remains in default on any payments due under this agreement for more than 30 days.

Closing of the Business Combination

On November 6, 2020 ("Closing Date"), the previously announced Business Combination was consummated following a special meeting of stockholders held on November 5, 2020, where the stockholders of KBL considered and approved, among other matters, a proposal to adopt the Business Combination Agreement, dated July 25, 2019, entered into by the Company and KBL. Pursuant to the Business Combination Agreement, a subsidiary of KBL merged with 180, with 180 continuing as the surviving entity and became a wholly-owned subsidiary of KBL. The Business Combination became effective November 6, 2020 and the Company filed a Certificate of Amendment of its Certificate of Incorporation in Delaware to change its name to 180 Life Corp., and KBL changed its name to 180 Life Sciences Corp.

Exhibit 99.3

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of
CannBioRex Pharmaceuticals Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of CannBioRex Pharmaceuticals Corp. (the "Company") as of December 31, 2018, the related consolidated statements of operations and comprehensive loss, changes in stockholders' deficiency and cash flows for the period from March 8, 2018 (Inception) through December 31, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018, and the results of its operations and its cash flows for the period from March 8, 2018 (Inception) through December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph — Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2 to the financial statements, the Company has a significant working capital deficiency, incurred significant losses since Inception and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans with regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (the "PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB and 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 financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, 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.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Marcum llp

We have served as the Company's auditor since 2019.

New York, NY

November 12, 2019

CANNBIOREX PHARMACEUTICALS CORP.
CONSOLIDATED BALANCE SHEET
(Expressed in US Dollars)

		December 31, 2018
Assets		
Current Assets:		
Cash	$	53,672
Due from related parties		23,628
Prepaid expenses and other current assets		150,374
Restricted cash		49,020
Total Current Assets		276,694
Property and equipment, net		64,780
Deposits		94,293
Intangible asset, net		74,200
Total Assets	$	509,967
Liabilities and Stockholders' Deficiency		
Current Liabilities:		
Accounts payable	$	196,099
Accounts payable – related parties		12,554
Accrued expenses		380,330
Accrued issuable equity		25,813
Accrued issuable equity – related party		27,983
Due to related parties		61,336
Total Current Liabilities		704,115
Long term liabilities – related parties		30,502
Total Liabilities		734,617
Commitments and Contingencies (Note 12)		
Stockholders' Deficiency:		
Common stock, no par value, unlimited number of shares authorized; 154,775,003 shares issued and outstanding		4,335,602
Accumulated other comprehensive loss		(16,418)
Accumulated deficit		(4,543,834)
Total Stockholders' Deficiency		(224,650)
Total Liabilities and Stockholders' Deficiency	$	509,967

The accompanying notes are an integral part of these consolidated financial statements.

CANNBIOREX PHARMACEUTICALS CORP.
CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in US Dollars)

	For The Period From March 8, 2018 (Inception) Through December 31, 2018
Operating Expenses (Income):	
Research and development	$ 631,507
General and administrative	3,036,677
Rental income – related parties	(113,215)
General and administrative – related parties	939,081
Total Operating Expenses	4,494,050
Loss From Operations	(4,494,050)
Other Income (Expense):	
Interest income	6,444
Change in fair value of accrued issuable equity	(33,247)
Change in fair value of accrued issuable equity – related party	(22,981)
Total Other Expense, Net	(49,784)
Net Loss	(4,543,834)
Other Comprehensive Loss	
Foreign currency translation adjustments	(16,418)
Total Comprehensive Loss	$ (4,560,252)

The accompanying notes are an integral part of these consolidated financial statements.

CANNBIOREX PHARMACEUTICALS CORP.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIENCY
(Expressed in US Dollars)

	Common Stock		Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Deficiency
	Shares	Amount			
Balance – March 8, 2018 (Inception)	—	$ —	$ —	$ —	$ —
Issuances of common stock[1]	154,775,003	4,335,602	—	—	4,335,602
Net loss	—	—	—	(4,543,834)	(4,543,834)
Foreign currency translation adjustments	—	—	(16,418)	—	(16,418)
Balance – December 31, 2018	154,775,003	$ 4,335,602	$ (16,418)	$ (4,543,834)	$ (224,650)

(1) Includes $3,263,546 of cash consideration for 144,575,001 shares of common stock (see Note 10).

The accompanying notes are an integral part of these consolidated financial statements.

CANNBIOREX PHARMACEUTICALS CORP.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in US Dollars)

	For The Period From March 8, 2018 (Inception) through December 31, 2018
Cash Flows From Operating Activities:	
Net loss	$ (4,543,834)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	8,360
Stock-based compensation	1,062,358
Change in fair value of accrued issuable equity	56,228
Changes in operating assets and liabilities:	
Prepaid expenses and other current assets	(156,765)
Deposits	(98,395)
Accounts payable	216,788
Due from related parties	(24,154)
Due to related parties	64,109
Long term liabilities – related parties	31,881
Accrued expenses	393,381
Total adjustments	1,553,791
Net Cash Used In Operating Activities	(2,990,043)
Cash Flows From Investing Activities:	
Purchases of property and equipment	(75,232)
Acquisition of technology licenses	(78,186)
Net Cash Used In Investing Activities	(153,418)
Cash Flows from Financing Activities:	
Proceeds from sales of common stock	3,263,546
Net Cash Provided By Financing Activities	3,263,546
Effect of Exchange Rate Changes on Cash	(17,393)
Net Increase In Cash and Restricted Cash	102,692
Cash and Restricted Cash – March 8, 2018 (Inception)	—
Cash and Restricted Cash – End of Period	$ 102,692
Reconciliation of cash and restricted cash as reported in the accompanying consolidated balance sheet:	
Cash	$ 53,672
Restricted cash (See Note 3)	49,020
Total cash and restricted cash	$ 102,692

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 — BUSINESS ORGANIZATION AND NATURE OF OPERATIONS

CannBioRex Pharmaceuticals Corp. ("CBR Pharma" or the "Company") was incorporated on March 8, 2018 under the provisions of the Business Corporation Act of British Columbia.

The Company and its wholly owned subsidiaries, CannBioRex Pharma Limited ("U.K. subsidiary"), located in the United Kingdom ("U.K."), and Petcanna Pharma Corp. ("Petcanna subsidiary"), located in Toronto, Canada, is a pharmaceutical research company specializing in the clinical development of synthetic pharmaceutical grade cannabinoid compounds for the treatment of rheumatoid arthritis and related arthritic diseases.

NOTE 2 — GOING CONCERN AND MANAGEMENT'S PLANS

The Company has not generated any revenues and has incurred a significant loss since inception. The Company expects to invest a significant amount of capital to fund research and development. As a result, the Company expects that its operating expenses will increase and consequently, will require significant revenues to become profitable. Even if the Company does become profitable, it may not be able to sustain or increase profitability on a quarterly or annual basis. The Company cannot predict when, if ever, it will be profitable. There can be no assurances that the intellectual property of the Company, or other technologies it may acquire, will meet applicable regulatory standards, obtain required regulatory approvals, be capable of being produced in commercial quantities at reasonable costs, or successfully marketed. The Company plans to undertake additional laboratory studies with respect to its intellectual property, and there can be no assurance that the results from such studies or trials will result in a commercially viable product or will not identify unwanted side effects.

These consolidated financial statements have been prepared under the assumption of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As of December 31, 2018, the Company has an accumulated deficit of $4,543,834 and working capital deficiency of $427,421. The Company's ability to maintain its existence is dependent upon the continuing support of its creditors and its success in obtaining new financing for its ongoing operations. Financing options available to the Company include potential debt and equity financings. If the Company is unable to obtain such additional financing timely, the Company may have to curtail its development, marketing and promotional activities, which would have a material adverse effect on its business, financial condition and results of operations, and could ultimately be forced to discontinue its operations and liquidate. These matters raise substantial doubt about the Company's ability to continue as a going concern for the reasonable period of time, which is defined as within one year after the date that the consolidated financial statements are issued. Realization of the Company's assets may be substantially different from the carrying amounts presented in these consolidated financial statements and, the accompanying consolidated financial statements do not include any adjustments that may become necessary, should the Company be unable to continue as a going concern. See Note 14 — Subsequent Events for additional details regarding the private merger ("Reorganization") between the Company, 180 Therapeutics L.P. ("180 LP"), Katexco Pharmaceuticals Corp. ("Katexco"), and 180 Life Sciences Corp. ("180") and for the public merger ("Business Combination") between 180 and a special purpose acquisition company and public company.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The consolidated financial statements of the Company include the accounts of the Company and its U.K. subsidiary. All intercompany accounts and transactions have been eliminated in the consolidation.

Use of Estimates

Preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets, liabilities and expenses, together with amounts disclosed in the related notes to the financial statements. The Company's significant estimates used in these financial statements include, but are not limited to, the allowance for doubtful accounts, useful lives of long-lived assets and intangible assets, the fair value of accrued issuable equity and the valuation allowance related to the Company's deferred tax assets. Certain of the Company's estimates could be affected by external conditions, including those unique to the Company and general economic conditions. It is reasonably possible that these external factors could have an effect on the Company's estimates and may cause actual results to differ from those estimates.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Management estimated the fair value of the common stock issued pursuant to the market approach, by referring to prior cash sales of the Company's common stock to unrelated parties. Accordingly, the Company valued its common stock to be at CAD $0.005 between inception and May 2018 and CAD $0.10 between May 2018 and December 2018. In the event that a service provider becomes entitled to common stock in exchange for services prior to the issuance of common stock, the Company will record accrued issuable equity at the equity's fair value and recognize the discount from any cash proceeds, if applicable, to stock-based compensation, as described above. In the event that cash is received by the Company from an investor before the common stock has been issued, the Company will recognize an investor deposit for the value of the payment received.

Cash, Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents in the financial statements. At December 31, 2018, the Company had no cash equivalents. The Company has cash deposits in several financial institutions in various locations. As of December 31, 2018, the Company had bank accounts in Canada and the U.K. In Canada, the Company has Canadian dollar ("CAD") and United States dollar ("USD") bank accounts that had cash balances of CAD $17,235 ($12,631) and $37,662 respectively. As of December 31, 2018, the Company had a cash balance of £2,652 ($3,379) held in its U.K. bank account. As of December 31, 2018, there were no uninsured cash balances in Canada. The Company had a restricted cash balance of $49,020 as of December 31, 2018, which relates to funds in escrow for a certain vendor's invoices.

Property and Equipment

Property and equipment consist primarily of furniture, fixtures and equipment and leasehold improvements and are stated at cost less accumulated depreciation. The Company depreciates such assets utilizing the straight-line method over the assets' estimated useful lives.

Leasehold improvements are amortized using the straight-line method over the shorter of the original term of the lease, plus reasonably expected renewal terms, or the estimated useful life of the improvement.

The Company's property and equipment are depreciated using 5 years as the estimated useful lives.

Impairment of Long-Lived Assets

The Company reviews for the impairment of long-lived assets on an annual basis or whenever events or changes in circumstances indicate that the carrying amount of an asset might not be recoverable. An impairment would be recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount.

The Company did not record any impairment losses during the period ended December 31, 2018.

Intangible Assets

The Company amortizes the cost of the intangible assets over their estimated useful lives on a straight-line basis. As of December 31, 2018, the Company's intangible assets consist of licensed patents, which are being amortized approximately between 22 and 23 years. Generally, patents have a useful life of up to 25 years from the patent application date and the licensed patents are being amortized over their remaining life.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Fair Value of Financial Instruments

The Company measures the fair value of financial assets and liabilities based on the guidance of Accounting Standards Codification ("ASC") No. 820 "Fair Value Measurements and Disclosures" ("ASC 820"), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

Level 1 — Quoted prices in active markets for identical assets or liabilities;

Level 2 — Quoted prices for similar assets and liabilities in active markets or inputs that are observable; and

Level 3 — Inputs that are unobservable (for example, cash flow modeling inputs based on assumptions).

The carrying amounts of the Company's financial instruments, such as cash and accounts payable, approximate their fair values due to the short-term nature of those instruments. The Company's aggregate accrued issuable equity with a fair value of $53,796 as of December 31, 2018, represents Level 3 financial instruments. See "Use of Estimates" in this section or details relating to the Company's valuation methodology.

Research and Development

Research and development expenses are charged to operations as incurred. During the period from March 8, 2018 (Inception) through December 31, 2018, the Company incurred $631,507 of research and development expenses.

Stock-Based Compensation

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. The fair value of the award is measured on the grant date. The fair value amount is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period. Upon the exercise of an award, the Company issues new shares of common stock out of its authorized shares.

Foreign Currency Impacts

The Company's functional currency is Canadian Dollar and reporting currency is the U.S. Dollar. The functional currency of the Company's operating subsidiary is its local currency (British Pound) and its reporting currency is the U.S. Dollar. Assets and liabilities are translated based on the exchange rates at the balance sheet date, while expense accounts are translated at the weighted average exchange rate for the period. Equity accounts are translated at historical exchange rates. The resulting translation gain and loss adjustments are accumulated as a component of other comprehensive loss.

Foreign currency gains and losses resulting from transactions denominated in foreign currencies, including intercompany transactions, are included in results of operations. The Company recorded $2,649 of transaction losses for the period from March 8, 2018 (Inception) ended December 31, 2018. Such amounts have been classified within general and administrative expenses in the accompanying consolidated statements of operations.

Income Taxes

The Company accounts for income taxes under the provisions of the Financial Accounting Standards Board ASC Topic 740 "Income Taxes" ("ASC 740").

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The Company recognized deferred tax assets and liabilities for the expected future tax consequences of items that have been included or excluded in the financial statements or tax returns. Deferred tax assets and liabilities are determined on the basis of the difference between the tax basis of assets and liabilities and their respective financial reporting amounts ("temporary differences") at enacted tax rates in effect for the years in which the temporary differences are expected to reverse.

The Company utilizes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management has evaluated and concluded that there were no material uncertain tax positions requiring recognition in the Company's consolidated financial statements as of December 31, 2018. The Company does not expect any significant changes in its unrecognized tax benefits within twelve months of the reporting date.

The Company's policy is to classify assessments, if any, for tax related interest as interest expense and penalties as general and administrative expenses in the statement of operations. The Company did not record any such expenses during the period from March 8, 2018 (Inception) to December 31, 2018.

Comprehensive Loss

Comprehensive income (loss) is defined as the change in equity of an entity from all sources other than transactions with owners. Other comprehensive income (loss) includes foreign currency translation adjustments. During the period from March 8, 2018 (Inception) through December 31, 2018, other comprehensive loss was $16,418. As of December 31, 2018, the exchange rate between the CAD Dollar and U.S. Dollar was 1 to 0.7329 and the weighted average exchange rate for the period from March 8, 2018 (Inception) through December 31, 2018 was 1 to 0.7660. For the Company's U.K. subsidiary, as of December 31, 2018, the exchange rate between the British Pound and U.S. Dollar was 1 to 1.2741 and the weighted average exchange rate for the period from March 8, 2018 (Inception) through December 31, 2018, was 1 to 1.2994.

Subsequent Events

The Company has evaluated events that have occurred after the balance sheet and through the issuance date of these consolidated financial statements. Based upon that evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the financial statements, except as disclosed in Note 15, Subsequent Events.

NOTE 4 — RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, "Leases (Topic 842)" ("ASU 2016-02"). ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of twelve months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. This amendment will be effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. The FASB issued ASU No. 2018-10 "Codification Improvements to Topic 842, Leases" ("ASU 2018-10"), ASU No. 2018-11 "Leases (Topic 842) Targeted Improvements" ("ASU 2018-11") in July 2018, and ASU No. 2018-20 "Leases (Topic 842) — Narrow Scope Improvements for Lessors" ("ASU 2018-20") in December 2018. ASU 2018-10 and ASU 2018-20 provide certain amendments that affect narrow aspects of the guidance issued in ASU 2016-02. ASU 2018-11 allows all entities adopting ASU 2016-02 to choose an additional (and optional) transition method of adoption, under which an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Company is currently evaluating these ASUs and their impact on its consolidated financial statements.

NOTE 4 — RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (cont.)

In June 2018, the FASB issued ASU No. 2018-07, "Compensation — Stock Compensation (Topic 718)," ("ASU 2018-07"). ASU 2018-07 is intended to reduce cost and complexity and to improve financial reporting for nonemployee share-based payments. Currently, the accounting requirements for nonemployee and employee share-based payment transactions are significantly different. ASU 2018-07 expands the scope of Topic 718, *Compensation — Stock Compensation* (which currently only includes share-based payments to employees) to include share-based payments issued to nonemployees for goods or services. Consequently, the accounting for share-based payments to nonemployees and employees will be substantially aligned. This ASU supersedes Subtopic 505-50, *Equity — Equity-Based Payments to Nonemployees*. The amendments in this ASU are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, but no earlier than a company's adoption date of Topic 606, *Revenue from Contracts with Customers.* The Company is currently evaluating ASU 2018-07 and its impact on its consolidated financial statements or disclosures.

In August 2018, the FASB issued ASU No. 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement ("ASU 2018-13"). The amendments in ASU 2018-13 modify the disclosure requirements associated with fair value measurements based on the concepts in the Concepts Statement, including the consideration of costs and benefits. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. The amendments are effective for all entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Company early adopted ASU 2016-15, but no awards were impacted by the change through December 31, 2018.

NOTE 5 — PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	December 31, 2018
Research and development expenses	$ 57,066
Value-added tax receivable	53,336
Travel expenses	18,723
Professional fees	13,600
Prepaid insurance	7,649
	$ 150,374

NOTE 6 — PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31, 2018
Furniture, fixtures, and equipment	$ 64,359
Leasehold improvements	7,619
	71,978
Less accumulated depreciation and amortization	(7,198)
	$ 64,780

NOTE 6 — PROPERTY AND EQUIPMENT (cont.)

Depreciation and amortization expenses are classified in general and administrative expense in the accompanying statement of operations. During the period from March 8, 2018 (Inception) through December 31, 2018, depreciation expense totaled $7,523. Most of the Company's property and equipment is located in Canada and gross asset costs and accumulated depreciation reported in US dollars are impacted by the fluctuation of the Canadian Dollar relative to the U.S. dollar.

NOTE 7 — INTANGIBLE ASSET

On May 13, 2018, the Company entered into a research and license agreement (the "Yissum Agreement") with Yissum Research Development Company of the Hebrew University of Jerusalem, Ltd. ("Yissum"). Pursuant to the Research and License Agreement, the Company obtained a worldwide, exclusive, royalty-bearing license for patents (collectively, the "Licensed Patents") from Yissum for the treatment of any and all veterinary and human medical conditions, including obesity, pain, inflammation and arthritis. As consideration for the grant of the Licensed Patents, the Company paid Yissum $75,000 to purchase the Licensed Patents, which was capitalized. Furthermore, the Company will pay an annual license maintenance fee (the "License Maintenance Fee") of $50,000 on May 1, 2019 and each May 1st thereafter until (i) the date of expiration in such country of the last to expire Licensed Patent included in the Licensed Technology; (ii) the date of expiration of any exclusivity on the Product granted by a regulatory or government body in such country; or (iii) the end of a period of twenty (20) years from the date of the First Commercial Sale in such country. Should the periods referred to in Subsections (i) or (ii) expire in a particular country prior to the period referred to in Subsection (iii), above, the license in that country or those countries shall be deemed a license to the Know-How during such post-expiration period. The License Maintenance Fee is non-refundable but may be credited each year against royalties on account of net sales made from May 1st to April 30th (the "Net Sales"). The amortization expense for the period from March 8, 2018 (Inception) through December 31, 2018, was $800. Please refer to the Yissum Agreement in Note 13, Commitments and Contingencies.

Intangible assets and accumulated amortization consist of the following:

	Licenses	Accumulated Amortization	Total
Balance as of March 7, 2018 (Inception)	$ 75,000	$ —	$ 75,000
Amortization expense	—	(800)	(800)
Balance as of December 31, 2018	$ 75,000	$ (800)	$ 74,200
Weighted average remaining amortization period at December 31, 2018 (in years)	21.2		

Future amortization related to intangible assets are as follows:

For the Years Ending December 31,	Amortization
2019	$ 3,495
2020	3,495
2021	3,495
2022	3,495
2023	3,495
Thereafter	56,726
	$ 74,200

NOTE 8 — ACCRUED EXPENSES

Accrued expenses consist of the following:

	December 31, 2018
Professional fees	$ 190,465
Payroll	85,471
Research and development	57,907
Consulting fees	24,789
Patent filing fees	14,858
Director fees	6,840
	$ 380,330

See Note 3 — Significant Accounting Policies — Use of Estimates for details relating to the Company's valuation methodology.

NOTE 9 — ACCRUED ISSUABLE EQUITY

Pursuant to an agreement, the Company has agreed to issue 266,606 shares of common stock with a fair value of $25,813 on December 31, 2018 and earned in December 2018, to a vendor, in exchange for public relations services.

The accrued issuable equity-related party consists of 300,000 shares with a fair value of $27,983 on December 31, 2018, to be issued to a stockholder with a greater than 10% ownership in the Company. The stock was issued for cash and in exchange of corporate advisory fees.

See Note 3 — Summary of Significant Accounting Policies — Use of Estimates for details relating to the Company's valuation method.

NOTE 10 — STOCKHOLDERS' EQUITY

The Company's authorized share capital consists of an unlimited number of common shares without par value.

During the period from March 8, 2018 (Inception) through December 31, 2018, the Company issued an aggregate of 154,775,003 common shares for cash consideration ranging from CAD $0.005 per share to CAD $0.10 per share or for services. The Company received aggregate cash consideration of $3,263,546 and recorded non-cash stock-based compensation expense of $1,062,358, which is reflected in general and administrative expense in the statement of operations, for either the difference between the cash consideration and the fair value of the stock issued or corporate advisory services.

NOTE 11 — RELATED PARTY TRANSACTIONS

Due from Related Parties

Due from related parties was $23,628 as of December 31, 2018, which was owed by various companies that are subleasing space from the Company in Toronto, Canada where directors and officers of the Company are affiliated with these companies.

Accounts Payable

Accounts payable — related parties of $12,554 as of December 31, 2018 represent liabilities for professional services provided by the Company's directors.

NOTE 11 — RELATED PARTY TRANSACTIONS (cont.)

Accrued Issuable Equity

Accrued issuable equity — related parties valued at $27,983 as of December 31, 2018 relates to unissued common shares to be issued to a greater than 10% investor of the Company, including his spouse, in exchange for corporate advisory services.

Due to Related Parties

Due to related parties of $61,336 as of December 31, 2018 represents liabilities for advances and professional services, of which $12,060 were due to officers and $49,276 was due to KTX.

Long-Term Liabilities — Related Parties

Long-term liabilities — related parties of $30,502 as of December 31, 2018 represents long-term rent deposits received from companies that are subleasing office space in Toronto, Canada that share officers and directors.

General and Administrative Expense

During the period from March 8, 2018 (Inception) through December 31, 2018, the Company incurred $939,081 of general and administrative expenses for related party services, including (a) $449,534 of stock-based compensation for services provided by a greater than 10% investor; (b) $485,327 for professional fees, of which $58,603, $353,377, and $73,347 was paid to directors, affiliates, and officers of the Company, respectively paid to current or former officers, directors or greater than 10% investors, or affiliates thereof; and (c) $4,220 for travel paid to a company whose directors and officers are also directors and officers of the Company.

Rental Income

During the period from March 8, 2018 (Inception) through December 31, 2018, the Company recorded $113,215 of rental income for sub-leasing office space in Toronto, Canada to companies with shared officers and directors.

Change in Fair Value

During the period from March 8, 2018 (Inception) through December 31, 2018, the Company recorded $22,981 of reporting date fair value of unissued shares of common stock be issued to a stockholder with a greater than 10% ownership interest in the Company in exchange for corporate advisory fees.

NOTE 12 — INCOME TAXES

During the period from March 8, 2018 (Inception) to December 31, 2018, the Company was subject to Federal income taxes in Canada and provincial income taxes in the Province of British Columbia and its 100% owned subsidiary was subject to Federal income taxes in the United Kingdom (“UK”).

The Canadian and UK components of loss before income taxes for the period from March 8, 2018 (Inception) to December 31, 2018 were as follows:

Canada	$	(3,819,428)
United Kingdom		(724,406)
Loss before income taxes	$	(4,543,834)

NOTE 12 — INCOME TAXES (cont.)

The income tax benefits for the period from March 8, 2018 (Inception) to December 31, 2018 and the change in the valuation allowance were as follows:

Deferred tax benefits:	
Federal	$ 542,764
Provincial	324,101
	866,865
Change in valuation allowance	(866,865)
Provision for income taxes	$ —

The reconciliation of the Canadian Federal statutory income tax rate to the Company's effective income tax rate for the period from March 8, 2018 (Inception) to December 31, 2018 was as follows:

Canadian Federal statutory rate	15.0%
Effect of the difference between Canadian and UK Federal statutory rates	0.6%
Provincial taxes, net of federal benefit	10.1%
Permanent differences:	
Stock-based compensation	(6.3)%
Change in the fair value of accrued issuable equity	(0.3)%
Change in valuation allowance	(19.1)%
Effective income tax rate	0.0%

The tax effects of temporary differences that give rise to deferred tax assets as of December 31, 2018 were as follows:

Net operating loss carryforwards	$ 866,865
Valuation allowance	(866,865)
Deferred tax assets, net	$ —

The Company has incurred losses since it commenced operations on March 8, 2018 (Inception) and had Canadian and UK net operating loss carryforwards of approximately $3,819,000 and $724,000, respectively, as of December 31, 2018 to offset future taxable income. The former will expire in 2038 and the latter may be used indefinitely. The use of such net operating loss carryforwards is contingent upon the future profitability of the Company. Thus, management has determined that the realizability of the deferred tax asset of $866,865 as of December 31, 2018 does not meet the more-likely-than-not threshold and, accordingly, established a 100% valuation allowance as of that date.

The Company does not have any uncertain tax positions or events leading to uncertainties regarding any tax positions. The Company has no income tax returns under examination and its 2018 income tax returns are subject to examination by various taxing authorities.

NOTE 13 — COMMITMENTS AND CONTINGENCIES

Research and License Agreements

Yissum Agreement

On May 13, 2018, the Company entered into a worldwide research and license agreement with Yissum Research development Company of the Hebrew University of Jerusalem, Ltd. ("Yissum Agreement") that allows the Company to utilize Licensed Patents. As part of the agreement, the Company negotiated a research program under which the Company has agreed to fund a $400,000 budget for a 12-month period commencing May 13, 2018, to be paid in four installments as follows: $200,000 within 10 days of signing, $100,000 at 3 months, $50,000 at 6 months and $50,000 at 9 months. As of December 31, 2018, the Company has paid a total of $300,000 of which $248,635 is reflected in research and development expenses in the accompanying consolidated statement of operations and $46,381 is included in prepaid expenses and other current assets on the accompanying consolidated balance sheet (the difference of $4,984 results from fluctuations in the exchange rate). The 3rd installment of $50,000, which was due in November 2018, had not been paid as of December 31, 2018.

The Company has also entered into consulting agreements with Yissum whereby Yissum has agreed to provide certain of its employees as consultants to the Company. Commencing May 13, 2018, the Company has agreed to pay Yissum a total of $100,000 per annum per person for a term of three years. As of December 31, 2018, the Company has a paid a total of $124,488 in consulting fees related to research and development.

The Licensed Patents shall expire, if not earlier terminated pursuant to the provisions of the Yissum Agreement, on a country-by-country, product-by-product basis, upon the later of: (i) the date of expiration in such country of the last to expire Licensed Patent included in the Licensed Technology; (ii) the date of expiration of any exclusivity on the product granted by a regulatory or government body in such country; or (iii) the end of a period of twenty (20) years from the date of the First Commercial Sale in such country. Should the periods referred to in items (i) or (ii) above expire in a particular country prior to the period referred to in item (iii), above, the license in that country or those countries shall be deemed a license to the Know-How during such post-expiration period.

Royalties will be payable to Yissum if Net Sales are US $500,000,000 or greater, calculated at 3% for the first annual $500,000,000 of Net Sales and at 5% of Net Sales thereafter.

Pursuant to the Yissum Agreement (see Note 7 — Intangible Asset), if Yissum achieves the following milestones, the Company will be obligated to make the following payments:

(i) $75,000 for successful point of care in animals;

(ii) $75,000 for submission of the first investigational new drug testing;

(iii) $100,000 for commencement of one phase I/II trial;

(iv) $150,000 for commencement of one phase III trial;

(v) $100,000 for each product market authorization/clearance (maximum of $500,000); and

(vi) $250,000 for every $250,000,000 in accumulated sales of the product until $1,000,000,000 in sales is achieved.

In the event of a sale by the Company's shareholders of their common shares or the transfer or assignment of the Yissum Agreement, the Company is obligated to pay Yissum a fee of 5% of the consideration received by the Company pursuant to such corporate transaction. In the event of an initial public offering ("IPO"), the Company will issue 5% of the issued and outstanding shares, on a fully diluted basis, to Yissum prior to the closing of the IPO. These shares will be subject to: (a) as to half of such shares, a lock-up period ending 12 months from the IPO listing date and as to the other half of such shares, a lock-up period ending 24 months from the IPO listing date, and (b) in any event, any resale restrictions (including lock-ups and hold periods).

NOTE 13 — COMMITMENTS AND CONTINGENCIES (cont.)

Petcanna Sub-License Agreement

On August 20, 2018 ("effective date"), the Company entered into a sub-license agreement with their Petcanna subsidiary, Petcanna Pharma Corp., of which the former Chief Financial Officer is a director of, a private company with the same principals as the Company, whereby the Company has granted the sub-license on the Licensed Patents to pursue development and commercialization for the treatment of any and all veterinary conditions. In consideration, the Petcanna subsidiary will (a) issue 9,000,000 common shares of its share capital to each of the Company and Yissum 30 days after the effective date; and (b) pay royalties of 1% of net sales. The Company will be issued 85% and Yissum will be issued 15% of the 9,000,000 common shares of the Petcanna subsidiary.

Oxford University Agreement

On August 15, 2018, the Company entered into an agreement (the "Oxford University Agreement") for the sponsorship of a research project with the University of Oxford ("Oxford"). The Oxford University Agreement provides that Oxford will undertake a 12-month research project (the "Project') based around the clinical development of cannabinoid-based and non-cannabinoid-based drugs that are known to exhibit both anti-inflammatory and immunomodulatory properties. The aim of the Project is to develop and characterize chemical compounds that are synthesized at Yissum in order to create treatments for rheumatoid arthritis and other chronic inflammatory conditions, and to eventually obtain regulatory approval in order to initiate early-phase clinical trials in patients. The Company has agreed to pay to Oxford the following, which is being recognized on a straight-line basis over the 12-month term of the Oxford Agreement:

(i) £166,800 on signing of the agreement,

(ii) £166,800 six months after commencement of the Project,

(iii) £166,800 nine months after commencement of the Project and

(iv) £55,600 twelve months after commencement of the Project.

As of December 31, 2018, the Company has paid a total of £166,800 (USD $212,520). The Company has expensed £208,500 (USD $265,650) in research and development and £41,700 (USD $53,130) is recorded in accrued expenses.

Scollard Lease Agreement

On June 8, 2018, the Company entered into a thirty (30) month agreement to lease office space located in Toronto, Canada. The base rent ranges from CAD $15,000 (USD $10,993) to CAD $20,000 (USD $14,658) per month over the lease term for a total base lease commitment of CAD $580,000 (USD $425,082). The lease expires on November 30, 2020. In connection with the lease, the Company paid the landlord a security deposit of CAD $240,000, of which CAD $120,000 (USD $87,948) will serve as a payment for the first six months of the term and CAD $120,000 (USD $91,924) will be applied against the last 6 months of the term. The Company records lease expense on a straight-line basis over the term of the lease.

For the Years Ending December 31,	Minimum Lease Payments
2019	$ 175,896
2020	161,238
	$ 337,134

The Company is subleasing the office space in Toronto, Canada to various other companies on a month to month basis. Please refer to due to related parties in Note 10 - Related Parties.

NOTE 13 — COMMITMENTS AND CONTINGENCIES (cont.)

WeWork Membership Lease Agreements

On June 26, 2018, the Company entered into a six (6) month agreement to lease office space located in London, UK. The rent is £2,940 (USD $3,820) per month over the lease term for a total lease commitment of £17,640 (USD $22,921). The lease commitment commenced on July 1, 2018 and expired on December 31, 2018 and now is month to month. In connection with the lease, the Company paid the landlord a deposit of £5,550 (USD $7,071), and as of December 31, 2018 the remaining deposit was £2,775 (USD $ 3,536).

On October 17, 2018, the Company entered into a twelve (12) month lease agreement to lease office space located in London, UK. The rent is £3,700 (USD $4,808) per month over the lease term for a total lease commitment of £44,400 (USD $57,693). The lease commitment commenced on December 1, 2018 and expires on November 30, 2019. In connection with the lease, the Company paid the landlord a security deposit of £4,410 (USD $5,619) and as of December 31, 2018 the remaining deposit was £2,205 (USD $ 2,809).

Litigation and Other Loss Contingencies

The Company records liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties and other sources when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. During the period from March 8, 2018 (Inception) through December 31, 2018, the Company had no liabilities recorded for loss contingencies as of December 31, 2018.

NOTE 14 — SUBSEQUENT EVENTS

Common Stock Issuances

Subsequent to December 31, 2018, the Company issued an aggregate of 589,346 shares of common stock in satisfaction of 289,346 shares of accrued issuable equity for consulting services and 300,000 of accrued issuable equity to an affiliate of the Company.

Subsequent to December 31, 2018, the Company issued 14,221,194 shares of its common stock pursuant to new subscription agreements. The cash consideration for those shares was $1,538,435.

Subsequent to December 31, 2018, the Company issued 268,000 shares of its common to stock to a director in exchange for consulting services valued at $30,147.

Loan Agreements

On April 30, 2019, the Company entered into two loan agreements with companies that have shared officers. The Company can lend up to $150,000 to one related party and CAD $200,000 (or USD $146,580 as of December 31, 2018) to another related party and will earn a simple annual interest rate of 8% on the loan balance.

Office Sub-Lease

In May 2019, the Company executed a formal sub-lease for the Toronto, Canada office space with directors of the Company. The rental and common costs of the office space are to be split between the two companies on an equal basis. The monthly base rent portion for the Company is CAD $10,000 (USD $7,661) per month over the lease term, which expires November 30, 2020. In addition, the Company is sub-leasing space to other companies that have common officers and directors on an informal basis.

NOTE 14 — SUBSEQUENT EVENTS (cont.)

Common Cost Allocation

The Company entered into various cost sharing agreements between March 26, 2019 and May 21, 2019 with Katexco and 180 LP, all related parties that have common directors and officers with the Company. The companies agree to share certain future merger expenses for specific transactions as follows:

	Reorganization Costs	Business Combination Costs Incurred in the United States	Business Combination Costs Incurred in Canada
CBR Pharma	25.93%	28.57%	47.62%
Katexco	29.63%	31.43%	52.38%
180 LP	44.44%	40.00%	0.00%
	100.00%	100.00%	100.00%

Advance to Related Party

On March 26, 2019 and April 10, 2019, the Company advanced a total of $306,649 to officers of the Company.

On August 21, 2019 and August 28, 2019, the Company advanced a total of $124,535 to 180 Life Sciences Corp. (“180”).

Reorganization — Closed

On July 16, 2019, the Company consummated a Reorganization with 180, Katexco, and 180 LP wherein 180, a private company, issued 100,000 common shares in exchange for 100% of the equity and equity equivalents of the Company, Katexco, and 180 LP. 180, 180 LP and Katexco are related parties, as they share certain officers or directors with the Company. In connection with that Reorganization, the Company’s shareholders received 28,571 shares of 180 common stock, and the Company became a 100% owned and operating subsidiary of 180. Katexco has been identified as the accounting acquirer for accounting and reporting purposes in connection with the Reorganization. As of the issuance date of these financial statements, Katexco had not yet completed the acquisition accounting.

Business Combination — Definitive Agreement

On July 25, 2019, the Company entered into a Business Combination agreement with KBL Merger Corp. IV, a special-purpose acquisition company and public company (“KBL”), KBL Merger Sub, Inc. (“Merger Sub”), 180, Katexco, 180 LP, and the Stockholder Representative in his capacity as representative of the stockholders of the Company and the stockholders of 180, Katexco, and 180 LP, pursuant to which, among other matters, and subject to the satisfaction or waiver of the conditions set forth in the agreement, the Merger Sub will merge with and into 180, with 180 continuing as a wholly owned subsidiary of KBL after the closing. The Merger Sub will purchase 100% of the 100,000 shares of 180’s common stock outstanding as of the date of closing in exchange for 17.5 million shares of KBL common stock reduced by the number of shares equal to the amount of any liabilities of 180 in excess of $5 million at the Closing, divided by $10. The Business Combination represents a recapitalization of 180.

2019 Hebrew Agreement

On November 11, 2019, CBR Pharma entered into an additional research and license agreement with Yissum Research Development Company of the Hebrew University of Jerusalem, Ltd. (the “2019 Hebrew Agreement”), pursuant to which Yissum granted CBR Pharma a worldwide sole and exclusive license (the “2019 Hebrew License”) to develop and commercialize certain patents (the “2019 Hebrew Licensed Patents”), know-how and research results (collectively, the “2019 Hebrew Licensed Technology,” and together with the Licensed Technology,

NOTE 14 — SUBSEQUENT EVENTS (cont.)

the "Hebrew Licensed Technology"), in order to develop, manufacture, market, distribute, sell, repair and refurbish products, all within the use of the 2019 Hebrew Licensed Technology for (i) Cannabinoid phenolate metal salts, including mono, di and trivalent metals such as Li, Na, K, Ca, Mg, Zn, Fe and Al and their mixtures with native or synthetic cannabinoids, their pharmaceutical formulations, including for oral and topical administration; and (ii) pharmaceutical formulations, for the administration of cannabinoid chemical derivatives, including any and all veterinary and human medical conditions, including obesity, pain, inflammation and arthritis (the "2019 Field").

Pursuant to the 2019 Hebrew Agreement, notwithstanding the grant of the 2019 Hebrew License, Yissum, on behalf of Hebrew University, will retain the right to (i) make, use and practice the 2019 Hebrew Licensed Technology for Hebrew University's own research and educational purposes, but not for commercial purposes, and subject to the maintenance of confidentiality for any know-how or unpublished patent information contain in the 2019 Hebrew Licensed Technology; (ii) license or otherwise convey to other academic and not-for-profit research organizations the 2019 Hebrew Licensed Technology for use in non-commercial research and subject to the maintenance of confidentiality for any know-how or unpublished patent information contain in the 2019 Hebrew Licensed Technology; and (iii) license or otherwise convey the 2019 Hebrew Licensed Technology to any third party for research or commercial applications outside the 2019 Field, subject to the maintenance of confidentiality for any know-how or unpublished patent information contain in the 2019 Hebrew Licensed Technology.

The 2019 Hebrew Agreement further provides that CBR Pharma is entitled to grant one or more sublicenses to the 2019 Hebrew Licensed Technology for exploitation in the 2019 Field.

All right, title and interest in and to the 2019 Hebrew Licensed Technology vest solely in Yissum, and CBR Pharma will hold and make use of the rights granted pursuant to the 2019 Hebrew License solely in accordance with the terms of the 2019 Hebrew Agreement.

The 2019 Hebrew Licensed Technology will terminate upon the occurrence of the later of the following: (i) the expiration of the last of the 2019 Hebrew Licensed Patents; (ii) the expiration of the last exclusivity on any product granted by any regulatory or government body; (iii) the expiration of a continuous period of twenty years plus any applicable patent extension period, during which there was no commercial sale of any product in any country; or (iv) if 180 elects to obtain an exclusive license to the know-how under the terms of the 2019 Hebrew Agreement, the expiration of such exclusive license.

Exhibit 99.4

CANNBIOREX PHARMACEUTICALS CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Expressed in US Dollars)

	June 30, 2019 (unaudited)	December 31, 2018
Assets		
Current Assets:		
Cash	$ 97,456	$ 53,672
Due from related parties	28,963	23,628
Loan receivable – related parties, net (see Note 7)	—	—
Prepaid expenses and other current assets	143,517	150,374
Restricted cash	—	49,020
Total Current Assets	269,936	276,694
Property and equipment, net	48,503	64,780
Deposits	86,335	94,293
Intangible asset, net	70,900	74,200
Total Assets	$ 475,674	$ 509,967
Liabilities and Stockholders' Deficiency		
Current Liabilities:		
Accounts payable	$ 945,536	$ 196,099
Accounts payable – related parties	35,329	12,554
Accrued expenses	489,563	380,330
Accrued expenses – related parties	31,623	—
Accrued issuable equity	2,500	25,813
Accrued issuable equity – related party	—	27,983
Due to related parties	87,015	61,336
Deferred income – related parties	40,481	—
Total Current Liabilities	1,632,047	704,115
Long term liabilities – related parties	40,970	30,502
Total Liabilities	1,673,017	734,617
Commitments and Contingencies (Note 8)		
Stockholders' Deficiency:		
Common stock, no par value, unlimited number of shares authorized; 169,585,543 and 154,775,003 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively	5,998,657	4,335,602
Accumulated other comprehensive loss	(27,133)	(16,418)
Accumulated deficit	(7,168,867)	(4,543,834)
Total Stockholders' Deficiency	(1,197,343)	(224,650)
Total Liabilities and Stockholders' Deficiency	$ 475,674	$ 509,967

The accompanying notes are an integral part of these condensed consolidated financial statements.

CANNBIOREX PHARMACEUTICALS CORP.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in US Dollars)
(Unaudited)

	For The Six Months Ended June 30, 2019	For the Period From March 8, 2018 (Inception) Through June 30, 2018
Operating Expenses:		
Research and development	$ 578,216	$ 66,523
General and administrative	2,100,806	1,510,879
Rental income – related parties	(182,616)	—
General and administrative – related parties	121,734	571,419
Total Operating Expenses	2,618,140	2,148,821
Loss From Operations	(2,618,140)	(2,148,821)
Other Income (Expense):		
Interest income	2,186	3,495
Interest income – related parties	2,170	—
Change in fair value of accrued issuable equity	—	(2,642)
Change in fair value of accrued issuable equity – related party	(11,249)	(23,230)
Total Other Income (Expense), Net	(6,893)	(22,377)
Net Loss	(2,625,033)	(2,171,198)
Other Comprehensive Income (Loss):		
Foreign currency translation adjustments	(10,715)	(32,426)
Total Comprehensive Loss	$ (2,635,748)	$ (2,203,624)

The accompanying notes are an integral part of these condensed consolidated financial statements.

CANNBIOREX PHARMACEUTICALS CORP.
CONDENSED CONSOLIDATED STATEMENTS OF
CHANGES IN STOCKHOLDERS' (DEFICIENCY) EQUITY
(Expressed in US Dollars)
(Unaudited)

	Six Months Ended June 30, 2019				
	Common Stock		Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Deficiency
	Shares	Amount			
Balance – January 1, 2019	154,775,003	$ 4,335,602	$ (16,418)	$ (4,543,834)	$ (224,650)
Issuances of common stock:					
For cash and services[(1)]	14,221,194	1,595,570	—	—	1,595,570
For satisfaction of accrued issuable equity	589,346	67,485	—	—	67,485
Comprehensive loss:					
Net loss	—	—	—	(2,625,033)	(2,625,033)
Other comprehensive loss	—	—	(10,715)	—	(10,715)
Balance – June 30, 2019	169,585,543	$ 5,998,657	$ (27,133)	$ (7,168,867)	$ (1,197,343)

(1) Includes $1,538,435 of cash consideration for 13,710,374 shares of common stock (See Note 6).

	For The Period From March 8, 2018 (Inception) Through June 30, 2018				
	Common Stock		Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance – March 8, 2018 (inception)	—	$ —	$ —	$ —	$ —
Issuances of common stock for cash and services[(2)]	137,825,003	3,161,451	—	—	3,161,451
Comprehensive loss:					
Net loss	—	—	—	(2,171,198)	(2,171,198)
Other comprehensive income	—	—	(32,426)	—	(32,426)
Balance – June 30, 2018	137,825,003	$ 3,161,451	$ (32,426)	$ (2,171,198)	$ 957,827

(2) Includes $2,628,255 of cash consideration for 133,825,002 shares of common stock (See Note 6).

The accompanying notes are an integral part of these condensed consolidated financial statements.

CANNBIOREX PHARMACEUTICALS CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in US Dollars)
(Unaudited)

	For the Six Months Ended June 30, 2019	For The Period From March 8, 2018 (Inception) through June 30, 2018
Cash Flows From Operating Activities:		
Net loss	$ (2,625,033)	$ (2,171,198)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	7,787	—
Bad debt expense	935,222	—
Stock-based compensation	59,914	593,796
Change in fair value of accrued issuable equity	11,249	25,872
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	11,353	(251,650)
Due from related parties	4,008	—
Deposits	11,463	(303,537)
Accounts payable	748,784	92,421
Accounts payable – related parties	22,930	47,406
Accrued expenses	101,509	13,246
Accrued expenses – related parties	31,595	12,740
Due to related parties	(38,118)	—
Deferred income	39,730	—
Long term liabilities – related parties	8,999	—
Total adjustments	1,956,425	230,294
Net Cash Used In Operating Activities	(668,608)	(1,940,904)
Cash Flows From Investing Activities:		
Acquisition of technology licenses	—	(74,430)
Loans made to related parties	(167,224)	—
Advances to related parties	(776,417)	—
Purchases of property and equipment	12,574	—
Net Cash Used In Investing Activities	(931,067)	(74,430)
Cash Flows from Financing Activities:		
Proceeds from sale of common stock	1,538,435	2,628,255
Proceeds from sale of accrued issuable equity	—	15,422
Advances from related parties	60,758	—
Proceeds from investor deposits	—	325,226
Net Cash Provided By Financing Activities	1,599,193	2,968,903
Effect of Exchange Rate Changes on Cash	(4,754)	(30,025)
Net (Decrease) Increase In Cash	(5,236)	923,544
Cash – Beginning of Period	102,692	—
Cash – End of Period	$ 97,456	$ 923,544
Supplemental Disclosures of Non-cash Investing and Financing Activities:		
Issuance of common stock in satisfaction of accrued issuable equity	$ 67,485	$ —

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 — BUSINESS ORGANIZATION AND NATURE OF OPERATIONS

CannBioRex Pharmaceuticals Corp. ("CBR Pharma" or the "Company") was incorporated on March 8, 2018 under the provisions of the Business Corporation Act of British Columbia.

The Company and its wholly owned subsidiaries, CannBioRex Pharma Limited ("U.K. subsidiary"), located in the United Kingdom ("U.K."), and Petcanna Pharma Corp. ("Petcanna subsidiary"), located in Toronto, Canada, is a pharmaceutical research company specializing in the clinical development of synthetic pharmaceutical grade cannabinoid compounds for the treatment of rheumatoid arthritis and related arthritic diseases.

NOTE 2 — GOING CONCERN AND MANAGEMENT'S PLANS

The Company has not generated any revenues and has incurred a significant loss since inception. The Company expects to invest a significant amount of capital to fund research and development. As a result, the Company expects that its operating expenses will increase significantly, and consequently, will require significant revenues to become profitable. Even if the Company does become profitable, it may not be able to sustain or increase profitability on a quarterly or annual basis. The Company cannot predict when, if ever, it will be profitable. There can be no assurances that the intellectual property of the Company, or other technologies it may acquire, will meet applicable regulatory standards, obtain required regulatory approvals, be capable of being produced in commercial quantities at reasonable costs, or successfully marketed. The Company plans to undertake additional laboratory studies with respect to the intellectual property, and there can be no assurance that the results from such studies or trials will result in a commercially viable product or will not identify unwanted side effects.

These condensed consolidated financial statements have been prepared under the assumption of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As of June 30, 2019, the Company has an accumulated deficit of $7,168,867 and a working capital deficit of $1,362,111. The Company's ability to continue its operations is dependent upon the continuing support of its creditors and its success in obtaining new financing for its ongoing operations. Financing options available to the Company include equity financings and loans and if the Company is unable to obtain such additional financing timely, the Company may have to curtail its development, marketing and promotional activities, which would have a material adverse effect on its business, financial condition and results of operations, and could ultimately be forced to discontinue its operations and liquidate. These matters raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time, which is defined as within one year after the date that the consolidated financial statements are issued. Realization of the Company's assets may be substantially different from the carrying amounts presented in these consolidated financial statements and, the accompanying consolidated financial statements do not include any adjustments that may become necessary, should the Company be unable to continue as a going concern. See Note 9 — Subsequent Events for additional details regarding the private merger ("Reorganization") between the Company, 180 Therapeutics L.P. ("180 LP"), Katexco Pharmaceuticals Corp. ("Katexco"), and 180 Life Sciences Corp ("180") and for the public merger ("Business Combination") between 180 and a special purpose acquisition company and public company.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for annual financial statements. In the opinion of management, such financial statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the unaudited condensed consolidated financial statements of the Company as of June 30, 2019 and for the six months ended June 30, 2019 and for the period from March 8, 2018 (Inception) through June 30, 2018. The results of operations for the six months ended June 30, 2019 are not necessarily indicative of the operating results for the full year ending December 31, 2019 or any other period. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related disclosures of the Company as of December 31, 2018 and for the period then ended, which are included elsewhere in this filing.

NOTE 4 — PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following as of June 30, 2019 and December 31, 2018:

	June 30, 2019 (unaudited)	December 31, 2018
Travel expenses	$ 77,996	$ 18,723
Professional fees	36,595	13,600
Research and development expenses	17,649	57,066
Value-added tax receivable	8,932	53,336
Insurance	2,345	7,649
	$ 143,517	$ 150,374

NOTE 5 — ACCRUED EXPENSES

Accrued expenses consist of the following:

	June 30, 2019 (unaudited)	December 31, 2018
Payroll	$ 158,185	$ 85,471
Professional fees	128,600	190,465
Consulting fees	128,448	24,789
Research and development expenses	49,765	57,907
Director Fees	13,244	6,840
Patent filing fees	11,321	14,858
	$ 489,563	$ 380,330

As of June 30, 2019, accrued expenses - related parties were $31,623, which consisted of professional and consulting fees for $16,810 and $14,813 respectively. See Note 7 — Related Party Transactions for additional information.

NOTE 6 — STOCKHOLDERS' DEFICIENCY

Management estimated the fair value of the common stock issued pursuant to the market approach, by referring to prior cash sales of the Company's common stock. Occasionally, common stock was issued for cash to a service provider at a discount from its market value. In such cases, we recognized stock-based compensation for the difference between the fair value of the market price and the cash issuance price. Accordingly, the Company valued the majority of its common stock between $.005 and $0.10 Canadian dollars ("CAD') between March 8, 2018 (Inception) and June 30, 2018 and CAD $0.15 per share between January 1, 2019 and June 30, 2019.

During the period from March 8, 2018 (inception) to June 30, 2018, 137,825,003 shares of common stock were issued. The shares were issued for cash consideration of $2,628,255 and stock-based compensation in the amount of $533,196, which is reflected in general and administrative expenses in the accompanying condensed consolidated statement of operations.

During the six months ended June 30, 2019, the Company issued an aggregate of 589,346 shares of common stock in satisfaction of the accrued issuable equity and accrued issuable equity — related parties.

During the six months ended June 30, 2019, the Company issued 14,221,194 shares of its common stock pursuant to subscription agreements signed during the period. The cash consideration for those shares was $1,538,435. The excess of the fair value of the shares on the date of issuance over the cash consideration for related parties transactions, is recorded as stock-based compensation in the amount of $57,135 and is included in general and administrative expenses on the accompanying condensed consolidated statements of operations and comprehensive loss.

NOTE 7 — RELATED PARTY TRANSACTIONS

Common Cost Allocation

The Company entered into various cost sharing agreements between March 26, 2019 and May 21, 2019 with Katexco and 180 LP, all related parties that have common directors and officers with the Company. The companies agree to share certain future merger expenses for specific transactions (see Note 9 — Subsequent Events for details) as follows:

	Reorganization Costs	Business Combination Costs Incurred in the United States	Business Combination Costs Incurred in Canada
CBR Pharma	25.93%	28.57%	47.62%
Katexco	29.63%	31.43%	52.38%
180 LP	44.44%	40.00%	0.00%
	100.00%	100.00%	100.00%

Due from Related Parties

As of June 30, 2019, the net amount due from related parties was $28,963, which is comprised of $792,932 of receivables, of which $784,899 was fully or partially reserved for because repayment is not assured. As of June 30, 2019, due from related parties consisted of payments due from companies with shared officers through April 30, 2019. After April 30, 2019, the Company entered into a loan agreement with the related companies with shared officers.

Loans Receivable — Related Parties

On April 30, 2019, the Company entered into two loan agreements with companies that have shared officers. The Company can lend up to $150,000 to one related party and CAD $200,000 to another related party and will earn a simple annual interest rate of 8% on the loan balance. As of June 30, 2019, the aggregate loan receivable amount was $167,224 and consists of payments made on behalf of the related parties for various expenses, which was fully reserved for because repayment is not assured. As of June 30, 2019, the Company recorded interest receivable of $2,211 for these loans, which is included in due from related parties in the accompanying balance sheet.

Accounts Payable

As of June 30, 2019, accounts payable — related parties consisted of $35,329 related to consulting and professional fees, of which $20,345, $6,349, and $,8,635 are payable to directors, an affiliate, and officers of the Company, respectively.

Accrued Expenses

As of June 30, 2019, accrued expenses — related parties consisted of $31,623 related to professional and consulting fees, of which $16,810 and $14,813 are payable to an officer and affiliate, respectively. See Note 5 — Accrued Expenses.

Due to Related Parties

Due to related parties of $87,015 as of June 30, 2019 represents liabilities for rent and services with companies with shared officers and director, of which $76,567 was due to KTX and $10,448 was due to an officer of the Company.

NOTE 7 — RELATED PARTY TRANSACTIONS (cont.)

Deferred Income — Related Parties

Deferred income — related parties of $40,481 as of June 30, 2019 represents future rental income for sub-leasing office space in Toronto, Canada, of which $35,359 was due to officers and $5,122 was due to a director of the Company.

Long-Term Liabilities — Related Parties

Long-term liabilities — related parties of $40,970 as of June 30, 2019 represents long-term rent deposits, of which $24,980 was received from officers and $15,990 was received from directors of the Company.

General and Administrative Expense — Related Parties

During the six months ended June 30, 2019, the Company incurred $121,734 of general and administrative expenses for related party services, including (a) $30,147 of stock-based compensation for services provided by a director; (b) $71,938 for professional fees, of which $33,521, $25,124, and $13,293 was paid to officers, a director, and an affiliate of the Company; or (c) $19,649 for travel paid to a greater than 10% investor.

During the six months ended June 30, 2018, the Company incurred $571,419 of general and administrative expenses for related party services, including (a) $283,804 of stock-based compensation for services provided by a greater than 10% investor; (b) $283,618 for professional fees being paid to a director and a greater than 10% investor; and (c) $3,997 of reimbursements being paid to a greater than 10% investor and companies with shared officers or directors, or persons affiliated with such companies.

Rental Income — Related Parties

During the six months ended June 30, 2019, the Company recorded $182,616 of rental income for sub-leasing office space in Toronto, Canada, of which $153,508 were paid to officers and $29,108 were paid to directors of the Company.

Interest Income — Related Parties

During the six months ended June 30, 2019, the Company recorded $2,170 of interest income on a loan from an officer of the Company. For the period from March 8, 2018 (Inception) through June 30, 2018, the Company did not record any interest income from related parties.

Change in Fair Value of Accrued Issuable Equity — Related Party

During the six months ended June 30, 2019, the Company recorded a $11,249 change in fair value of issued shares of common stock to a greater than 10% investor in exchange for corporate advisory fees. During the period from March 8, 2018 (Inception) through June 30, 2018, the Company recorded $23,230 of change in fair value of unissued shares of common stock be issued to a greater than 10% investor of the Company in exchange for corporate advisory fees. See Note 6 — Stockholders' Deficiency for details related to the Company's valuation methodology.

NOTE 8 — COMMITMENTS AND CONTINGENCIES

Litigation and Other Loss Contingencies

The Company records liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties and other sources when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. During the six months ended June 30, 2019, and the period from March 8, 2018 (Inception) through June 30, 2018, the Company did not record any expense for loss contingencies. As of June 30, 2019, the Company had no liabilities recorded for loss contingencies.

NOTE 9 — SUBSEQUENT EVENTS

Advance to Related Party

On August 21, 2019 and August 28, 2019, the Company advanced a total of $124,535 to 180.

Reorganization — Closed

On July 16, 2019, the Company consummated a Reorganization with 180, Katexco, and 180 LP wherein 180, a private company, issued 100,000 common shares in exchange for 100% of the equity and equity equivalents of the Company, Katexco, and 180 LP. 180, 180 LP and Katexco are related parties, as they share certain officers or directors with the Company. In connection with that Reorganization, the Company's shareholders received 28,571 shares of 180 common stock, and the Company became a 100% owned and operating subsidiary of 180. Katexco has been identified as the accounting acquirer for accounting and reporting purposes in connection with the Reorganization. As of the issuance date of these financial statements, Katexco had not yet completed the acquisition accounting.

Business Combination — Definitive Agreement

On July 25, 2019, the Company entered into a Business Combination agreement with KBL Merger Corp. IV, a special-purpose acquisition company and public company ("KBL"), KBL Merger Sub, Inc. ("Merger Sub"), 180, Katexco, 180 LP, and the Stockholder Representative in his capacity as representative of the stockholders of the Company and the stockholders of 180, Katexco, and 180 LP, pursuant to which, among other matters, and subject to the satisfaction or waiver of the conditions set forth in the agreement, the Merger Sub will merge with and into 180, with 180 continuing as a wholly owned subsidiary of KBL after the closing. The Merger Sub will purchase 100% of the 100,000 shares of 180's common stock outstanding as of the date of closing in exchange for 17.5 million shares of KBL common stock reduced by the number of shares equal to the amount of any liabilities of 180 in excess of $5 million at the closing, divided by $10. The Business Combination represents a recapitalization of 180.

2019 Hebrew Agreement

On November 11, 2019, CBR Pharma entered into an additional research and license agreement with Yissum Research development Company of the Hebrew University of Jerusalem, Ltd. (the "2019 Hebrew Agreement"), pursuant to which Yissum granted CBR Pharma a worldwide sole and exclusive license (the "2019 Hebrew License") to develop and commercialize certain patents (the "2019 Hebrew Licensed Patents"), know-how and research results (collectively, the "2019 Hebrew Licensed Technology," and together with the Licensed Technology, the "Hebrew Licensed Technology"), in order to develop, manufacture, market, distribute, sell, repair and refurbish products, all within the use of the 2019 Hebrew Licensed Technology for (i) Cannabinoid phenolate metal salts, including mono, di and trivalent metals such as Li, Na, K, Ca, Mg, Zn, Fe and Al and their mixtures with native or synthetic cannabinoids, their pharmaceutical formulations, including for oral and topical administration; and (ii) pharmaceutical formulations, for the administration of cannabinoid chemical derivatives, including any and all veterinary and human medical conditions, including obesity, pain, inflammation and arthritis (the "2019 Field").

Pursuant to the 2019 Hebrew Agreement, notwithstanding the grant of the 2019 Hebrew License, Yissum, on behalf of Hebrew University, will retain the right to (i) make, use and practice the 2019 Hebrew Licensed Technology for Hebrew University's own research and educational purposes, but not for commercial purposes, and subject to the maintenance of confidentiality for any know-how or unpublished patent information contain in the 2019 Hebrew Licensed Technology; (ii) license or otherwise convey to other academic and not-for-profit research organizations the 2019 Hebrew Licensed Technology for use in non-commercial research and subject to the maintenance of confidentiality for any know-how or unpublished patent information contain in the 2019 Hebrew Licensed Technology; and (iii) license or otherwise convey the 2019 Hebrew Licensed Technology to any third party for research or commercial applications outside the 2019 Field, subject to the maintenance of confidentiality for any know-how or unpublished patent information contain in the 2019 Hebrew Licensed Technology.

NOTE 9 — SUBSEQUENT EVENTS (cont.)

The 2019 Hebrew Agreement further provides that CBR Pharma is entitled to grant one or more sublicenses to the 2019 Hebrew Licensed Technology for exploitation in the 2019 Field.

All right, title and interest in and to the 2019 Hebrew Licensed Technology vest solely in Yissum, and CBR Pharma will hold and make use of the rights granted pursuant to the 2019 Hebrew License solely in accordance with the terms of the 2019 Hebrew Agreement.

The 2019 Hebrew Licensed Technology will terminate upon the occurrence of the later of the following: (i) the expiration of the last of the 2019 Hebrew Licensed Patents; (ii) the expiration of the last exclusivity on any product granted by any regulatory or government body; (iii) the expiration of a continuous period of twenty years plus any applicable patent extension period, during which there was no commercial sale of any product in any country; or (iv) if 180 elects to obtain an exclusive license to the know-how under the terms of the 2019 Hebrew Agreement, the expiration of such exclusive license.

Exhibit 99.5

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners of
180 Therapeutics L.P.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of 180 Therapeutics L.P. (the "Company") as of December 31, 2018 and 2017, the related statements of operations, changes in partners' capital (deficit) and cash flows for each of the two years in the period ended December 31, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph — Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2 to the financial statements, the Company has a significant working capital deficiency, incurred significant losses since inception and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans with regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (the "PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, 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.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Marcum llp

We have served as the Company's auditor since 2019.

New York, NY
November 12, 2019

180 THERAPEUTICS L.P.
BALANCE SHEETS

	December 31, 2018	December 31, 2017
Assets		
Current Assets:		
Cash	$ 125,245	$ 335,838
Total Assets	$ 125,245	$ 335,838
Liabilities and Partners' Deficit		
Current Liabilities:		
Accounts payable	$ 17,241	$ 12,294
Accrued expenses	6,679	9,201
Accrued interest – related parties	59,824	46,973
Convertible notes payable – related parties	270,000	270,000
Total Liabilities	353,744	338,468
Commitments and Contingencies (Note 6)		
Partners' Deficit:		
Units, 12,000,000 units authorized; 6,120,000 units issued and outstanding at December 31, 2018 and 2017	4,200	4,200
Accumulated deficit	(232,699)	(6,830)
Total Partners' Deficit	(228,499)	(2,630)
Total Liabilities and Partners' Deficit	$ 125,245	$ 335,838

The accompanying notes are an integral part of these financial statements.

180 THERAPEUTICS L.P.
STATEMENTS OF OPERATIONS

	For The Years Ended December 31,	
	2018	**2017**
Operating Expenses:		
Research and development	$ 10,500	$ 163,061
General and administrative	202,518	150,652
Total Operating Expenses	213,018	313,713
Loss From Operations	(213,018)	(313,713)
Other Income (Expense):		
Other income	—	291,667
Interest expense – related parties	(12,851)	(12,309)
Total Other (Expense) Income	(12,851)	279,358
Net Loss	$ (225,869)	$ (34,355)

The accompanying notes are an integral part of these financial statements.

180 THERAPEUTICS L.P.
STATEMENTS OF CHANGES IN PARTNERS' CAPITAL (DEFICIT)

	Units		Partners' Interest		Total Partners
	General Partners	Limited Partners	General Partners	Limited Partners	Capital (Deficit)
Balance – January 1, 2017	6,060,000	—	$ 28,125	$ —	$ 28,125
Units issued for cash	—	60,000	—	3,600	3,600
Net loss	—	—	(33,682)	(673)	(34,355)
Balance – December 31, 2017	6,060,000	60,000	$ (5,557)	$ 2,927	$ (2,630)
Net loss	—	—	(221,442)	(4,427)	(225,869)
Balance – December 31, 2018	6,060,000	60,000	$ (226,999)	$ (1,500)	$ (228,499)

The accompanying notes are an integral part of these financial statements.

180 THERAPEUTICS L.P.
STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,	
	2018	**2017**
Cash Flows From Operating Activities:		
Net loss	$ (225,869)	$ (34,355)
Changes in operating assets and liabilities:		
Deferred income	—	(291,667)
Accounts payable	4,947	11,141
Accrued expenses	(2,522)	9,201
Accrued interest – related parties	12,851	12,309
Total adjustments	15,276	(259,016)
Net Cash Used In Operating Activities	(210,593)	(293,371)
Cash Flows Provided by Financing Activities:		
Proceeds from sale of units	—	3,600
Net Decrease In Cash	(210,593)	(289,771)
Cash – Beginning of Year	335,838	625,609
Cash – End of Year	$ 125,245	$ 335,838

The accompanying notes are an integral part of these financial statements.

180 THERAPEUTICS L.P.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 1 — BUSINESS ORGANIZATION AND NATURE OF OPERATIONS

180 Therapeutics L.P. ("180 LP" or the "Company") was formed as a limited partnership in the State of Delaware on September 6, 2013. The Company is a clinical stage biopharmaceutical company located in Massachusetts focused on the discovery and development of biologic therapies for the treatment of fibrosis.

NOTE 2 — GOING CONCERN AND MANAGEMENT'S PLANS

The Company has incurred operating losses since inception. The Company expects to invest a significant amount of capital to fund research and development. As a result, the Company expects that its operating expenses will increase significantly, and consequently, will require significant revenues to become profitable. Even if the Company does become profitable, it may not be able to sustain or increase profitability on a quarterly or annual basis. The Company cannot predict when, if ever, it will be profitable. There can be no assurance that the intellectual property of the Company, or other technologies it may acquire, will meet applicable regulatory standards, obtain required regulatory approvals, be capable of being produced in commercial quantities at reasonable costs, or successfully marketed. The Company plans to undertake additional laboratory studies with respect to its intellectual property, and there is no assurance that the results from such studies or trials will result in a commercially viable product or will not identify unwanted side effects.

These financial statements have been prepared under the assumption of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As of December 31, 2018, the Company had a partners' deficit of $228,499 and a working capital deficiency of $228,499. The Company's ability to maintain its existence is dependent upon the continuing support of its creditors and its success in obtaining new financing for its ongoing operations. Financing options available to the Company include potential debt and equity financings. If the Company is unable to obtain such additional financing timely, it may have to curtail its development, marketing and promotional activities, which would have a material adverse effect on its business, financial condition and results of operations, and could ultimately be forced to discontinue its operations and liquidate. These matters raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time, which is defined as within one year after the date that these financial statements are issued. The accompanying financial statements do not include any adjustments that may become necessary, should the Company be unable to continue as a going concern. See Note 8 — Subsequent Events for additional details regarding the private merger ("Reorganization") between the Company, Katexco Pharmaceuticals, Corp. ("Katexco"), CannBioRex Pharmaceuticals Corp. ("CBR Pharma"), and 180 Life Sciences Corp ("180") and for the public merger ("Business Combination") between 180 and a special purpose acquisition company and public company.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

Preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, together with amounts disclosed in the related notes to the financial statements. Certain of the Company's estimates could be affected by external conditions, including those unique to the Company and general economic conditions. It is reasonably possible that these external factors could have an effect on the Company's estimates and may cause actual results to differ from those estimates.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents in the financial statements. At December 31, 2018 and 2017, the Company had no cash equivalents. The Company has cash deposits in a financial institution, which, at times, may be in excess of Federal Deposit Insurance Corporation ("FDIC") insurance limits. The Company has not experienced losses in such accounts and periodically evaluates the creditworthiness of its financial institutions. As of December 31, 2018, and 2017, the Company had cash balances that were not insured by the FDIC of $0 and $86,088, respectively.

Fair Value of Financial Instruments

The Company measures the fair value of financial assets and liabilities based on Accounting Standards Codification ("ASC") No. 820 "Fair Value Measurements" ("ASC 820"), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

Level 1 — Quoted prices in active markets for identical assets or liabilities;

Level 2 — Quoted prices for similar assets and liabilities in active markets or inputs that are observable; and

Level 3 — Inputs that are unobservable (for example, cash flow modeling inputs based on assumptions).

The carrying amounts of the Company's financial instruments, such as cash and accounts payable, approximate their fair values due to the short-term nature of those instruments.

Research and Development

Research and development expense consist of expenses incurred in performing research and development activities, including contract service expenses and other legal and professional research expenses. The Company expenses research and development costs as they are incurred.

Other Income

On December 10, 2014, the Company entered into an agreement with a biotechnology company affording such company rights of first negotiation of a strategic transaction following (a) completion of the Company's Phase 1a clinical study in exchange for an upfront, non-refundable payment of $1,750,000; and, (b) if the biotechnology company elects to proceed, completion of a Phase 2 proof of concept study in exchange for aggregate payments of $5,250,000 payable in three installments. The Company initially established the $1,750,000 up-front payment as deferred income and then recognized the income on a straight-line basis over the expected period of performance. Following completion of the Phase 1a clinical study, on May 22, 2017, the biotechnology company elected not to proceed. During the year ended December 31, 2017, the Company recognized the remaining $291,667 of income associated with the up-front payment.

Income Taxes

The Company is a limited liability partnership for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the partners. As such, no recognition of federal or state income taxes for the Company have been provided for in the accompanying financial statements. Any uncertain tax position taken by the members is not an uncertain position of the Company.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Subsequent Events

The Company has evaluated events that have occurred after the balance sheet date and through the issuance date of these financial statements. Based upon that evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the financial statements, except as disclosed in Note 8 - Subsequent Events.

NOTE 4 — RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2018, the FASB issued ASU No. 2018-07, "Compensation — Stock Compensation (Topic 718)," ("ASU 2018-07"). ASU 2018-07 is intended to reduce cost and complexity and to improve financial reporting for nonemployee share-based payments. Currently, the accounting requirements for nonemployee and employee share-based payment transactions are significantly different. ASU 2018-07 expands the scope of Topic 718, *Compensation — Stock Compensation* (which currently only includes share-based payments to employees) to include share-based payments issued to nonemployees for goods or services. Consequently, the accounting for share-based payments to nonemployees and employees will be substantially aligned. This ASU supersedes Subtopic 505-50, *Equity — Equity-Based Payments to Nonemployees*. The amendments in this ASU are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, but no earlier than a company's adoption date of Topic 606, *Revenue from Contracts with Customers.* The Company early adopted ASU 2018-07, but there have been no share-based payment transactions since adoption.

NOTE 5 — CONVERTIBLE NOTES PAYABLE — RELATED PARTIES

Convertible notes payable — related parties, (the "Notes"), of which $10,000 is owed to the Chief Executive Officer and $260,000 is owed to a Founder and Director, are comprised of the following at each of December 31, 2018 and 2017:

Description	Expiration Date	Interest Rate	December 31, 2018	December 31, 2017
i) Convertible note issued on September 24, 2013	09/24/15	5.0%	$ 160,000	$ 160,000
ii) Convertible note issued on June 16, 2014	06/16/17	2.5%	10,000	10,000
iii) Convertible note issued on July 8, 2014	07/08/17	2.5%	100,000	100,000
			$ 270,000	$ 270,000

The principal amounts due under the Notes accrue interest at a rate of 2.5% and 5.0% per annum, compounded annually. Effective upon the closing of the first issuance of convertible preferred units (or units with similar rights) with proceeds of at least $1,000,000 (the "Qualified Financing"), all of the outstanding principal and interest under these Notes will automatically be converted into units, or other equity interests of the Company of the same class issued to other investors in the Qualified Financing, at a conversion price equal to 80% of the price per unit of the Qualified Financing securities paid by the other investors. The Notes contain contingent beneficial conversion features, which will be accounted for at the time the conversion price is known and the contingency is resolved.

During the years ended December 31, 2018 and 2017, the Company recorded interest expense — related parties of $12,851 (including true-up of $6,101) and $12,309 (including true-up of $5,559) related to the Notes, respectively. As of December 31, 2018, and 2017, the Company had $59,824 and $46,973 of accrued interest related to the Notes, respectively. These Notes are past due and are therefore classified as current liabilities in the accompanying balance sheets and continue to accrue interest at 2.5% and 5% per annum, compounded annually.

NOTE 6 — COMMITMENTS AND CONTINGENCIES

Oxford University Consulting Agreements

On November 1, 2013, the Company entered into consulting services agreement with the University of Oxford (the "University"), pursuant to which the University agreed to provide advice and expertise on an ad hoc basis in exchange for a fixed annual fee of $10,500, which is recorded in research and development in the accompanying statements of operations. The agreement, as amended expires on October 31, 2020.

Litigation and Other Loss Contingencies

The Company records liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties and other sources when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. During the years ended December 31, 2018 and 2017, the Company did not record any expense for loss contingencies. As of December 31, 2018 and 2017, the Company had no liabilities recorded for loss contingencies.

NOTE 7 — PARTNERS' CAPITAL

The Company is authorized to issue 12,000,000 units, (increased from 10,000,000 units on May 2, 2019) of which 1,500,000 units are reserved for issuance to officers, employees, advisors and consultants.

On February 8, 2017, the Company sold 60,000 units to an officer of the Company at $0.06 per unit for proceeds of $3,600. In the event that the officer ceases to provide employment services to the Company, depending on the timing, the Company may have the right to repurchase some or all of the units at $0.06 per unit. The Company's right to repurchase units expires as follows:

a) Right to repurchase 15,000 units expired on March 2, 2017; and

b) Right to repurchase 1,250 units expires each month after March 2, 2017; or

c) Right to repurchase all units expires upon a change of control, as defined.

NOTE 8 — SUBSEQUENT EVENTS

Cost Sharing Agreement

The Company entered into various cost sharing agreements between March 26, 2019 and May 21, 2019 with CBR Pharma and Katexco, both related parties that have common directors and officers with the Company. The companies agree to share certain future merger expenses for specific transactions as follows:

	Reorganization Costs	Business Combination Costs Incurred in the United States
CBR Pharma	25.93%	28.57%
Katexco	29.63%	31.43%
180 LP	44.44%	40.00%
	100.00%	100.00%

NOTE 8 — SUBSEQUENT EVENTS (cont.)

Advance to a Related Party

On March 26, 2019 and April 10, 2019, on behalf of the Company, related parties advanced $420,000 to a related party that has shared officers and directors with the Company.

On August 10, 2019 and August 28, 2019, on behalf of the Company, related parties advanced $174,358 to a related party that has shared officers and directors with the Company.

Loan Agreement

On April 10, 2019, the Company entered into a loan agreement with two companies with shared officers and directors. The Company can borrow up to $150,000 and will pay a simple annual interest rate of 8% on the loan balance.

Reformative Pharmaceuticals Agreement — Related Party

On February 26, 2019, the Company entered into a one-year agreement with a pharmaceutical corporation, who is a related party that share directors and officers of the Company, pursuant to which the pharmaceutical corporation agreed to pay the Company $1.2 million for rights of first negotiation to provide for an acquisition of any arising intellectual property or an exclusive licensing, partnering, or collaboration transaction to use any arising intellectual property with respect to a contemplated research agreement between the Company and Oxford University, which was signed on March 22, 2019 and is the start date of the project.

Oxford University Agreement

On March 22, 2019, the Company entered into a one-year Research Agreement with Oxford University pursuant to which the Company agreed to pay the University approximately $0.9 million, payable immediately, to sponsor certain research and to obtain the exclusive option to negotiate a license to commercially exploit any arising intellectual property as a result of the University's research.

Increase in Authorized Units

On May 2, 2019, the Company authorized to issue 12,000,000 units, which was increased from 10,000,000 units, of which 1,500,000 units are reserved for issuances to officers, employees, advisors and consultants.

Partners' Deficit

On May 2, 2019, the Company issued to a certain related party consultant an aggregate of 4,080,000 units for services rendered. The 4,080,000 units are subject to redemption by the Company for an aggregate redemption price of $4.00 if (i) the Company does not enter into the Business Combination by July 31, 2019, or (ii) the closing of the Business Combination does not occur on or prior to October 31, 2019; or (iii) the consultant terminates its service with the Company prior to October 31, 2019. Through June 30, 2019, no equity-based compensation was recognized because it was not yet probable that the performance conditions would be met to ensure that the units were no longer subject to redemption. On November 11, 2019, the redemption provision was waived.

NOTE 8 — SUBSEQUENT EVENTS (cont.)

Reorganization — Closed

On July 16, 2019, the Company consummated a Reorganization with 180, Katexco, and CBR Pharma wherein 180, a private company, issued 100,000 common shares in exchange for 100% of the equity and equity equivalents of the Company, Katexco, and CBR Pharma. Katexco and CBR Pharma are related parties, as they share certain officers or directors with the Company. In connection with the Reorganization, the Company's shareholders received 40,000 shares of 180 common equity and the Company became a 100% owned and operating subsidiary of 180. Katexco has been identified as the accounting acquirer for accounting and reporting purposes in connection with the Reorganization. As of the issuance date of these financial statements, Katexco had not yet completed the acquisition accounting.

Business Combination — Definitive Agreement

On July 25, 2019, the Company entered into a Business Combination agreement with KBL Merger Corp. IV, a special-purpose acquisition company and public company ("KBL"), KBL Merger Sub, Inc. ("Merger Sub"), 180, Katexco, CBR Pharma, and the Stockholder Representative in his capacity as representative of the equityholders of the Company and the equityholders of 180, Katexco, and CBR Pharma, pursuant to which, among other matters, and subject to the satisfaction or waiver of the conditions set forth in the agreement, the Merger Sub will merge with and into 180, with 180 continuing as a wholly owned subsidiary of KBL after the Closing. The Merger Sub will purchase 100% of the 100,000 shares of 180's common stock outstanding as of the date of closing in exchange for 17.5 million shares of KBL common stock reduced by the number of shares equal to the amount of any liabilities of 180 in excess of $5 million at the closing, divided by $10. The Business Combination represents a recapitalization of 180.

Kennedy License Agreement

On September 27, 2019, the Company entered into a license agreement (the "Kennedy License Agreement") with the Kennedy Trust for Rheumatology Research ("Kennedy") exclusively in the U.S., Japan, United Kingdom and countries of the European Union, for certain licensed patents (the "Kennedy Licensed Patents"), including the right to grant sublicenses, and the right to research, develop, sell or manufacture any pharmaceutical product (i) whose research, development, manufacture, use, importation or sale would infringe the Kennedy Licensed Patents absent the license granted under the Kennedy License Agreement or (ii) containing an antibody that is a fragment of or derived from an antibody whose research, development, manufacture, use, importation or sale would infringe the Kennedy Licensed Patents absent the license granted under the Kennedy License Agreement, for all human uses, including the diagnosis, prophylaxis and treatment of diseases and conditions.

As consideration for the grant of the Kennedy Licensed Patents, 180 LP paid Kennedy an upfront fee of £60,000. 180 LP will also pay Kennedy royalties equal to (i) 1% of the net sales for the first annual £1 million of net sales, and (ii) 2% of the net sales after the net sales are at or in excess of £1 million, as well as 25% of all sublicense revenue, provided that the amount of such percentage of sublicense revenue based on amounts which constitute royalties shall not be less than 1% on the first cumulative £1 million of net sales of the products sold by such sublicenses or their affiliates, and 2% on that portion of the cumulative net sales of the products sold by such sublicenses or their affiliates in excess of £1 million.

The term of the royalties paid by 180 LP to Kennedy will expire on the later of (i) the last valid claim of a patent included in the Kennedy Licensed Patents which covers or claims the exploitation of a product in the applicable country; (ii) the expiration of regulatory exclusivity for the product in the country; or (iii) 10 years from first commercial sale of the product in the country.

The Kennedy License Agreement may be terminated by 180 LP without cause by providing a 90-day notice.

Exhibit 99.6

180 THERAPEUTICS L.P.
CONDENSED BALANCE SHEETS

	June 30, 2019 (unaudited)	December 31, 2018
Assets		
Current Assets:		
Cash	$ 40,390	$ 125,245
Prepaid expenses	610,825	—
Other receivable, net of allowance	—	—
Total Assets	$ 651,215	$ 125,245
Liabilities and Partners' Deficit		
Current Liabilities:		
Accounts payable	$ 12,266	$ 17,240
Accrued expenses	183,068	6,679
Accrued interest – related parties	66,706	59,824
Due to related parties	540,100	—
Convertible notes payable – related parties (past due)	270,000	270,000
Loan payable – related party	15,000	—
Deferred income – related party	529,012	—
Total Liabilities	1,616,152	353,743
Commitments and Contingencies (Note 7)		
Partners' Deficit:		
Units, 12,000,000 units authorized; 10,200,000 and 6,120,000 units issued and outstanding at June 30, 2019 and December 31, 2018, respectively	4,200	4,200
Accumulated deficit	(969,137)	(232,698)
Total Partners' Deficit	(964,937)	(228,498)
Total Liabilities and Partners' Deficit	$ 651,215	$ 125,245

The accompanying notes are an integral part of these condensed financial statements.

180 THERAPEUTICS L.P.
CONDENSED STATEMENTS OF OPERATIONS
(unaudited)

	For The Six Months Ended June 30,	
	2019	**2018**
Operating Expenses:		
Research and development	$ 246,260	$ —
General and administrative	824,265	68,214
Total Operating Expenses	1,070,525	68,214
Other Income (Expense):		
Other income – related party	340,968	—
Interest expense – related parties	(6,882)	(6,303)
Total Other Income (Expense)	334,086	(6,303)
Net Loss	$ (736,439)	$ (74,517)

The accompanying notes are an integral part of these condensed financial statements.

180 THERAPEUTICS L.P.
CONDENSED STATEMENTS OF CHANGES IN PARTNERS' DEFICIT
(unaudited)

	Six Months Ended June 30, 2019				
	Units		Partners' Interest		Total
	General Partners	Limited Partners	General Partners	Limited Partners	Partners' Deficit
Balance – January 1, 2019	6,060,000	60,000	$ (227,537)	$ (961)	$ (228,498)
Units issued for consulting services	—	4,080,000	—	—	—
Net loss	—	—	(433,173)	(303,266)	(736,439)
Balance – June 30, 2019	6,060,000	4,140,000	$ (660,710)	$ (304,227)	$ (964,937)

	Six Months Ended June 30, 2018				
	Units		Partners' Interest		Total
	General Partners	Limited Partners	General Partners	Limited Partners	Partners' Deficit
Balance – January 1, 2018	6,000,000	60,000	$ (6,696)	$ (134)	$ (6,830)
Net loss	—	—	(73,056)	(1,461)	(74,517)
Balance – June 30, 2018	6,000,000	60,000	$ (79,752)	$ (1,595)	$ (81,347)

The accompanying notes are an integral part of these condensed financial statements.

180 THERAPEUTICS L.P.
CONDENSED STATEMENTS OF CASH FLOWS
(unaudited)

	For The Six Months Ended June 30,	
	2019	**2018**
Cash Flows From Operating Activities:		
Net loss	$ (736,439)	$ (74,517)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	420,000	—
Changes in operating assets and liabilities:		
Prepaid expenses	(610,825)	—
Accounts payable	(4,974)	2,866
Accrued expenses	176,389	—
Accrued interest – related parties	6,882	6,303
Deferred income	529,012	—
Total adjustments	516,484	9,169
Net Cash Used In Operating Activities	(219,955)	(65,348)
Cash Flows From Financing Activities:		
Proceeds from advances from related parties	120,100	—
Proceeds from loan payable related parties	15,000	—
Net Cash Provided By Financing Activities	135,100	—
Net Decrease In Cash	(84,855)	(65,348)
Cash – Beginning of Period	125,245	335,838
Cash – End of Period	$ 40,390	$ 270,490
Supplemental Disclosures of Cash Flow Information:		
Non-Cash Financing Activities:		
Receivable from a related party Funds advanced on Company's behalf by a related party	$ (555,100)	$ —

The accompanying notes are an integral part of these condensed financial statements.

180 THERAPEUTICS L.P.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(unaudited)

NOTE 1 — BUSINESS ORGANIZATION AND NATURE OF OPERATIONS

180 Therapeutics L.P. ("180 LP" or the "Company") was incorporated as a limited partnership in the State of Delaware on September 6, 2013. The Company is a clinical stage biopharmaceutical company located in Massachusetts focused on the discovery and development of biologic therapies for the treatment of fibrosis.

NOTE 2 — GOING CONCERN AND MANAGEMENT'S PLANS

The Company has incurred operating losses since inception. The Company expects to invest a significant amount of capital to fund research and development. As a result, the Company expects that its operating expenses will increase significantly, and consequently will require significant revenues to become profitable. Even if the Company does become profitable, it may not be able to sustain or increase profitability on a quarterly or annual basis. The Company cannot predict when, if ever, it will be profitable. There can be no assurance that the intellectual property of the Company, or other technologies it may acquire, will meet applicable regulatory standards, obtain required regulatory approvals, be capable of being produced in commercial quantities at reasonable costs, or successfully marketed. The Company plans to undertake additional laboratory studies with respect to its intellectual property, and there is no assurance that the results from such studies or trials will result in a commercially viable product or will not identify unwanted side effects.

These unaudited condensed financial statements have been prepared under the assumption of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As of June 30, 2019, the Company had a partners' deficit of $964,937 and a working capital deficiency of $964,937. The Company's ability to maintain its existence is dependent upon the continuing support of its creditors and its success in obtaining new financing for its ongoing operations. Financing options available to the Company include potential debt and equity financings. If the Company is unable to obtain such additional financing timely, it may have to curtail its development, marketing and promotional activities, which would have a material adverse effect on its business, financial condition and results of operations, and could ultimately be forced to discontinue its operations and liquidate. These matters raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time, which is defined as within one year after the date that these financial statements are issued. The accompanying unaudited condensed financial statements do not include any adjustments that may become necessary, should the Company be unable to continue as a going concern. See Note 8 — Subsequent Events for additional details regarding the private merger ("Reorganization") between the Company, Katexco Pharmaceuticals, Corp. ("Katexco"), CannBioRex Pharmaceuticals Corp ("CBR Pharma"), and 180 Life Sciences Corp ("180") and for the public merger ("Business Combination") between 180 and a special acquisition company and public company.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, such financial statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the condensed financial position of the Company as of June 30, 2019 and December 31, 2018, and the condensed results of its operations, changes in partners' deficit and cash flows for the six months ended June 30, 2019 and 2018. The results of operations for the six months ended June 30, 2019 are not necessarily indicative of the operating results for the full year ending December 31, 2019 or any other period. These unaudited condensed financial statements should be read in conjunction with the audited financial statements and related disclosures of the Company as of December 31, 2018 and for the year then ended, which are included elsewhere in this filing.

NOTE 4 — RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

On January 1, 2019, the Company adopted Accounting Standards Update ("ASU") 2016-15, "Statement of Cash Flows (Topic 230) Classification of Certain Cash Receipts and Cash Payments" ("ASU 2016-15"). The new standard makes changes to how cash receipts and cash payments are presented and classified in the statement of cash flows. The adoption of ASU 2016-15 did not have a material impact on the Company's financial statements or disclosures.

NOTE 5 — PARTNERS' DEFICIT

On May 2, 2019, the Company issued to a certain related party consultant an aggregate of 4,080,000 units for services rendered. The 4,080,000 units are subject to redemption by the Company for an aggregate redemption price of $4.00 if (i) the Company does not enter into the Business Combination by July 31, 2019, or (ii) the closing of the Business Combination does not occur on or prior to October 31, 2019; or (iii) the consultant terminates its service with the Company prior to October 31, 2019. Through June 30, 2019, it is not probable that the performance conditions will be met that would eliminate the redemption provision and accordingly the Company has not recognized equity-based compensation expense related to the units (see Note 8 — Subsequent Events for additional details regarding the Business Combination). On November 11, 2019, the redemption provision was waived.

NOTE 6 — RELATED PARTIES

Cost Sharing Agreement

The Company entered into various cost sharing agreements between March 26, 2019 and May 21, 2019 with CBR Pharma and Katexco, both related parties that have common directors and officers with the Company. The companies agree to share certain future merger expenses for specific transactions (see Note 8 – Subsequent Events for details) as follows:

	Reorganization Costs	Business Combination Costs Incurred in the United States
CBR Pharma	25.93%	28.57%
Katexco	29.63%	31.43%
180 LP	44.44%	40.00%
	100.00%	100.00%

Other Receivable, Net of Allowance

As of June 30, 2019, the Company had a receivable of $420,000 from 180 which was fully reserved for because repayment is not assured. The $420,000 was advanced by a related party, with shared officers and directors, to 180, on the Company's behalf.

Due to Related Parties

As of June 30, 2019, the amount due to related parties was $540,100 and consisted of payments made by the related parties on behalf of the Company through April 10, 2019. After April 10, 2019, the Company entered into a loan agreement with the related parties, CBR Pharma and Katexco, which are companies with shared officers and directors. (see Loan Payable — Related Parties below).

NOTE 6 — RELATED PARTIES (cont.)

On July 16, 2019, the Company and these related parties were all acquired by a company formed for the purpose of bringing these related companies under a single corporate umbrella. See Note 8 — Subsequent Events for additional details.

Convertible Notes Payable — Related Parties

During the six months ended June 30, 2019 and 2018, the Company recorded interest expense — related parties of $6,882 and $6,303 related to the $270,000 of convertible notes (the “Notes”) held by certain Company directors, respectively. As of June 30, 2019 and December 31, 2018, the Company had $66,706 and $59,824 of accrued interest related to the convertible notes, respectively. These convertible notes are past due and are therefore classified as current liabilities in the accompanying condensed balance sheets and continue to accrue interest at 2.5% and 5.0% per annum, compounded annually.

Effective upon the closing of the first issuance of convertible preferred units (or units with similar rights) with proceeds of a least $1,000,000 (the “Qualified Financing”), all of the outstanding principal and interest under these Notes will automatically be converted into units, or other equity interests of the Company of the same class issued to other investors in the Qualified Financing, at a conversion price equal to 80% of the price per unit of the Qualified Financing securities paid by the other investors. The Notes contain contingent beneficial conversion features, which will be accounted for at the time the conversion price is known and the contingency is resolved.

Loan Payable — Related Party

On April 10, 2019, the Company entered into a loan agreement with related parties, CBR Pharma and Katexco, which are companies with shared officers and directors. The Company can borrow up to $150,000 and will pay a simple annual interest rate of 8% on the loan balance. As of June 30, 2019, the loan payable amount was $15,000 and consists of payments made on behalf of the Company for various expenses.

On July 16, 2019, the Company and these related parties were all acquired by a company formed for the purpose of bringing these related companies under a single corporate umbrella. See Note 8 — Subsequent Events for additional details.

NOTE 7 — COMMITMENTS AND CONTINGENCIES

Reformation Pharmaceuticals Agreement — Related Party

On February 26, 2019, the Company entered into a one-year agreement with a pharmaceutical corporation (the “Agreement”), , who is a related party that share directors and officers of the Company, pursuant to which the pharmaceutical corporation agreed to pay the Company $1.2 million for rights of first negotiation to provide for an acquisition of any arising intellectual property or an exclusive licensing, partnering, or collaboration transaction to use any arising intellectual property with respect to a contemplated research agreement between the Company and a certain university (see the “Research Agreement” below), which was signed on March 22, 2019 and therefore is the start date of the project. The $1.2 million is payable as follows: $0.9 million is payable within 10 days of the execution of the Agreement and $0.3 million is payable over the one-year term of the agreement. Additionally, pursuant to the Agreement, the pharmaceutical company may extend its rights of first negotiation for a period of 18 months for an additional $1.8 million. During the six months ended June 30, 2019, the Company received $0.9 million in connection with the Agreement, which was recorded as deferred income and is recognized as other income on a straight-line basis over a one-year period. The Company recognized income of approximately $0.35 million related to the Agreement during the six months ended June 30, 2019, which is included in other income in the accompanying condensed statement of operations. As of June 30, 2019, the balance of deferred income related to the Agreement was $529,012.

NOTE 7 — COMMITMENTS AND CONTINGENCIES (cont.)

Oxford University Agreement

On March 22, 2019, the Company entered into a one-year Research Agreement with Oxford University (the “University”) pursuant to which the Company agreed to pay the University approximately $0.9 million, payable immediately, to sponsor certain research and to obtain the exclusive option to negotiate a license to commercially exploit any arising intellectual property as a result of the University’s research. During the six months ended June 30, 2019, the Company paid approximately $0.9 million in connection with the Research Agreement, which was recorded as prepaid expense and amortized to research and development expense on a straight-line basis over a one-year period. The Company recognized research and development expense of approximately $0.3 million related to the Research Agreement during the six months ended June 30, 2019. As of June 30, 2019, the balance of prepaid expense related to the Research Agreement was $595,825.

Litigation and Other Loss Contingencies

The Company records liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties and other sources when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. During the six months ended June 30, 2019 and June 30, 2018, the Company did not record any expense for loss contingencies. As of June 30, 2019, the Company had no liabilities recorded for loss contingencies.

NOTE 8 — SUBSEQUENT EVENTS

Advance to a Related Party

On August 10, 2019 and August 28, 2019, on behalf of the Company, related parties advanced $174,358 to a related party that has shared officers and directors with the Company.

Reorganization — Closed

On July 16, 2019, the Company consummated a Reorganization with 180, Katexco, and CBR Pharma wherein 180, a private company, issued 100,000 common shares in exchange for 100% of the equity and equity equivalents of the Company, Katexco, and CBR Pharma. Katexco and CBR Pharma are related parties, as they share certain officers or directors with the Company. In connection with the Reorganization, the Company’s shareholders received 40,000 shares of 180 common stock and the Company became a 100% owned and operating subsidiary of 180. Katexco has been identified as the accounting acquirer for accounting and reporting purposes in connection with the Reorganization. As of the issuance date of these financial statements, Katexco had not yet completed the acquisition accounting.

Business Combination — Definitive Agreement

On July 25, 2019, the Company entered into a Business Combination agreement with KBL Merger Corp. IV, a special-purpose acquisition company and public company (“KBL”), KBL Merger Sub, Inc. (“Merger Sub”), 180, Katexco, CBR Pharma, and the Stockholder Representative in his capacity as representative of the equityholders of the Company and the stockholders of 180, Katexco, and CBR Pharma, pursuant to which, among other matters, and subject to the satisfaction or waiver of the conditions set forth in the agreement, the Merger Sub will merge with and into 180, with 180 continuing as a wholly owned subsidiary of KBL after the closing. The Merger Sub will purchase 100% of the 100,000 shares of 180’s common stock outstanding as of the date of closing in exchange for 17.5 million shares of KBL common stock reduced by the number of shares equal to the amount of any liabilities of 180 in excess of $5 million at the closing, divided by $10. The Business Combination represents a recapitalization of 180.

NOTE 8 — SUBSEQUENT EVENTS (cont.)

Kennedy License Agreement

On September 27, 2019, the Company entered into a license agreement (the "Kennedy License Agreement") with the Kennedy Trust for Rheumatology Research ("Kennedy") exclusively in the U.S., Japan, United Kingdom and countries of the European Union, for certain licensed patents (the "Kennedy Licensed Patents"), including the right to grant sublicenses, and the right to research, develop, sell or manufacture any pharmaceutical product (i) whose research, development, manufacture, use, importation or sale would infringe the Kennedy Licensed Patents absent the license granted under the Kennedy License Agreement or (ii) containing an antibody that is a fragment of or derived from an antibody whose research, development, manufacture, use, importation or sale would infringe the Kennedy Licensed Patents absent the license granted under the Kennedy License Agreement, for all human uses, including the diagnosis, prophylaxis and treatment of diseases and conditions.

As consideration for the grant of the Kennedy Licensed Patents, 180 LP paid Kennedy an upfront fee of £60,000. 180 LP will also pay Kennedy royalties equal to (i) 1% of the net sales for the first annual £1 million of net sales, and (ii) 2% of the net sales after the net sales are at or in excess of £1 million, as well as 25% of all sublicense revenue, provided that the amount of such percentage of sublicense revenue based on amounts which constitute royalties shall not be less than 1% on the first cumulative £1 million of net sales of the products sold by such sublicenses or their affiliates, and 2% on that portion of the cumulative net sales of the products sold by such sublicenses or their affiliates in excess of £1 million.

The term of the royalties paid by 180 LP to Kennedy will expire on the later of (i) the last valid claim of a patent included in the Kennedy Licensed Patents which covers or claims the exploitation of a product in the applicable country; (ii) the expiration of regulatory exclusivity for the product in the country; or (iii) 10 years from first commercial sale of the product in the country.

The Kennedy License Agreement may be terminated by 180 LP without cause by providing a 90-day notice.

Exhibit 99.7

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Introduction

The unaudited pro forma condensed combined balance sheet as of June 30, 2020 and the unaudited pro forma condensed combined statements of operations for the six months ended June 30, 2020 and for the year ended December 31, 2019, combine the unaudited pro forma condensed combined financial statements of 180 with the financial statements of KBL to give effect to the business combination. Additionally, the financial statements of 180 (where 180 refers to the post-combination results of 180 Life Sciences Corp. f/k/a CannBioRx Life Sciences Corp.), CBR Pharma, 180 LP and CannBioRx (where CannBioRx refers to the pre-combination results of 180 Life Sciences Corp. f/k/a CannBioRx Life Sciences Corp.) were combined to give effect to the Reorganization. The Reorganization and business combination are reflected as if they had occurred on January 1, 2019 with respect to the unaudited pro forma condensed combined statements of operations and on June 30, 2020 with respect to the unaudited pro forma condensed combined balance sheet.

Accounting for the Merger

The financial statements of KBL, 180, CBR Pharma, 180 LP, CannBioRx and Katexco were prepared in accordance with GAAP. In the Reorganization between 180 (the legal acquiree) and the 180 Subsidiaries (Katexco, CBR Pharma and 180 LP) which was consummated on July 16, 2019, it was determined that Katexco was the accounting acquirer and the remaining companies were the accounting acquirees. In the business combination between KBL and the newly combined 180, the business combination was accounted for as a reverse recapitalization of 180.

The unaudited pro forma condensed combined financial information should be read in conjunction with the financial statements of each of KBL, 180 and the 180 Subsidiaries as well as the sections entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations of KBL” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations of 180” herein and the other information contained in or incorporated by reference into this proxy statement/prospectus.

The unaudited pro forma condensed combined financial information includes reclassifications to conform the 180 Subsidiaries’ historical accounting presentation to 180’s accounting presentation.

The unaudited pro forma adjustments give effect to events that are directly attributable to the transactions and are based on available data and certain assumptions that management believes are factually supportable. In addition, with respect to the unaudited condensed combined statements of operations, the unaudited pro forma adjustments are expected to have a continuing impact on the combined results.

The unaudited pro forma condensed combined financial information is presented for informational purposes only and to aid you in your analysis of the financial aspects of the transactions. The unaudited pro forma condensed combined financial information described above has been derived from the historical financial statements of 180, KBL and the 180 Subsidiaries and the related notes included elsewhere in this proxy statement/prospectus. The unaudited pro forma condensed combined financial information is based on 180’s accounting policies. Further review may identify additional differences between the accounting policies of 180, KBL and the 180 Subsidiaries. The unaudited pro forma adjustments and the pro forma condensed combined financial information do not reflect the impact of synergies or post-transaction management actions and are not necessarily indicative of the financial position or results of operations that may have actually occurred had the transactions taken place on the dates noted, or of 180’s future financial position or operating results.

Pursuant to KBL’s Charter, public stockholders are being offered the opportunity to redeem, upon the Closing, shares of KBL Common Stock then held by them for cash equal to their pro rata share of the aggregate amount on deposit in the Trust Account. For illustrative purposes, based on the fair value of marketable securities held in the Trust Account as of June 30, 2020 of approximately $11.3 million, the estimated per share redemption price would have been approximately $10.41. Subsequent to June 30, 2020, stockholders holding 106,186 public shares exercised their right to redeem such public shares into a pro rata portion of the Trust Account. As a result, an aggregate of approximately $1,160,695 was removed from the Trust Account to pay such holders. The below pro forma financial statement give effect to this transaction.

The unaudited pro forma condensed combined financial statements present two redemption scenarios as follows:

- **Assuming No Redemption:** This scenario assumes that 106,186 shares of KBL Common Stock are redeemed, which are the shares that were redeemed subsequent to June 30, 2020. This scenario also assumes the sale of 778,359 shares of KBL Common Stock pursuant to a Guarantee and Commitment Agreement whereby Tyche will purchase enough KBL Common Stock to ensure the combined entity has $5,000,001 in net tangible assets.

- **Assuming Maximum Redemption:** This scenario assumes that the remaining 940,416 shares of redeemable KBL Common Stock are redeemed. This scenario also assumes the sale of an additional 978,973 shares of KBL Common Stock pursuant to a Guarantee and Commitment Agreement whereby Tyche will purchase enough KBL Common Stock to ensure the combined entity has $5,000,001 in net tangible assets.

180 LIFE SCIENCES CORP.
BUSINESS COMBINATION
Unaudited Pro Forma Condensed Combined Balance Sheet
June 30, 2020

	180	KBL	Pro Forma Adjustments	Intercompany Eliminations	Pro Forma Combined (No Redemption)	Maximum Redemption Adjustments	Pro Forma Combined (Maximum Redemption)
	Note A	Note B	Note C	Note D	Note E	Note F	
Assets							
Current Assets:							
Cash	$ 70,127	$ 257,601	$ 20,561,942 (a), (c), (e), (f)	$ —	$ 20,889,670	$ —	$ 20,889,670
Restricted cash	—	787,865	—	—	787,865	—	787,865
Due from related parties	321,904	—	—	—	321,904	—	321,904
Prepaid income taxes	—	21,806	—	—	21,806	—	21,806
Prepaid expenses and other current assets	160,511	118,645	—	—	279,156	—	279,156
Total Current Assets	552,542	1,185,917	20,561,942	—	22,300,401	—	22,300,401
Cash and marketable securities held in Trust Account	—	11,276,350	(11,276,350)(c)	—	—	—	—
Other assets	—	163,797	—	—	163,797	—	163,797
Property and equipment, net	44,077	—	—	—	44,077	—	44,077
Intangible assets, net	1,973,859	—	—	—	1,973,859	—	1,973,859
In-process research and development	12,462,429	—	—	—	12,462,429	—	12,462,429
Goodwill	35,339,135	—	—	—	35,339,135	—	35,339,135
Total Assets	$ 50,372,042	$ 12,626,064	$ 9,285,592	$ —	$ 72,283,698	$ —	$ 72,283,698
Liabilities and Stockholders' Equity							
Current Liabilities:							
Accounts payable and accrued expenses	$ 7,063,216	$ 339,497	$ 196,998 (d), (e)	$ —	$ 7,599,711	$ —	$ 7,599,711
Accounts payable and accrued expenses – related party	386,244	—	(3,064)(e)	—	383,180	—	383,180
Convertible promissory note – related party	—	337,301	(337,301)(e)	—	—	—	—
Advances due – 180	—	1,379,815	—	(1,379,815)	—	—	—
Due to related parties, net	25,187	795,003	—	—	820,190	—	820,190
Loans payable	145,054	—	—	—	145,054	—	145,054
Loans payable – related parties	440,756	—	—	—	440,756	—	440,756
Convertible notes payable, net of discount	—	431,745	—	—	431,745	—	431,745
Derivative liability	—	214,188	—	—	214,188	—	214,188
Total Current Liabilities	8,060,457	3,497,549	(143,367)	(1,379,815)	10,034,824	—	10,034,824
Loans payable – non current portion	246,914	—	—	—	246,914	—	246,914
Convertible notes payable – non current portion	2,035,164	—	(1,702,664)(e)	—	332,500	—	332,500
Convertible notes payable – related parties – non current portion	523,609	—	(253,609)(e)	—	270,000	—	270,000
Deferred tax liability	3,624,036	—	—	—	3,624,036	—	3,624,036
Total Liabilities	14,490,180	3,497,549	(2,099,640)	(1,379,815)	14,508,274	—	14,508,274

180 LIFE SCIENCES CORP.
BUSINESS COMBINATION
Unaudited Pro Forma Condensed Combined Balance Sheet — (continued)
June 30, 2020

	180	KBL	Pro Forma Adjustments		Intercompany Eliminations	Pro Forma Combined (No Redemption)	Maximum Redemption Adjustments	Pro Forma Combined (Maximum Redemption)
	Note A	Note B	Note C		Note D	Note E	Note F	
Commitments and Contingencies								
Preferred stock, subject to redemption	—	—	3,000,000	(f)	—	3,000,000	—	3,000,000
Common stock	—	4,128,507	(4,128,507)	(c)	—	—	—	—
Stockholders' Equity:								
Preferred stock	—	—	—		—	—	—	—
Common stock	8	508	2,067	(a), (d), (b), (c), (e)	—	2,583	4	2,587
Additional-paid in capital	76,293,471	6,458,398	13,875,274	(a), (d), (b), (c), (e)	—	96,627,143	(4)	94,627,139
Accumulated other comprehensive income	(824,158)	—	—		—	(824,158)	—	(824,158)
Retained earnings/accumulated deficit	(39,587,459)	(1,458,898)	(1,363,602)	(d)	1,379,815	(41,030,144)	—	(41,030,144)
Total Stockholders' Equity	35,881,862	5,000,008	12,513,739		1,379,815	54,775,424	—	54,775,424
Total Liabilities and Stockholders' Equity	$ 50,372,042	$ 12,626,064	$ 9,285,592		$ —	$ 72,283,698	$ —	$ 72,283,698

See notes to the unaudited pro forma condensed combined financial information.

180 LIFE SCIENCES CORP.
BUSINESS COMBINATION
Unaudited Pro Forma Condensed Combined Statement of Operations
For the Six Months Ended June 30, 2020

	180 Note A	KBL Note B	Pro Forma Adjustments Note C		Pro Forma Combined (No Redemption)	Maximum Redemption Adjustments Note D	Pro Forma Combined (Maximum Redemption)
Operating Expenses:							
Research and development	$ 704,800	$ —	$ —		$ 704,800	$ —	$ 704,800
General and administrative – related parties	96,402	—	—		96,402	—	96,402
General and administrative	1,699,859	635,631	(768,145)	(a)	1,567,345	—	1,567,345
Total Operating Expenses	2,501,061	635,631	(768,145)		2,368,547	—	2,368,547
Loss From Operations	(2,501,061)	(635,631)	768,145		(2,368,547)	—	(2,368,547)
Other Income (Expense):							
Other income – related parties	240,000	—	—		240,000	—	240,000
Other income	12,605	—	—		12,605	—	12,605
Interest income	—	38,438	(38,438)	(b)	—	—	—
Interest expense	(325,414)	(270,257)	245,098	(b)	(350,573)	—	(350,573)
Interest expense – related party	(41,670)	—	18,365	(b)	(23,305)	—	(23,305)
Loss on issuance of convertible promissory note	—	(1,657,522)	1,657,522	(e)	—	—	—
Gain on extinguishment, net	491,624	—	(491,624)	(e)	—	—	—
Total Other Income (Expense)	377,145	(1,889,341)	1,390,923		(121,273)	—	(121,273)
(Loss) Income Before Provision for Income Taxes	(2,123,916)	(2,524,972)	2,159,068		(2,489,820)	—	(2,489,820)
Income tax benefit (provision)	10,038	(3,827)	3,827	(c)	10,038	—	10,038
Net Loss	$ (2,113,878)	$ (2,528,799)	$ 2,162,895		$ (2,479,782)	$ —	$ (2,479,782)
Loss per share:							
Basic	$ (25.07)	$ (0.57)			$ (0.10)		$ (0.10)
Diluted	$ (25.07)	$ (0.57)			$ (0.10)		$ (0.10)
Number of common shares outstanding							
Basic	84,326	4,468,714	19,515,831	(d)	23,984,545	38,557	24,023,103
Diluted	84,326	4,468,714	19,515,831	(d)	23,984,545	38,557	24,023,103

See notes to the unaudited pro forma condensed combined financial information.

180 LIFE SCIENCES CORP.
BUSINESS COMBINATION
Unaudited Pro Forma Condensed Combined Statement of Operations
For the Year Ended December 31, 2019

	180	KBL	Pro Forma Adjustments	Pro Forma Combined (No Redemption)	Maximum Redemption Adjustments	Pro Forma Combined (Maximum Redemption)
	Note A	Note B	Note C		Note D	
Operating Expenses:						
Research and development	$ 2,794,716	$ —	$ —	$ 2,794,716	$ —	$ 2,794,716
Rental income – related parties	(170,872)	—	—	(170,872)	—	(170,872)
General and administrative	7,976,030	1,208,943	(672,304)(a)	8,512,669	—	8,512,669
Modification of stock award – related parties	12,959,360	—	—	12,959,360	—	12,959,360
General and administrative – related parties	473,425	—	—	473,425	—	473,425
Total Operating Expenses	24,032,659	1,208,943	(672,304)	24,569,298	—	24,569,298
Loss From Operations	(24,032,659)	(1,208,943)	672,304	(24,569,298)	—	(24,569,298)
Other Income (Expense):						
Gain on sale of property and equipment	1,714	—	—	1,714	—	1,714
Other income, net	407,651	—	—	407,651	—	407,651
Other income – related parties	552,329	—	—	552,329	—	552,329
Interest income	4,039	1,374,898	(1,374,898)(b)	4,039	—	4,039
Interest income – related parties	2,170	—	—	2,170	—	2,170
Interest expense	(160,185)	—	123,112 (b)	(37,073)	—	(37,073)
Interest expense – related parties	(30,563)	—	9,604 (b)	(20,959)	—	(20,959)
Loss on extinguishment on convertible notes payable	(703,188)	—	—	(703,188)	—	(703,188)
Change in fair value of accrued issuable equity	(327,879)	—	—	(327,879)	—	(327,879)
Change in fair value of accrued issuable equity – related parties	(3,893,086)	—	—	(3,893,086)	—	(3,893,086)
Total Other Income (Expense)	(4,146,998)	1,374,898	(1,242,182)	(4,014,282)	—	(4,014,282)
Income (Loss) Before Provision for Income Taxes	(28,179,657)	165,955	(569,878)	(28,583,580)	—	(28,583,580)
Income tax benefit (provision)	20,076	(257,255)	257,255 (c)	20,076	—	20,076
Net Income (Loss)	$ (28,159,581)	$ (91,300)	$ (312,623)	$ (28,563,504)	$ —	$ (28,563,504)
Loss per share:						
Basic	$ (281.60)	$ (0.02)		$ (1.22)		$ (1.21)
Diluted	$ (281.60)	$ (0.02)		$ (1.22)		$ (1.21)
Number of common shares outstanding						
Basic	100,000	4,223,791	19,175,515 (d)	23,499,306	38,557	23,537,864
Diluted	100,000	4,223,791	19,175,515 (d)	23,499,306	38,557	23,537,864

See notes to the unaudited pro forma condensed combined financial information.

Basis of Presentation

The unaudited pro forma condensed combined financial information set forth herein is based upon the unaudited pro forma condensed combined financial statements of 180 and the financial statements of KBL. The unaudited pro forma condensed combined financial information is presented as if the business combination had been completed on January 1, 2019 with respect to the unaudited pro forma condensed combined statements of operations for the six months ended June 30, 2020 and for the year ended December 31, 2019 and on June 30, 2020 in respect of the unaudited pro forma condensed combined balance sheet.

The unaudited pro forma condensed combined financial information is presented for informational purposes only and is not necessarily indicative of the combined financial position or results of operations had the business combination occurred as of the date indicated, nor is it meant to be indicative of any anticipated combined financial position or future results of operations that the combined company will experience after the completion of the business combination.

We have accounted for the business combination in these unaudited pro forma condensed combined financial statements as a reverse recapitalization, in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 805 "Business Combinations" ("ASC 805"). In accordance with ASC 805, this is a capital transaction of 180 (the legal acquiree) and is the equivalent to the issuance of shares by 180 for the net monetary assets of KBL, accompanied by a recapitalization.

Pro forma adjustments reflected in the unaudited pro forma condensed combined balance sheet are based on items that are factually supportable and directly attributable to the business combination. Pro forma adjustments reflected in the pro forma condensed combined statements of income are based on items that are factually supportable, directly attributable to the business combination and are expected to have a continuing impact on the combined results. The unaudited pro forma condensed combined financial information does not reflect the cost of any integration activities or benefits from the business combination, including potential synergies that may be generated in future periods.

Pro Forma Adjustments

The following pro forma adjustments give effect to the business combination.

Unaudited Pro Forma Condensed Combined Balance Sheet — As of June 30, 2020

Note A Derived from the unaudited pro forma condensed combined balance sheet of 180 as of June 30, 2020 included elsewhere in this proxy statement/prospectus.

Note B Derived from the unaudited condensed balance sheet of KBL as of June 30, 2020 included elsewhere in this proxy statement/prospectus.

Pro Forma Adjustments:

Note C (a) To record the sale of 778,359 shares (increase in par value of $78) of KBL Common Stock at an assumed price of $10.00 per share for aggregate proceeds of $7,783,588 pursuant to a Guarantee and Commitment Agreement whereby Tyche will purchase sufficient shares of KBL Common Stock to ensure the combined entity has $5,000,001 in net tangible assets (see table further below).

(b) To give effect to the reverse recapitalization whereby KBL will issue 17,500,000 shares (adds par value of $1,750) of KBL Common Stock to the shareholders of 180 and the elimination of 85,050 shares (decrease in par value of $8) of 180 common stock.

(c) To give effect to (a) the reclassification from temporary equity to permanent equity of the remaining 290,595 shares (increase in par value of $29), assuming no redemption of those shares; (b) the issuance of 1,200,250 shares (increase in par value of $120) pursuant to certain KBL shareholder rights; (c) to give effect to the redemption of 106,186 shares at approximately $10.93 per share (decrease in par value of $11) for an aggregate cash pay out of $1,160,695 on July 9, 2020, and (d) to reclassify the $11,276,350 in the Trust Account to unrestricted cash.

(d) To give effect to an additional $197,500 of 180 merger expenses to be incurred subsequent to June 30, 2020 with an offset to accounts payable. Also, to eliminate KBL's $1,458,898 accumulated deficit. Additionally, to give effect for the issuance of an additional 500,000 shares of KBL Common Stock (increase in par value of $50) to Tyche pursuant to a certain agreement upon close of the business combination.

(e) To give effect to the conversion of $1,702,664 of convertible notes and $502 of accrued interest into 419,625 shares of KBL common stock (adds par value of $42). To give effect to the conversion of $253,609 of convertible notes — related parties and $3,064 of accrued interest — related parties into 63,269 shares of KBL common stock (adds par value of $6). Furthermore, to repay $337,301 of related party convertible promissory notes upon closing of the business combination.

(f) On June 26, 2020, the Company entered into a Securities Purchase Agreement (the "SPA") dated June 12, 2020, whereby upon the second closing pursuant to the SPA, upon the registration statement becoming effective, as well as certain other conditions being satisfied, the Company shall have the right to have a certain investor purchase all of the authorized Series A Convertible Preferred Stock (1,000,000 shares) of the Company for an aggregate purchase price of $3,000,000.

The Preferred Stock shall be convertible into common stock at a conversion price of $5.28 per share at the election of the holder at any time following issuance, subject to adjustment.

At any time following the three month anniversary of the Business Combination, the holder of the Preferred Stock has the right to force the Company to redeem all or any portion of the Preferred Stock then owned by the holder in cash. The Series A Convertible Preferred Stock redemption features require bifurcation, however the value is indeterminable as of the date of this filing as certain of the key terms will become known at issuance. As a result, the Company did not recognize a separated component at its fair value related to the redemption features in these pro forma financial statements.

Note D To reverse $1,379,815 of bad debt allowance on 180's books and then to eliminate the intercompany loans between 180 and KBL.

Note E The below table illustrates the allocation of ownership interests in the combined entity.

June 30, 2020	**Number of Shares**
KBL outstanding shares	5,077,321
Outstanding shares true-up	4,245
KBL shares outstanding subject to potential redemption	396,781
Shares issuable to 180 shareholders[1]	17,500,000
Conversion of rights into shares of KBL	1,200,250
Automatic conversion of debt	482,894
Shares redeemed on July 9, 2020	(106,186)
Tyche backstop shares	778,359
Additional Tyche shares	500,000
	25,833,664

(1) Certain Canadian shareholders have the ability to elect to receive Exchangeable Shares held in the form of preferred stock in 180. For pro forma purposes the Company has assumed all Exchangeable Shares have been converted into KBL Common Stock.

Note F To give effect to the redemption of 940,416 shares at $10.41 (subtracts $94 of par value) of common stock with an aggregate cash payment of $9,789,730 and an additional issuance of 978,973 IPO shares (adds par value of $98) of common stock at $10.00 share for aggregate gross proceeds of $9,789,730 pursuant to a Guarantee and Commitment Agreement whereby Tyche will purchase enough shares of KBL Common Stock to ensure the combined entity has $5,000,001 in net tangible assets (see table below).

	June 30, 2020	
	No Redemption	Maximum Redemption
Total Assets	$ 72,283,698	$ 72,283,698
Total Liabilities[1]	17,508,274	17,508,274
Net Assets	54,775,424	54,775,424
Less: Goodwill	(35,339,135)	(35,339,135)
Less: In-process research and development	(12,462,429)	(12,462,429)
Less: Other intangible assets	(1,973,859)	(1,973,859)
Tangible net assets	$ 5,000,001	$ 5,000,001

(1) Includes preferred stock subject to redemption.

Unaudited Pro Forma Condensed Combined Statement of Operations For The Six Months Ended June 30, 2020

Note A Derived from the unaudited pro forma condensed combined statement of operations of 180 for the six months ended June 30, 2020 included elsewhere in this proxy statement/prospectus.

Note B Derived from the unaudited condensed statement of operations of KBL for the six months ended June 30, 2020 included elsewhere in this proxy statement/prospectus.

Pro Forma Adjustments:

Note C a) To give effect to a new employment agreement whereby a new executive will receive aggregate cash compensation of $125,000 (which represents the six month effect of base year cash compensation of $250,000). Furthermore, to eliminate $893,145 of non-recurring merger related expenses.

b) To eliminate interest income derived from KBL's investment account as the cash within the investment account would have likely been reclassified to a non-interest bearing account upon the Closing. To eliminate aggregate interest expense of $245,098 related to notes payable that will be converted upon close of the business combination. To eliminate aggregate interest expense — related party of $18,365 related to notes payable that will be converted upon close of the business combination.

c) To eliminate the KBL income tax provision as the combined entity is expected to incur a loss during the period.

d) The below table illustrates the adjustment to the weighted average shares outstanding used in the earnings per share calculations for the 17,500,000 shares of KBL Common Stock issued as consideration to the 180 stockholders, less the 1,050,000 holdback shares (6% of the 17,500,000 shares issuable to the 180 stockholders, which will be held in escrow for 12 months in order to satisfy any potential indemnification claims of KBL, plus 482,894 shares issuable upon the automatic conversion of certain convertible debt, plus the 290,595 remaining redeemable shares of KBL Common Stock reclassified from temporary equity to permanent equity, the 1,200,250 shares of KBL Common Stock issued as a result of conversion of rights, the issuance of 778,359 Tyche backstop shares, the issuance of an additional 500,000 shares pursuant to a certain agreement, less the 84,326 shares outstanding of 180 common stock. The diluted loss per share data is calculated based on net loss divided by the weighted average shares outstanding.

June 30, 2020	Weighted Average Number of Shares
Share consideration for transaction	17,500,000
Outstanding shares true-up	4,245
Holdback shares	(1,050,000)
Automatic conversion of debt	482,894
Shares redeemed on July 9, 2020	(106,186)
Reclassification from temporary equity to permanent equity	290,595
Conversion of rights into shares of KBL	1,200,250
Tyche backstop shares	778,359
Additional Tyche shares	500,000
Elimination of 180's weighted average equity	(84,326)
Total adjustment	19,515,831

e) To remove the effect of the loss on issuance of the convertible promissory note as well as the gain on extinguishment.

Note D To reduce weighted average shares outstanding by 940,416 shares of KBL Common Stock assuming all remaining IPO shares are redeemed. Additionally, to increase weighted average shares outstanding by 978,973 shares of KBL Common Stock issued pursuant to the Guarantee and Commitment Agreement.

Unaudited Pro Forma Condensed Combined Statement of Operations For The Year Ended December 31, 2019

Note A Derived from the unaudited pro forma condensed combined statement of operations of 180 for the year ended December 31, 2019 included elsewhere in this proxy statement/prospectus.

Note B Derived from the audited statement of operations of KBL for the year ended December 31, 2019 included elsewhere in this proxy statement/prospectus.

Pro Forma Adjustments:

Note C a) To give effect to a new employment agreement whereby a new executive will receive aggregate cash compensation of $250,000. Furthermore, to eliminate $922,304 of non-recurring merger related expenses.

b) To eliminate interest income derived from KBL's investment account as the cash within the investment account would have likely been reclassified to a non-interest bearing account upon the Closing. To eliminate aggregate interest expense of $132,716 related to notes payable that will be converted upon close of the business combination.

c) To eliminate the KBL income tax provision as the combined entity is expected to incur a loss during the period.

d) The below table illustrates the adjustment to the 17,500,000 weighted average shares outstanding used in the earnings per share calculations for the additional shares of KBL Common Stock issued as consideration to the 180 stockholders, less the 1,050,000 holdback shares (6% of the 17,500,000 shares issuable to the 180 stockholders, which will be held in escrow for 12 months in order to satisfy any potential indemnification claims of KBL), plus 482,894 shares issuable upon the automatic conversion of certain convertible debt, less the 173,851 shares of KBL Common Stock redeemed during 2020, the 1,200,250 shares of KBL Common Stock issued as a result of conversion of rights, the issuance of 778,389 Tyche backstop shares, the issuance of 500,000 additional Tyche shares, less the outstanding 180 common stock. The diluted loss per share data is calculated based on net loss divided by the weighted average shares outstanding

December 31, 2019	Weighted Average Number of Shares
Share consideration for transaction	17,500,000
Outstanding shares true-up	4,245
Holdback shares	(1,050,000)
Automatic conversion of debt	482,894
Reclassification from temporary equity to permanent equity	33,618
Shares redeemed during 2020	(173,851)
Tyche backstop shares	778,359
Additional Tyche shares	500,000
Conversion of rights into shares of KBL	1,200,250
Elimination of CannBioRx's historical equity	(100,000)
Total adjustment	19,175,515

Note D To reduce weighted average shares outstanding by 940,416 shares of KBL Common Stock assuming all remaining IPO shares are redeemed. Additionally, to increase weighted average shares outstanding by 978,973 shares of KBL Common Stock issued pursuant to the Guarantee and Commitment Agreement.

180 LIFE SCIENCES CORP.
REORGANIZATION
Unaudited Pro Forma Condensed Combined Statement of Operations
For the Year Ended December 31, 2019

	180	CBR Pharma	180 LP	CannBioRx	Pro Forma Adjustments	Intercompany Eliminations	Pro Forma Combined
	Note A	Note B	Note C	Note D	Note E	Note F	
Operating Expenses:							
Research and development	$ 1,887,402	$ 623,578	$ 283,736	$ —	$ —	$ —	$ 2,794,716
Rental income – related parties	(25,946)	(186,688)	—	—	—	41,762	(170,872)
General and administrative	5,701,705	2,284,027	882,848	1,730,334	(1,267,662)(a), (c)	(1,355,222)	7,976,030
Modification of stock award – related parties	12,959,360	—	—	—	—	—	12,959,360
General and administrative – related parties	340,765	132,660	—	—	—	—	473,425
Total Operating Expenses	20,863,286	2,853,577	1,166,584	1,730,334	(1,267,662)	(1,313,460)	24,032,659
Loss From Operations	(20,863,286)	(2,853,577)	(1,166,584)	(1,730,334)	1,267,662	1,313,460	(24,032,659)
Other Income (Expense):							
Gain on sale of property and equipment	1,714	—	—	—	—	—	1,714
Other income, net	—	—	407,651	—	—	—	407,651
Other income – related parties	552,329	—	—	—	—	—	552,329
Interest income	3,727	2,193	—	—	—	(1,881)	4,039
Interest income – related parties	—	2,170	—	—	—	—	2,170
Interest expense – related parties	(23,074)	—	(7,489)	—	—	—	(30,563)
Interest expense	(162,066)	—	—	—	—	1,881	(160,185)
Loss on extinguishment on convertible notes payable	(703,188)	—	—	—	—	—	(703,188)
Change in fair value of accrued issuable equity	(327,879)	—	—	—	—	—	(327,879)
Change in fair value of accrued issuable equity – related parties	(3,881,819)	(11,267)	—	—	—	—	(3,893,086)
Total Other Income (Expense)	(4,540,256)	(6,904)	400,162	—	—	—	(4,146,998)
(Loss) Income Before Provision for Income Taxes	(25,403,542)	(2,860,481)	(766,422)	(1,730,334)	1,267,662	1,313,460	(28,179,657)
Provision for income taxes	9,496	—	—	—	10,580 (c)	—	20,076
Net Loss	$ (25,394,046)	$ (2,860,481)	$ (766,422)	$ (1,730,334)	$ 1,278,242	$ 1,313,460	$ (28,159,581)
Earnings per share:							
Basic	$ (405.52)						$ (281.60)
Diluted	$ (405.52)						$ (281.60)
Number of common shares outstanding							
Basic	62,621				37,379 (b)		100,000
Diluted	62,621				37,379 (b)		100,000

See notes to the unaudited pro forma condensed combined financial information.

Basis of Presentation

The unaudited pro forma condensed combined financial information set forth herein is based upon the financial statements of 180 (inclusive of Katexco, the accounting acquirer, plus the historical pre-Reorganization financial statements of CannBioRx, CBR Pharma and 180 LP (collectively the accounting acquirees). The unaudited pro forma condensed combined financial information is presented as if the Reorganization had been completed on January 1, 2019 with respect to the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2019. No 2020 pro forma condensed combined Reorganization financial statements are presented because the June 30, 2020 financial statements of 180, included elsewhere in this proxy statement/prospectus, represent the June 30, 2020 consolidated balance sheet of 180 and the 180 Subsidiaries following the July 16, 2019 Reorganization.

The unaudited pro forma condensed combined financial information is presented for informational purposes only and is not necessarily indicative of the combined results of operations had the Reorganization occurred as of the date indicated, nor is it meant to be indicative of any anticipated combined future results of operations that the combined company will experience after the completion of the Reorganization.

We have accounted for the Reorganization using the acquisition method of accounting, in accordance with ASC 805. In accordance with ASC 805, we used our best estimates and assumptions to assign fair values to the tangible and intangible assets acquired and liabilities assumed at the acquisition date. Goodwill as of the acquisition date was measured as the excess of the purchase consideration over the fair value of the net tangible and identifiable intangible assets acquired.

Pro forma adjustments reflected in the pro forma condensed combined statements of income are based on items that are factually supportable, are directly attributable to the Reorganization, and are expected to have a continuing impact on the combined results. The unaudited pro forma condensed combined financial information does not reflect the cost of any integration activities or benefits from the Reorganization, including potential synergies that may be generated in future periods.

Pro Forma Adjustments

The following pro forma adjustments give effect to the Reorganization.

Unaudited Pro Forma Condensed Combined Statement of Operations For The Year Ended December 31, 2019

Note A Derived from the unaudited consolidated statement of operations of 180 for the year ended December 31, 2019 included elsewhere in this proxy statement/prospectus.

Note B Derived from the unaudited statement of operations of CBR Pharma for the six months ended June 30, 2019 included elsewhere in this proxy statement/prospectus, as adjusted for the results from July 1, 2019 to July 16, 2019.

	Six Months Ended June 30, 2019	Period From July 1, 2019 through July 16, 2019	Period From January 1, 2019 through July 16, 2019
	CBR Pharma	**CBR Pharma**	**CBR Pharma**
Operating expenses (income):			
Research and development	$ 578,216	$ 45,362	$ 623,578
General and administrative	2,100,806	183,221	2,284,027
Rental income – related parties	(182,616)	(4,072)	(186,688)
General and administrative – related parties	121,734	10,926	132,660
Loss from operations	(2,618,140)	(235,437)	(2,853,577)
Interest income	2,186	6	2,193
Interest income – related parties	2,170	—	2,170
Change in fair value of accrued issuable equity – related party	(11,249)	(18)	(11,267)
Net loss	$ (2,625,033)	$ (235,449)	$ (2,860,481)

Note C Derived from the unaudited statement of operations of 180 LP for the six months ended June 30, 2019 included elsewhere in this proxy statement/prospectus, as adjusted for the results from July 1, 2019 to July 16, 2019.

	Six Months Ended June 30, 2019	Period From July 1, 2019 through July 16, 2019	Period From January 1, 2019 through July 16, 2019
	180 LP	180 LP	180 LP
Operating expenses:			
Research and development	$ 246,260	$ 37,476	$ 283,736
General and administrative	824,265	58,583	882,848
Loss from operations	(1,070,525)	(96,059)	(1,166,584)
Other income – related party	340,968	66,683	407,651
Interest expense – related parties	(6,882)	(607)	(7,489)
Net loss	$ (736,439)	$ (29,983)	$ (766,422)

Note D Derived from the unaudited statement of operations of CannBioRx for the six months ended June 30, 2019.

	Six Months Ended June 30, 2019	Period From July 1, 2019 through July 16, 2019	Period From January 1, 2019 through July 16, 2019
	CBR-LS	CBR-LS	CBR-LS
Operating expenses:			
General and administrative	$ 1,050,000	$ 680,334	$ 1,730,334
Loss from operations	(1,050,000)	(680,334)	(1,730,334)
Net loss	$ (1,050,000)	$ (680,334)	$ (1,730,334)

Pro Forma Adjustments:

Note E a) To eliminate $1,327,998 merger expenses.

b) To adjust the weighted average shares for the full year effect of the shares issued in the Reorganization, as if the Reorganization occurred on January 1, 2019. The weighted average shares outstanding used in the pro forma combined loss per share calculations reflect 68,571 shares of 180 common stock issued as consideration to the former stockholders of the accounting acquirees and 31,429 shares of 180 common stock issued to the former Katexco stockholders. The diluted loss per share data is calculated based on net loss divided by the weighted average dilutive shares outstanding.

c) To give effect to incremental amortization expense of $60,336 related to the technology licenses and a corresponding income tax benefit.

Note F To eliminate intercompany activity between 180, CBR Pharma, 180 LP and CannBioRx.

180 Life Sciences Corp. (the "Company")
Nominating and Corporate Governance Committee Charter

Role:

The Nominating and Corporate Governance Committee's role is to determine the slate of director nominees for election to the Company's Board of Directors (the "**Board**") to identify and recommend candidates to fill vacancies occurring between annual stockholder meetings, to review, evaluate and recommend changes to the Company's Corporate Governance Guidelines, and to establish the process for conducting the review of the Chief Executive Officer's performance.

Membership:

The membership of the Committee will consist of at least two directors of the Company, who shall satisfy the definition of "**independent**" under the listing standard of The NASDAQ Capital Market, or such other exchange(s) upon which the Company's securities are then listed from time to time (the "**Exchange**"). If the Committee is comprised of at least three members, one director who is not "**independent**" as defined under the rules of the Exchange and is not currently an executive officer or employee or a family member of an executive officer, may be appointed to the Committee if the Board, under exceptional and limited circumstances, determines that such individual's membership on the Committee is required by the best interests of the Company and its stockholders (with such member being defined as an "**Excepted Member**"). An Excepted Member may not serve longer than two years. An Excepted Member's service on the Committee will be subject in all cases to the rules and requirements of the Exchange.

Operations:

The Board shall designate one member of the Committee to act as its chairperson. The Committee will meet a minimum of once a year. Additional meetings may occur as the Committee or its chair deems advisable. The Committee may also meet periodically in executive session without Company management present. The Committee will cause to be kept adequate minutes of its proceedings, and will report on its actions and activities at the next quarterly meeting of the Board. Committee members will be furnished with copies of the minutes of each meeting and any action taken by unanimous consent. The Committee is governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment) action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee is authorized to adopt its own rules of procedure not inconsistent with (a) any provision of the Company's Certificate of Incorporation, (b) any provision of the Bylaws of the Company, or (c) the laws of the State of Nevada.

Authority:

The Committee will have the resources and authority necessary to discharge its duties and responsibilities. The Committee has sole authority to retain and terminate outside counsel, compensation consultants, or other experts or consultants, as it deems appropriate, including sole authority to approve the fees and other retention terms for such persons. Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company and the Committee will take all necessary steps to preserve the privileged nature of those communications.

Except as otherwise delegated by the Board or the Committee, the Committee will act on behalf of the Board.

The Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee to perform certain of its duties from time to time.

Performance Evaluation:

The Committee shall review its own performance and reassess the adequacy of this Charter at least annually in such manner as it deems appropriate, and submit such evaluation, including any recommendations for change, to the full Board for review, discussion and approval.

Responsibilities:

The Committee will have the authority, to the extent it deems necessary or appropriate, to retain a search firm to be used to identify director candidates. The Committee shall have sole authority to retain and terminate any such search firm, including sole authority to approve the firm's fees and other retention terms. The Committee shall also have authority, to the extent it deems necessary or appropriate, to retain other advisors. The Company will provide the appropriate funding, as determined by the Committee, for payment of compensation to any search firm or other advisors employed by the Committee.

Specific responsibilities and duties of the Committee include:

a) Establishing criteria for selection of new directors and nominees for vacancies on the Board;

b) Approving director nominations to be presented for stockholder approval at the Company annual Meeting;

c) Identifying and assisting with the recruitment of qualified candidates for Board membership and for the positions of Chairman of the Board and Chairman of the committees of the Board;

d) Recommending to the Board to accept or decline any tendered resignation of a director;

e) Considering any nomination of director candidates validly made by stockholders;

f) Reviewing any director conflict of interest issues and determining how to handle such issues;

g) Ensuring a review at least annually of incumbent directors' performance and attendance at Board and committee meetings in connection with the independent directors' decision regarding directors to be slated for election at the Company's annual meeting;

h) Providing appropriate orientation programs for new directors;

i) Developing and periodically reviewing and recommending to the Board appropriate revisions to the Company's corporate governance framework, including its Certificate of Incorporation and Bylaws;

j) Monitoring compliance with the corporate governance guidelines; and

k) Reviewing and assessing the adequacy of the Company's corporate governance policies and practices at least annually and recommending any proposed changes to the Board.

The Committee will also provide periodic reports to the Board and will propose any necessary actions to the Board. The Committee will also be responsible for the review and reassessment of the adequacy of this Charter annually and for recommending any proposed changes to the Board for approval.

Nomination Process:

The Committee has the authority to lead the search for individuals qualified to become members of the Board of the Company and to select or recommend to the Board nominees to be presented for stockholder approval. The Committee will select individuals who have high personal and professional integrity, have demonstrated ability and sound judgment and are effective, in conjunction with other director nominees, in collectively serving the long-term interests of the Company's stockholders. The Committee may use its network of contacts to compile a list of potential candidates, but may also engage, if it deems appropriate, a professional search firm. The Committee may meet to discuss and consider candidates' qualifications and then choose a candidate by majority vote.

The Committee will consider nominees for the Board recommended in good faith by the Company's stockholders, provided those nominees meet the requirements of the Exchange and applicable federal securities law. Stockholders should submit the candidate's name, credentials, contact information and his or her written consent to be considered as a candidate. These recommendations should be submitted in writing to the Company Secretary. The proposing stockholder should also include his or her contact information and a statement of his or her share ownership (how many shares owned and for how long). The Committee may request further information about stockholder recommended nominees in order to comply with any applicable laws, rules or regulations or to the extent such information is required to be provided by such stockholder pursuant to any applicable laws, rules or regulations.