

Hennessy Capital Acquisition Corp II  
Form 10-Q  
November 01, 2016

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

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

For the quarterly period ended September 30, 2016

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-37509

**HENNESSY CAPITAL ACQUISITION CORP. II**

(Exact name of registrant as specified in its charter)

**Delaware**

**47-3913221**

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(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification Number)

**700 Louisiana Street, Suite 900**

**77002**

**Houston, Texas**

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(713) 300-8242**

**Not applicable**

(Former name or former address, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 27, 2016, there were 24,949,885 shares of the Company's common stock issued and outstanding.

**HENNESSY CAPITAL ACQUISITION CORP. II**

**Table of Contents**

<b>PART I – FINANCIAL INFORMATION</b>		<b>Page</b>
Item 1.	Financial Statements:	
	Condensed Balance Sheets as of September 30, 2016 (unaudited) and December 31, 2015	1
	Condensed Statements of Operations for the three and nine months ended September 30, 2016 (unaudited), for the three months ended September 30, 2015 (unaudited) and for the period from April 29, 2015 (inception) to September 30, 2015 (unaudited)	2
	Condensed Statements of Stockholders’ Equity for the nine months ended September 30, 2016 (unaudited)	3
	Condensed Statement of Cash Flows for the nine months ended September 30, 2016 (unaudited) and for the period from April 29, 2015 (inception) to September 30, 2015 (unaudited)	4
	Notes to Condensed Financial Statements (unaudited)	5
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	13
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	17
Item 4.	Controls and Procedures	18
<b>PART II – OTHER INFORMATION</b>		
Item 1.	Legal Proceedings	18
Item 1A.	Risk Factors	18
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	18

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Item 3.	Defaults Upon Senior Securities	18
Item 4.	Mine Safety Disclosures	18
Item 5.	Other Information	18
Item 6.	Exhibits	19
	Signatures	20

**PART 1 – FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****HENNESSY CAPITAL ACQUISITION CORP. II****CONDENSED BALANCE SHEETS**

	September 30, 2016 (unaudited)	December 31, 2015
<b>ASSETS</b>		
Current assets –		
Cash	\$ 818,000	\$ 2,004,000
Prepaid expenses	34,000	50,000
Total current assets	852,000	2,054,000
Non-current assets –		
Cash and investments held in Trust Account	199,676,000	199,654,000
Total assets	\$ 200,528,000	\$ 201,708,000
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 58,000	\$ 44,000
Accrued liabilities	6,098,000	28,000
Accrued franchise taxes	59,000	125,000
Total current liabilities	6,215,000	197,000
Other liabilities –		
Deferred underwriting compensation	7,185,000	7,185,000
Total liabilities	13,400,000	7,382,000
Common stock subject to possible redemption; 18,212,751 and 18,932,591 shares, respectively, at September 30, 2016 and December 31, 2015 (at redemption value of approximately \$10.00 per share)	182,128,000	189,326,000
Commitments and contingencies		
Stockholders' equity:		

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Preferred stock, \$0.0001 par value; 1,000,000 authorized shares, none issued or outstanding	-	-
Common stock, \$0.0001 par value, 45,000,000 authorized shares, 6,737,134 and 6,017,294 shares, respectively, issued and outstanding (excluding 18,212,751 and 18,932,591 shares, respectively, subject to possible redemption) at September 30, 2016 and December 31, 2015	1,000	1,000
Additional paid-in-capital	12,467,000	5,269,000
Accumulated deficit	(7,468,000 )	(270,000 )
Total stockholders' equity	5,000,000	5,000,000
 Total liabilities and stockholders' equity	 \$ 200,528,000	 \$ 201,708,000

See accompanying notes to condensed financial statements

**HENNESSY CAPITAL ACQUISITION CORP. II****CONDENSED STATEMENTS OF OPERATIONS**

	<b>For the three months ended</b>	<b>For the three months ended</b>	<b>For the nine months ended</b>	<b>For the period from April 29, 2015 (inception) to</b>
	<b>September 30, 2016</b>	<b>September 30, 2015</b>	<b>September 30, 2016</b>	<b>September 30, 2015</b>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues	\$ -	\$ -	\$ -	\$ -
General and administrative expenses	2,858,000	198,000	7,515,000	198,000
Loss from operations	(2,858,000 )	(198,000 )	(7,515,000 )	(198,000 )
Other income – Interest income on Trust Account	99,000	134,000	317,000	134,000
Net loss	\$ (2,759,000 )	\$ (64,000 )	\$ (7,198,000 )	\$ (64,000 )
Weighted average common shares outstanding:				
Basic and diluted	6,603,000	5,713,000	6,371,000	5,436,000
Net loss per common share:				
Basic and diluted	\$ (0.42 )	\$ (0.01 )	\$ (1.13 )	\$ (0.01 )

See accompanying notes to condensed financial statements



**HENNESSY CAPITAL ACQUISITION CORP. II**

**CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY**

For the nine months ended September 30, 2016

(unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Stockholders Deficit	Equity
Balance, December 31, 2015	6,017,294	\$ 1,000	\$5,269,000	\$(270,000 )	\$5,000,000
Change in proceeds subject to possible redemption	719,840	-	7,198,000	-	7,198,000
Net loss	-	-	-	(7,198,000 )	(7,198,000)
Balance, September 30, 2016 (unaudited)	6,737,134	\$ 1,000	\$ 12,467,000	\$(7,468,000 )	\$5,000,000

See accompanying notes to condensed financial statements

**HENNESSY CAPITAL ACQUISITION CORP. II****CONDENSED STATEMENTS OF CASH FLOWS**

	<b>For the nine months ended September 30, 2016 (unaudited)</b>	<b>For the period from April 29, 2015 (inception) to September 30, 2015 (unaudited)</b>
Cash flow from operating activities:		
Net loss	\$ (7,198,000 )	\$ (64,000 )
Adjustments to reconcile net loss to net cash used in operations:		
Decrease (Increase) in prepaid expenses	16,000	(71,000 )
Increase in accounts payable, accrued liabilities and accrued franchise taxes	6,018,000	106,000
Increase in Trust income retained in Trust Account	(22,000 )	(134,000 )
Net cash used in operating activities	(1,186,000 )	(163,000 )
Cash flows from investing activities: Cash deposited in Trust Account	-	(199,599,000 )
Cash flows from financing activities:		
Proceeds from sale of common stock to Sponsor	-	25,000
Proceeds from note payable and advances – related party	-	238,000
Proceeds from sale of Public Offering Units	-	199,599,000
Proceeds from sale of Private Placement Warrants	-	7,540,000
Payment of underwriting discounts	-	(4,790,000 )
Payment of offering costs	-	(593,000 )
Payment of notes payable and advances – related party	-	(238,000 )
Net cash provided by financing activities	-	201,781,000
Net increase (decrease) in cash	(1,186,000 )	2,019,000
Cash at beginning of period	2,004,000	-
Cash at end of period	\$ 818,000	\$ 2,019,000
Supplemental disclosure of non-cash financing activities:		
Deferred underwriters' commission	\$ -	\$ 7,185,000

See accompanying notes to condensed financial statements

**HENNESSY CAPITAL ACQUISITION CORP. II**  
**Notes to Condensed Financial Statements**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS**

*Organization and General:*

Hennessy Capital Acquisition Corp. II (the "Company") was incorporated in Delaware on April 29, 2015. The Company was formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses (the "Initial Business Combination"). The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, as amended, or the "Securities Act," as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act").

At September 30, 2016, the Company had not commenced any operations. All activity for the period from April 29, 2015 (inception) through September 30, 2016 relates to the Company's formation and the initial public offering ("Public Offering") described below and, subsequent to the Public Offering, locating and completing a suitable Initial Business Combination. The Company has not and will not generate any operating revenues until after completion of a suitable Initial Business Combination, at the earliest. The Company has generated non-operating income in the form of investment income on cash and investments from the proceeds of the Public Offering. The Company has selected December 31st as its fiscal year end.

*Sponsor and Financing:*

The Company's sponsor is Hennessy Capital Partners II LLC, a Delaware limited liability company (the "Sponsor"). The registration statement for the Public Offering (as described in Note 3) was declared effective by the United States Securities and Exchange Commission (the "SEC") on July 22, 2015. The Company intends to finance an Initial Business Combination with proceeds from the approximately \$199,599,000 of the gross proceeds from the Public Offering (including approximately \$24,599,000 from the underwriters' partial exercise of their over-allotment option - Note 3) and approximately \$7,540,000 of gross proceeds (including approximately \$590,000 resulting from the underwriters' partial exercise of their over-allotment option) from the private placement (Notes 3 and 4). Upon the closing of the Public Offering and the private placement, approximately \$199,599,000 was deposited in a trust account with Continental Stock Transfer and Trust Company acting as trustee (the "Trust Account") as discussed below. As a result of the underwriters' exercising less than the full over-allotment option, the Sponsor forfeited 41,273 shares of its common stock as described in Notes 3, 4 and 6.

*The Trust Account:*

The funds in the Trust Account may be invested only in U.S. government treasury bills with a maturity of one hundred and eighty (180) days or less or in money market funds meeting certain conditions under Rule 2a-7 under the Investment Company Act of 1940 which invest only in direct U.S. government obligations. Funds will remain in the Trust Account until the earlier of (i) the consummation of the Initial Business Combination or (ii) the distribution of the Trust Account as described below. The remaining proceeds of the Public Offering outside the Trust Account may be used to pay for business, legal and accounting due diligence expenses for prospective acquisition targets and continuing general and administrative expenses.

The Company's amended and restated certificate of incorporation provides that, other than the withdrawal of interest to pay taxes, if any, or working capital expenses, none of the funds held in the Trust Account will be released until the earlier of: (i) the completion of the Initial Business Combination; or (ii) the redemption of 100% of the shares of common stock included in the Units (as defined below) sold in the Public Offering if the Company is unable to complete an Initial Business Combination within 24 months from the closing of the Public Offering (subject to the requirements of law).

*Initial Business Combination:*

The Company's management has broad discretion with respect to the specific application of the net proceeds of the Public Offering, although substantially all of the net proceeds of the Public Offering are intended to be generally applied toward consummating an Initial Business Combination with a Target Business. As used herein, "Target Business" must be one or more businesses that together have a fair market value equal to at least 80% of the balance in the Trust Account (less any deferred underwriting commissions and taxes payable on interest earned) at the time of the Company signing a definitive agreement in connection with the Initial Business Combination. There is no assurance that the Company will be able to successfully effect an Initial Business Combination.

The Company, after signing a definitive agreement for an Initial Business Combination, will either (i) seek stockholder approval of the Initial Business Combination at a meeting called for such purpose in connection with which stockholders may seek to redeem their shares, regardless of whether they vote for or against the Initial Business Combination, for cash equal to their pro rata share of the aggregate amount then on deposit in the Trust Account as of two business days prior to the consummation of the Initial Business Combination, including interest but less taxes payable or amounts released to the Company for working capital expenses, or (ii) provide stockholders with the opportunity to have their shares redeemed by the Company by means of a tender offer (and thereby avoid the need for a stockholder vote) for an amount in cash equal to their pro rata share of the aggregate amount then on deposit in the Trust Account as of two business days prior to commencement of the tender offer, including interest but less taxes payable or amounts released to the Company for working capital expenses. The decision as to whether the Company will seek stockholder approval of the Initial Business Combination or will allow stockholders to redeem their shares in a tender offer will be made by the Company, solely in its discretion, and will be based on a variety of factors such as the timing of the transaction and whether the terms of the transaction would otherwise require the Company to seek stockholder approval unless a vote is required by NASDAQ rules. If the Company seeks stockholder approval, it will complete its Initial Business Combination only if a majority of the outstanding shares of common stock voted are voted in favor of the Initial Business Combination. However, in no event will the Company redeem its Public Shares (as defined below) in an amount that would cause its net tangible assets to be less than \$5,000,001. In such case, the Company would not proceed with the redemption of its Public Shares and the related Initial Business Combination, and instead may search for an alternate Initial Business Combination.

If the Company holds a stockholder vote or there is a tender offer for shares in connection with an Initial Business Combination, a public stockholder will have the right to redeem its shares for an amount in cash equal to its pro rata share of the aggregate amount then on deposit in the Trust Account as of two business days prior to the consummation of the Initial Business Combination, including interest but less taxes payable or amounts released to the Company for working capital expenses. As a result, such shares of common stock are recorded at redemption amount and classified as temporary equity subsequent to the completion of the Public Offering, in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 480, “Distinguishing Liabilities from Equity.”

The Company will only have 24 months from the closing date of the Public Offering to complete its Initial Business Combination. See *Liquidation and Going Concern* below.

#### *Liquidation and Going Concern*

The Company will only have 24 months from the closing date of the Public Offering (until July 28, 2017) to complete its Initial Business Combination. If the Company does not complete an Initial Business Combination within 24 months from the closing date of the Public Offering (by July 28, 2017), the Company will (i) cease all operations except for the purposes of winding up; (ii) as promptly as reasonably possible, but not more than ten business days thereafter, redeem the Public Shares for a per share pro rata portion of the Trust Account, including interest, but less taxes payable and funds released to the Company for working capital (and less up to \$50,000 of interest to pay dissolution

expenses) and (iii) as promptly as possible following such redemption, dissolve and liquidate the balance of the Company's net assets to its creditors and remaining stockholders, as part of its plan of dissolution and liquidation. The Sponsor and each of the Company's officers and directors and an advisor, each of whom holds Founder Shares (collectively, the "initial stockholders"), have entered into letter agreements with the Company, pursuant to which they have waived their rights to participate in any redemption with respect to their Founder Shares; however, if the initial stockholders or any of their affiliates acquire shares of common stock in or after the Public Offering, they will be entitled to a pro rata share of the Trust Account upon the Company's redemption or liquidation in the event the Company does not complete an Initial Business Combination within the required time period.

This mandatory liquidation and subsequent dissolution raises substantial doubt about the Company's ability to continue as a going concern. No adjustments have been made to the carrying amounts of assets or liabilities should the Company be required to liquidate after July 28, 2017.

In the event of such liquidation, it is possible that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be less than the initial public offering price per unit in the Public Offering.

At September 30, 2016, the Company had current liabilities of approximately \$6,215,000 and negative working capital of approximately \$5,363,000 largely due to amounts owed to professionals, consultants, advisors and others for their services, and to USI (as defined below) for reimbursement of certain expenses, in connection with the Company's previously proposed merger with USI (see Note 8). Funds in the Trust Account are not generally available for this purpose absent an Initial Business Combination. The majority of the Company's current liabilities are due to parties who have agreed to waive any claims against the Trust Account. The Company believes that such professionals, consultants, advisors and others will continue assisting the Company with completing a different Initial Business Combination and defer a substantial amount of their fees until such completion on a contingency basis. Further, the Company continues to generate interest income that is available to pay taxes and for working capital purposes. As such, the Company believes that it has sufficient working capital at September 30, 2016 to fund its operations through July 2017.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Basis of Presentation:*

The accompanying interim condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the accounting and disclosure rules and regulations of the Securities and Exchange Commission ("SEC"), and reflect all adjustments, consisting only of normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the financial position as of September 30, 2016 and the results of operations and cash flows for the periods presented. Certain information and disclosures normally included in financial statements prepared in accordance with GAAP have been omitted pursuant to such rules and regulations. Interim results are not necessarily indicative of results for a full year.

The accompanying unaudited interim condensed financial statements should be read in conjunction with the audited financial statements and notes thereto included in the final prospectus filed by the Company with the SEC on July 23, 2015 and with the audited financial statements as of and for the period ended December 31, 2015 included in the Company's Annual Report on Form 10-K/A filed with the SEC. All dollar amounts are rounded to the nearest thousand dollars and certain reclassifications have been made to the balance sheet at December 31, 2015 to conform to the current presentation.

### *Emerging Growth Company:*



Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when an accounting standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised accounting standard at the time private companies adopt the new or revised standard.

*Net Loss Per Common Share:*

Net loss per common share is computed by dividing net loss applicable to common stockholders by the weighted average number of shares of common stock outstanding during the period, plus to the extent dilutive the incremental number of shares of common stock to settle warrants, as calculated using the treasury stock method. At September 30, 2016, the Company had outstanding warrants to purchase 17,520,332 shares of common stock. For all periods presented, these shares were excluded from the calculation of diluted loss per share of common stock because their inclusion would have been anti-dilutive. As a result, diluted loss per common share is the same as basic loss per common share for the period.

*Concentration of Credit Risk:*

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash accounts in a financial institution which, at times, may exceed the Federal depository insurance coverage of \$250,000. The Company has not experienced losses on these accounts and management believes the Company is not exposed to significant risks on such accounts.

*Financial Instruments:*

The fair value of the Company's assets and liabilities, which qualify as financial instruments under FASB ASC 820, "Fair Value Measurements and Disclosures," approximates the carrying amounts represented in the condensed financial statements.

*Use of Estimates:*

The preparation of condensed financial statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed financial statements. Actual results could differ from those estimates.

*Public Offering Costs:*

The Company complies with the requirements of FASB ASC 340-10-S99-1 and SEC Staff Accounting Bulletin (SAB) Topic 5A—"Expenses of Offering". Public Offering costs of approximately \$12,568,000 consist of underwriters' discounts of approximately \$11,976,000 (including approximately \$7,185,000 of which payment is deferred) and approximately \$592,000 of professional, printing, filing, regulatory and other costs associated with the Public Offering were charged to additional paid in capital upon completion of the Public Offering in July and August 2015.

*Income Taxes:*

The Company follows the asset and liability method of accounting for income taxes under FASB ASC, 740, "Income Taxes." Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. At September 30, 2016 and December 31, 2015, the Company has a deferred tax asset of approximately \$210,000 and \$90,000, respectively, related to net loss carryforwards (which begin to expire in 2035) and start-up costs. Management has determined that a full valuation allowance of the deferred tax asset is appropriate at this time. Changes in the ownership of a majority of the fair market value of the Company's common stock over certain periods

of time would potentially delay, limit or eliminate the utilization of existing net operating loss carryforwards and credits.

FASB ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. There were no unrecognized tax benefits as of September 30, 2016. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. No amounts were accrued for the payment of interest and penalties at September 30, 2016. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position. The Company is subject to income tax examinations by major taxing authorities.

#### *Redeemable Common Stock*

All of the 19,959,908 shares of common stock sold as part of the Units in the Public Offering contain a redemption feature which allows for the redemption of such common stock under the Company's liquidation or tender offer/stockholder approval provisions. In accordance with FASB ASC 480, redemption provisions not solely within the control of the Company require the security to be classified outside of permanent equity. Ordinary liquidation events, which involve the redemption and liquidation of all of the entity's equity instruments, are excluded from the provisions of FASB ASC 480. Although the Company does not specify a maximum redemption threshold, its amended and restated certificate of incorporation provides that in no event will the Company redeem its Public Shares in an amount that would cause its net tangible assets (stockholders' equity) to be less than \$5,000,001.

The Company recognizes changes in redemption value immediately as they occur and adjusts the carrying value of the security to equal the redemption value at the end of each reporting period. Increases or decreases in the carrying amount of redeemable common stock are affected by charges against additional paid-in capital.

Accordingly, at September 30, 2016 and December 31, 2015, 18,212,751 and 18,932,591, respectively, of the 19,959,908 Public Shares are classified outside of permanent equity at their redemption value. The redemption value is equal to the pro rata share of the aggregate amount then on deposit in the Trust Account, including interest but less taxes payable and amounts released for working capital (approximately \$10.00 per share at September 30, 2016).

*Recent Accounting Pronouncements:*

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

NOTE 3 - PUBLIC OFFERING

In July and August 2015, the Company closed the Public Offering for the sale of 19,959,908 Units at a price of \$10.00 per unit (the "Units") yielding gross proceeds of approximately \$199,599,000. The closings occurred on July 28, 2015 with respect to 17,500,000 Units and on August 4, 2015 with respect to 2,459,908 Units related to the partial exercise of the underwriters' over-allotment option. Each Unit consists of one share of the Company's common stock, \$0.0001 par value (the "Public Shares") and one redeemable common stock purchase warrant (the "Warrants"). Each Warrant entitles the holder to purchase one-half of one share of common stock at a price of \$5.75. No fractional shares will be issued upon exercise of the Warrants. If, upon exercise of the Warrants, a holder would be entitled to receive a fractional interest in a share, the Company will, upon exercise, round down to the nearest whole number to determine the number of shares of common stock to be issued to the Warrant holder. Each Warrant will become exercisable on the later of 30 days after the completion of the Initial Business Combination or 12 months from the closing of the Public Offering and will expire five years after the completion of the Initial Business Combination or earlier upon redemption or liquidation. However, if the Company does not complete the Initial Business Combination on or prior to the 24-month period allotted to complete the Initial Business Combination, the Warrants will expire at the end of such period. The Company has agreed to use its best efforts, following the completion of the Initial Business Combination, to file a new registration statement under the Securities Act to cover the shares of common stock issuable upon the exercise of the Warrants. If the Company is unable to deliver registered shares of common stock to the holder upon exercise of Warrants issued as part of the 19,959,908 Units during the exercise period, there will be no net cash settlement of these Warrants and the Warrants will expire worthless, unless they are exercised on a cashless basis in the circumstances described in the warrant agreement. Once the Warrants become exercisable, the Company may redeem the outstanding Warrants in whole and not in part at a price of \$0.01 per Warrant upon a minimum of 30 days' prior written notice of redemption, only in the event that the last sale price of the Company's shares of common stock equals or exceeds \$24.00 per share for any 20 trading days within the 30-trading day period ending on the third trading day before the Company sends the notice of redemption to the Warrant holders.

The Company paid an underwriting discount of 2.4% of the gross offering proceeds of the Public Offering to the underwriters at the closing of the Public Offering (approximately \$4,790,000), with an additional fee (the “Deferred Discount”) of 3.6% of the gross offering proceeds payable upon the completion of the Initial Business Combination (approximately \$7,185,000). The Deferred Discount will become payable to the underwriters from the amounts held in the Trust Account solely in the event the Company completes the Initial Business Combination.

In addition, on July 28, 2015 and August 4, 2015, the Sponsor paid the Company approximately \$7,540,000 in a private placement for the purchase of 15,080,756 warrants at a price of \$0.50 per warrant (the “Private Placement Warrants”) - see also Note 4.

Because the underwriters’ exercised less than the full over-allotment option, the Sponsor was required to, and did, forfeit 41,273 of its shares on August 4, 2015 - see also Note 4.

#### NOTE 4 - RELATED PARTY TRANSACTIONS

##### *Founder Shares:*

In April 2015, the Sponsor purchased 5,031,250 shares of common stock (the “Founder Shares”) for \$25,000, or approximately \$0.005 per share. In May 2015, the Sponsor transferred 440,000 shares to the Company’s officers, director nominees and an advisor. The Founder Shares are identical to the common stock included in the Units sold in the Public Offering except that the Founder Shares are subject to certain transfer restrictions, as described in more detail below. The Sponsor agreed to forfeit up to 656,250 Founder Shares to the extent that the over-allotment option was not exercised in full by the underwriters so that the initial stockholders would own 20.0% of the Company’s issued and outstanding shares after the Public Offering. On August 4, 2015, the Sponsor forfeited 41,273 of its Founder Shares.

The Company's initial stockholders have agreed not to transfer, assign or sell any of their Founder Shares until the earlier of (A) one year after the completion of the Company's Initial Business Combination, or earlier if, subsequent to the Company's Initial Business Combination, the last sale price of the Company's common stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after the Company's Initial Business Combination or (B) the date on which the Company completes a liquidation, merger, stock exchange or other similar transaction after the Initial Business Combination 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 "Lock Up Period").

*Private Placement Warrants:*

Upon the closing of the Public Offering on July 28, 2015 and August 4, 2015, the Sponsor paid the Company approximately \$7,540,000 in a private placement for the purchase of the Private Placement Warrants. Each Private Placement Warrant entitles the holder to purchase one-half of one share of common stock at \$5.75 per share. The purchase price of the Private Placement Warrants was added to the proceeds from the Public Offering held in the Trust Account pending completion of the Company's Initial Business Combination. The Private Placement Warrants (including the common stock issuable upon exercise of the Private Placement Warrants) are not transferable, assignable or salable until 30 days after the completion of the Initial Business Combination and they are non-redeemable so long as they are held by the Sponsor or its permitted transferees. If the Private Placement Warrants are held by someone other than the Sponsor or its permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the warrants included in the Units sold in the Public Offering. Otherwise, the Private Placement Warrants have terms and provisions that are identical to those of the Warrants sold as part of the Units in the Public Offering and have no net cash settlement provisions.

If the Company does not complete an Initial Business Combination, then the proceeds from the Private Placement Warrants will be part of the liquidating distribution to the public stockholders and the Private Placement Warrants will expire worthless.

*Registration Rights:*

The Company's initial stockholders and holders of the Private Placement Warrants are entitled to registration rights pursuant to a registration rights agreement entered into in connection with the Public Offering. The Company's initial stockholders and holders of the Private Placement Warrants will be entitled to make up to three demands, excluding short form registration demands, that the Company register such securities for sale under the Securities Act. In addition, these holders will have "piggy-back" registration rights to include their securities in other registration statements filed by the Company. The Company will bear the expenses incurred in connection with the filing of any such registration statements. There are no penalties associated with delays in registering the securities under the

registration rights agreement.

*Related Party Loans:*

As of May 5, 2015, as subsequently amended on July 10, 2015, the Sponsor agreed to loan the Company an aggregate of approximately \$238,000 against the issuance of an unsecured promissory note (the "Note") to cover expenses related to the Public Offering. Between May and July 2015, the Company borrowed approximately \$238,000 under the Note. These loans were non-interest bearing and were paid in full upon the closing of the Public Offering on July 28, 2015.

*Administrative Services Agreement:*

The Company agreed to pay \$10,000 a month for office space, utilities and secretarial support to an affiliate of the Sponsor, Hennessy Capital LLC. Services commenced on the date the securities were first listed on the NASDAQ Capital Market and will terminate upon the earlier of the consummation by the Company of an Initial Business Combination or the liquidation of the Company.

The Company pays its Chief Financial Officer \$11,650 per month during the first twelve months after the Public Offering and \$8,300 per month thereafter and \$150,000 in cash upon the successful completion of an Initial Business Combination for his services.

**NOTE 5 - TRUST ACCOUNT AND FAIR VALUE MEASUREMENT**

The Company complies with FASB ASC 820, Fair Value Measurements, for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually.

Upon the closing of the Public Offering and the private placement, a total of \$199,599,000 was deposited into the Trust Account. All proceeds in the Trust Account may be invested in either U.S. government treasury bills with a maturity of 180 days or less or in money market funds meeting certain conditions under Rule 2a-7 under the Investment Company Act of 1940, as amended, and that invest solely in U.S. government treasury obligations. In July 2016, May 2016 and November 2015, the Company withdrew approximately \$72,000, \$201,000 and \$150,000, respectively, from the Trust Account for taxes and working capital purposes. Subsequent to September 30, 2016, on October 10, 2016, an additional approximately \$84,000 was withdrawn from the Trust Account for taxes and working capital purposes.

Prior to April 14, 2016, the proceeds of the Trust Account were invested in U.S. government treasury bills yielding interest of approximately 0.2%. The Company classifies its U.S. government treasury bills and equivalent securities as held-to-maturity in accordance with FASB ASC 320, "Investments – Debt and Equity Securities." Held-to-maturity securities are those securities which the Company has the ability and intent to hold until maturity. Held-to-maturity U.S. government treasury bills are recorded at amortized cost on the accompanying December 31, 2015 balance sheet and adjusted for the amortization or accretion of premiums or discounts.

The following table presents information about the Company's assets that are measured at fair value on a recurring basis as of December 31, 2015 and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value. In addition, the table presents the carrying value under FASB ASC 320, excluding accrued interest income and gross unrealized holding gains. Since all of the Company's permitted investments at December 31, 2015 consist of U.S. government treasury bills, fair values of its investments are determined by Level 1 inputs utilizing quoted prices (unadjusted) in active markets for identical assets or liabilities as follows:

Description	Carrying value at December 31, 2015	Gross Unrealized Holding Gains	Quoted Price Prices in Active Markets (Level 1)
Assets:			
U.S. government treasury bills	\$ 199,654,000	\$ 20,000	\$ 199,674,000



As of September 30, 2016, the U.S. government treasury bills held in the Trust Account had fully matured and the balance is invested in a money market account that invests solely in U.S. government obligations meeting the applicable conditions of Rule 2a-7 of the Investment Company Act of 1940 (Level 1). Subsequent to September 30, 2016, on October 7, 2016, the Company purchased approximately \$199,599,000 principal amount of U.S. government treasury bills due March 2, 2017 which yield interest of approximately 0.4% per annum.

## **NOTE 6 – STOCKHOLDERS' EQUITY**

### *Common Stock:*

On July 22, 2015, the Company amended and restated its certificate of incorporation to increase the number of its authorized shares of common stock from 29,000,000 shares to 45,000,000 shares. The Company will likely (depending on the terms of the Initial Business Combination) be required to increase the number of shares of common stock which it is authorized to issue in connection with its stockholders vote on the Initial Business Combination to the extent the Company seeks stockholder approval in connection with its Initial Business Combination. Holders of the Company's common stock are entitled to one vote for each share of common stock they own. In July and August, 2015, a total of 19,959,908 shares of common stock were issued as part of the Units in the Public Offering (including Units issued in connection with the partial exercise of the underwriters' over-allotment option) and in August 2015 41,273 Founder Shares were forfeited resulting in 24,949,885 shares of common stock issued and outstanding, including 18,212,751 and 18,932,591 shares, respectively, subject to redemption at September 30, 2016 and December 31, 2015.

*Preferred Stock:*

The Company is authorized to issue 1,000,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors. At September 30, 2016 and December 31, 2015, there were no shares of preferred stock issued and outstanding.

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

The Company has entered into engagement letters or agreements with various consultants, advisors, professionals and others in connection with its Initial Business Combination. The services under these engagement letters and agreements are material in amount and in some instances include contingent or success fees. In most instances, these engagement letters and agreements specifically provide that such counterparties waive their rights to seek repayment from the funds in the Trust Account. A substantial portion of these costs (including contingent or success fees and ongoing accrued transactions costs, but not the \$7,185,000 of deferred underwriting compensation) will be charged to operations in the quarter that an Initial Business Combination is consummated.

**NOTE 8 – TERMINATION OF PROPOSED BUSINESS COMBINATION WITH USI**

On April 1, 2016, the Company entered into an Agreement and Plan of Merger (as amended on July 13, 2016 and August 17, 2016, and as so amended, the “Merger Agreement”) with USI Senior Holdings, Inc. (“USI”), a wholly owned subsidiary of the Company, and North American Direct Investment Holdings, LLC, solely in its capacity as the Stockholder Representative. Pursuant to the Merger Agreement, the Company agreed to acquire all of the outstanding capital stock of USI through a merger of a wholly owned subsidiary of the Company with and into USI, with USI surviving such merger as a direct wholly owned subsidiary of the Company.

Subsequent to September 30, 2016, on October 4, 2016, the Company and USI mutually agreed to terminate the Merger Agreement, effective as of October 4, 2016. The Merger Agreement provided that the Company will reimburse USI for certain expenses incurred by USI in connection with the proposed transaction, which are included in accrued liabilities at September 30, 2016.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

References to the "Company," "us" or "we" refer to Hennessy Capital Acquisition Corp. II. The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the condensed financial statements and the notes thereto contained elsewhere in this report.

### **Special Note Regarding Forward-Looking Statements**

All statements other than statements of historical fact included in this Form 10-Q including, without limitation, statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding the Company's financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements. When used in this Form 10-Q, words such as "anticipate," "believe," "estimate," "expect," "intend" and similar expressions, as they relate to us or the Company's management, identify forward-looking statements. Such forward-looking statements are based on the beliefs of management, as well as assumptions made by, and information currently available to, the Company's management. Actual results could differ materially from those contemplated by the forward-looking statements as a result of certain factors detailed in our filings with the SEC.

### **Overview**

We are a blank check company incorporated on April 29, 2015 as a Delaware corporation and formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses (the "Initial Business Combination"). We intend to effectuate our Initial Business Combination using cash from the proceeds of a public offering (the "Public Offering") and a sale of warrants in a private placement that occurred simultaneously with the completion of the Public Offering (the "Private Placement Warrants"), our capital stock, debt or a combination of cash, stock and debt.

The issuance of additional shares of our stock in a business combination:

may significantly dilute the equity interest of our stockholders;  
may subordinate the rights of holders of common stock if preferred stock is issued with rights senior to those afforded our common stock;

could cause a change of control if a substantial number of shares of our common stock are issued, which may affect, among other things, our ability to use our net operating loss carry forwards, if any, and could result in the resignation or removal of our present officers and directors;  
may have the effect of delaying or preventing a change of control of us by diluting the stock ownership or voting rights of a person seeking to obtain control of us; and  
may decrease prevailing market prices for our common stock and/or warrants.

Similarly, if we issue debt securities or incur other indebtedness to finance our Initial Business Combination, it could result in:

a decrease in the prevailing market prices for our common stock and/or warrants.  
default and foreclosure on our assets if our operating revenues after an initial business combination are insufficient to repay our debt obligations;  
acceleration of our obligations to repay the indebtedness even if we make all principal and interest payments when due if we breach certain covenants that require the maintenance of certain financial ratios or reserves without a waiver or renegotiation of that covenant;  
our immediate payment of all principal and accrued interest, if any, if the debt security or other indebtedness is payable on demand;  
our inability to obtain necessary additional financing if the debt security or other indebtedness contains covenants restricting our ability to obtain such financing while the debt security or other indebtedness is outstanding;  
our inability to pay dividends on our common stock;

using a substantial portion of our cash flow to pay principal and interest on our debt, which will reduce the funds available for dividends on our common stock if declared, expenses, capital expenditures, acquisitions and other general corporate purposes;  
limitations on our flexibility in planning for and reacting to changes in our business and in the industry in which we operate;  
increased vulnerability to adverse changes in general economic, industry and competitive conditions and adverse changes in government regulation; and  
limitations on our ability to borrow additional amounts for expenses, capital expenditures, acquisitions, debt service requirements, execution of our strategy and other purposes and other disadvantages compared to our competitors who have less debt.

As indicated in the accompanying financial statements, at September 30, 2016, we had approximately \$818,000 in cash. We have incurred and continue to incur significant costs in the pursuit of our Initial Business Combination. We cannot assure you that our plans to complete our Initial Business Combination will be successful.

On April 1, 2016, the Company entered into an Agreement and Plan of Merger (as amended on July 13, 2016 and August 17, 2016, and as so amended, the “Merger Agreement”) with USI Senior Holdings, Inc. (“USI”), a wholly owned subsidiary of the Company, and North American Direct Investment Holdings, LLC, solely in its capacity as the Stockholder Representative. Pursuant to the Merger Agreement, the Company agreed to acquire all of the outstanding capital stock of USI through a merger of a wholly owned subsidiary of the Company with and into USI, with USI surviving such merger as a direct wholly owned subsidiary of the Company.

Subsequent to September 30, 2016, on October 4, 2016, the Company and USI mutually agreed to terminate the Merger Agreement, effective as of October 4, 2016. The Merger Agreement provided that the Company will reimburse USI for certain expenses incurred by USI in connection with the proposed transaction, which costs are included in accrued liabilities at September 30, 2016.

## **Results of Operations**

For the period from April 29, 2015 (inception) through September 30, 2016 our activities consisted of formation and preparation for the Public Offering and subsequent to the Public Offering, locating and completing a suitable Initial Business Combination. As such, we had no operations or significant operating expenses until July 2015.

Our normal operating costs include costs associated with our search for an Initial Business Combination, costs associated with our governance and public reporting, state franchise taxes of approximately \$10,500 per month, a charge of \$10,000 per month from our Sponsor for administrative services since our Public Offering and \$11,650 per

month (or \$8,300 per month after twelve months following the Public Offering) for the services of our Chief Financial Officer. Costs increased very significantly in the three and nine months ended September 30, 2016 due to professional and consulting fees and travel associated with evaluating various Initial Business Combination candidates, negotiating and executing the Merger Agreement with USI and related agreements in connection with the previously proposed merger with USI. Such costs approximated \$2,650,000 and \$ 6,850,000, for three and nine months ended September 30, 2016, respectively, including approximately \$4,475,000 of which has been included in accrued liabilities (approximately \$4,450,000) and accounts payable (approximately \$25,000). Significant new additional professional, due diligence and consulting fees and travel costs will be required in connection with any new Initial Business Combination opportunity. In the nine months ended September 30, 2016, approximately \$65,000 of accrued franchise taxes were reversed as final calculations resulted in a lower tax than anticipated since the Company was not incorporated until April 2015.

Investment income of approximately \$99,000 and \$317,000 in the three and nine months ended September 30, 2016, respectively, represents the interest income accrued on our investments in the Trust Account. Investments in the Trust Account consisted of U.S. government treasury bills which matured on April 14, 2016. Upon maturity, the proceeds were invested in a money market fund that invests solely in direct U.S. government obligations meeting the applicable conditions of Rule 2a-7 of the Investment Company Act of 1940. Subsequent to September 30, 2016, on October 7, 2016, the Company purchased approximately \$199,599,000 principal amount of U.S. government treasury bills due March 2, 2017 yielding approximately 0.4%. The Company expects interest income to increase during the period from October 7, 2016 to March 2, 2017 as the yield on the October 7, 2016 U. S. government treasury bill is higher than the approximately 0.2% yield experienced on investments for the nine months ended September 30, 2016.

## Liquidity and Capital Resources

In July and August 2015, we consummated the Public Offering of an aggregate of 19,959,908 Units at a price of \$10.00 per unit generating gross proceeds of approximately \$199,599,000 before underwriting discounts and expenses. Simultaneously with the consummation of the Public Offering, we consummated the private placement of 15,080,756 Private Placement Warrants, each exercisable to purchase one-half of one share of our common stock at \$5.75 per half share (\$11.50 per whole share), to the Sponsor, at a price of \$0.50 per Private Placement Warrant, generating gross proceeds, before expenses, of approximately \$7,540,000. We received net proceeds from the Public Offering and the sale of the Private Placement Warrants of approximately \$201,746,000, net of the non-deferred portion of the underwriting commissions of \$4,790,000 and offering costs and other expenses of approximately \$593,000. \$199,599,000 of the proceeds of the Public Offering and the private placement have been deposited in the Trust Account and are not available to us for operations (except amounts designated for working capital and amounts to pay taxes and working capital). At September 30, 2016, we had approximately \$818,000 of cash available outside of the Trust Account to fund our activities until we consummate an Initial Business Combination.

Until the consummation of the Public Offering, the Company's only sources of liquidity were an initial purchase of shares of our common stock ("Founder Shares") for \$25,000 by the "Sponsor, and a total of \$237,500 loaned by the Sponsor against the issuance of an unsecured promissory note (the "Note"). These loans were non-interest bearing and were paid in full on July 28, 2015 in connection with the closing of the Public Offering.

At September 30, 2016, the Company had current liabilities of approximately \$6,215,000 and negative working capital of approximately \$5,363,000 largely due to amounts owed to professionals, consultants, advisors and others for their services, and to USI for reimbursement of certain of its expenses, in connection with the Company's previously proposed merger with USI, which was terminated (see Note 8). Funds in the Trust Account are not generally available for this purpose absent an Initial Business Combination. The majority of the Company's current liabilities are due to parties who have agreed to waive any claims against the Trust Account. The Company believes that such professionals, consultants, advisors and others will continue assisting the Company with completing a different Initial Business Combination and defer a substantial amount of their fees until such completion on a contingency basis. Further, the Company continues to generate interest income that is available to pay taxes and for working capital purposes. As such, the Company believes that it has sufficient working capital at September 30, 2016 to fund its operations through July 2017.

The Company will only have 24 months from the closing date of the Public Offering (until July 28, 2017) to complete its Initial Business Combination. If the Company does not complete an Initial Business Combination within 24 months from the closing date of the Public Offering (by July 28, 2017), the Company will (i) cease all operations except for the purposes of winding up; (ii) as promptly as reasonably possible, but not more than ten business days thereafter, redeem the Public Shares for a per share pro rata portion of the Trust Account, including interest, but less taxes payable and funds released to the Company for working capital (and less up to \$50,000 of interest to pay dissolution expenses) and (iii) as promptly as possible following such redemption, dissolve and liquidate the balance of the

Company's net assets to its creditors and remaining stockholders, as part of its plan of dissolution and liquidation. The Sponsor and each of the Company's officers and directors and an advisor, each of whom holds Founder Shares (collectively the "initial stockholders"), have entered into letter agreements with the Company, pursuant to which they have waived their rights to participate in any redemption with respect to their Founder Shares; however, if the initial stockholders or any of their affiliates acquire shares of common stock in or after the Public Offering, they will be entitled to a pro rata share of the Trust Account upon the Company's redemption or liquidation in the event the Company does not complete an Initial Business Combination within the required time period.

This mandatory liquidation and subsequent dissolution raises substantial doubt about the Company's ability to continue as a going concern. No adjustments have been made to the carrying amounts of assets or liabilities should the Company be required to liquidate after July 28, 2017.

In the event of such liquidation, it is possible that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be less than the initial public offering price per unit in the Public Offering.



*Off-balance sheet financing arrangements*

We have no obligations, assets or liabilities which would be considered off-balance sheet arrangements. We do not participate in transactions that create relationships with unconsolidated entities or financial partnerships, often referred to as variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements.

We have not entered into any off-balance sheet financing arrangements, established any special purpose entities, guaranteed any debt or commitments of other entities, or entered into any non-financial assets.

*Contractual obligations*

At September 30, 2016, we did not have any long-term debt, capital lease obligations, operating lease obligations or long-term liabilities. In connection with the Public Offering, we entered into an Administrative Services Agreement with Hennessy Capital LLC, an affiliate of our Sponsor, pursuant to which the Company pays Hennessy Capital LLC a total of \$10,000 per month for office space, utilities and secretarial support. In addition, the Company is paying its Chief Financial Officer \$11,650 per month during the first twelve months after the Public Offering and \$8,300 per month thereafter and \$150,000 in cash upon the successful completion of the Initial Business Combination for his services. Upon completion of the Initial Business Combination or the Company's liquidation, the Company will cease paying these monthly fees.

The Company has entered into engagement letters or agreements with various consultants, advisors, professionals and others in connection with an Initial Business Combination. The services under these engagement letters and agreements are material in amount and in some instances include contingent or success fees. A substantial portion of these costs, including contingent or success fees and ongoing accrued transaction costs (but not deferred underwriting compensation) will be charged to operations in the quarter that an Initial Business Combination is consummated. In most instances, these engagement letters and agreements specifically provide that such counterparties waive their rights to seek repayment from the funds in the Trust Account.

**Critical Accounting Policies**

The preparation of financial statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent

assets and liabilities at the date of the financial statements, and income and expenses during the periods reported. Actual results could materially differ from those estimates. The Company has identified the following as its critical accounting policies:

#### *Emerging Growth Company*

Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such an election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard.

#### *Loss Per Common Share*

Net loss per common share is computed by dividing net loss applicable to common stockholders by the weighted average number of shares of common stock outstanding during the period, plus to the extent dilutive the incremental number of shares of common stock to settle warrants, as calculated using the treasury stock method. At September 30, 2016, the Company had outstanding warrants to purchase 17,520,332 shares of common stock. For all periods presented, these shares were excluded from the calculation of diluted loss per share of common stock because their inclusion would have been anti-dilutive. As a result, diluted loss per common share is the same as basic loss per common share for the period.

### *Financial Instruments*

The fair value of the Company's assets and liabilities, which qualify as financial instruments under FASB ASC 820, "Fair Value Measurements and Disclosures," approximates the carrying amounts represented in the accompanying condensed balance sheets.

### *Public Offering Costs*

The Company complies with the requirements of the FASB ASC 340-10-S99-1 and SEC Staff Accounting Bulletin (SAB) Topic 5A- "Expenses of Offering". Public Offering costs of approximately \$12,568,000 consist of underwriters' discounts of approximately \$11,976,000 (including approximately \$7,185,000 of which payment is deferred) and approximately \$592,000 of professional, printing, filing, regulatory and other costs associated with the Public Offering were charged to additional paid in capital upon completion of the Public Offering in July and August 2015.

### *Income Taxes*

The Company follows the asset and liability method of accounting for income taxes under FASB ASC, 740, "Income Taxes." Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. At September 30, 2016 and December 31, 2015, the Company had a deferred tax asset of approximately \$210,000 and \$90,000, respectively, related to net loss carryforwards (which begin to expire in 2035) and start-up costs. Management has determined that a full valuation allowance of the deferred tax asset is appropriate at this time.

### *Redeemable Common Stock*

All of the 19,959,908 shares of common stock sold as part of the Units in the Public Offering contain a redemption feature which allows for the redemption of such common stock under the Company's liquidation or tender offer/stockholder approval provisions. In accordance with FASB ASC 480, redemption provisions not solely within the control of the Company require the security to be classified outside of permanent equity. Ordinary liquidation

events, which involve the redemption and liquidation of all of the entity's equity instruments, are excluded from the provisions of FASB ASC 480. Although the Company does not specify a maximum redemption threshold, its amended and restated certificate of incorporation provides that in no event will the Company redeem its Public Shares in an amount that would cause its net tangible assets (stockholders' equity) to be less than \$5,000,001.

The Company recognizes changes in redemption value immediately as they occur and adjusts the carrying value of the security to equal the redemption value at the end of each reporting period. Increases or decreases in the carrying amount of redeemable common stock are affected by charges against additional paid-in capital.

At September 30, 2016 and December 31, 2015, 18,212,751 and 18,932,591, respectively, of the 19,959,908 Public Shares were classified outside of permanent equity at redemption value of \$10.00 per share.

#### *Recent Accounting Pronouncements*

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

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We were incorporated in Delaware on April 29, 2015 for the purpose of effecting an Initial Business Combination. As of September 30, 2016, we had not commenced any operations or generated any revenues. All activity through September 30, 2016 relates to our formation and our Public Offering and, subsequent to the Public Offering, locating and completing a suitable Initial Business Combination. Approximately \$199,599,000 of the net proceeds of the Public Offering and the private placement in July and August 2015 were deposited into a Trust Account that invests solely in U.S. government treasury bills with a maturity of 180 days or less or in money market funds meeting certain conditions under Rule 2a-7 under the Investment Company Act of 1940 which invest only in direct U. S. government obligations. At September 30, 2016, there was approximately \$199,676,000 in the Trust Account, approximately \$84,000 of which was transferred to the Company for taxes and working capital purposes in October 2016.

## **ITEM 4. CONTROLS AND PROCEDURES**

### *Evaluation of Disclosure Controls and Procedures*

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in company reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2016. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective.

### *Changes in Internal Control over Financial Reporting*

During the three months ended September 30, 2016, there has been no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **PART II — OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

None.

**ITEM 1A. RISK FACTORS**

As of the date of this Quarterly Report on Form 10-Q, there have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K/A for the year ended December 31, 2015 filed with the SEC on February 22, 2016. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. We may disclose changes to such risk factors or disclose additional risk factors from time to time in our future filings with the SEC.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

None.

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

<b>Exhibit Number</b>	<b>Description</b>
31.1	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
31.2	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
32.1*	Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
32.2*	Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

\* Furnished herewith

## SIGNATURES

In accordance with 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 thereunto duly authorized.

### **HENNESSY CAPITAL ACQUISITION CORP. II**

Dated: November 1, 2016 By: /s/ Daniel J. Hennessy  
Name: Daniel J. Hennessy

Chairman of the Board of Directors and  
Title: Chief Executive Officer  
(Principal Executive Officer)

Dated: November 1, 2016 By: /s/ Nicholas A. Petruska  
Name: Nicholas A. Petruska  
Executive Vice President, Chief

Title: Financial Officer and Secretary  
(Principal Financial and Accounting Officer)



**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Description</b>
31.1	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
31.2	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
32.1*	Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
32.2*	Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

\* Furnished herewith