

KEPLER ACQUISITION CORP
FINANCIAL STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2019 AND 2018
(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of Kepler Acquisition Corp.

Opinion

We have audited the financial statements of Kepler Acquisition Corp. ("the Company"), which comprise the statements of financial position as at June 30, 2019 and June 30, 2018 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the periods then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2019 and June 30, 2018, and its financial performance and its cash flows for the periods then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Diana Huang.

"Crowe MacKay LLP"

**Chartered Professional Accountants
Vancouver, Canada
October 12, 2019**

KEPLER ACQUISITION CORP.

Statements of Financial Position

As at June 30, 2019 and 2018

(Expressed in Canadian Dollars)

	2019	2018
ASSETS		
Current assets		
Cash	\$ 182,627	\$ 99,819
GST receivable	2,598	-
Total assets	\$ 185,225	\$ 99,819
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 12,938	\$ 3,482
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	235,200	1
Commitment to issue shares (Note 4)	-	100,000
Reserves	40,500	-
Deficit	(103,413)	(3,664)
Total shareholders' equity	172,287	96,337
Total liabilities and shareholders' equity	\$ 185,225	\$ 99,819

Nature and continuance of operations – Note 1

Subsequent events – Note 9

The financial statements were authorized for issue by the Board of Directors on October 12, 2019.

APPROVED ON BEHALF OF THE BOARD:

“Zachary Andrew Dymala-Dolesky” Director“Robert Nick Horsley” Director

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

KEPLER ACQUISITION CORP.

Statements of Loss and Comprehensive Loss

For the year ended June 30, 2019 and

for the period from June 14, 2018 (date of incorporation) to June 30, 2018

(Expressed in Canadian Dollars)

	For the year ended June 30, 2019	Period from June 14, 2018 (date of incorporation) to June 30, 2018
Expenses		
Bank charges	\$ 72	\$ 181
Consulting fees	9,500	-
Filing fees	21,640	-
Office expenses	715	483
Professional fees	26,076	3,000
Rent	12,000	-
Share-based payments (Notes 4 and 5)	28,000	-
Transfer agent	1,746	-
Loss and comprehensive loss for the period	\$ (99,749)	\$ (3,664)
Basic and diluted loss per common share	\$ (0.25)	\$ (3,664)
Weighted average number of common shares outstanding	400,000	1

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

KEPLER ACQUISITION CORP.

Statements of Changes in Shareholders' Equity

For the year ended June 30, 2019 and

for the period from June 14, 2018 (date of incorporation) to June 30, 2018

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Commitment to issue shares	Reserves	Deficit	Total
Balance, June 14, 2018	1	\$ 1	\$ -	\$ -	\$ -	1
Cash						
Seed stock subscription (Note 4)	-	-	100,000	-	-	100,000
Loss and comprehensive loss for the period	-	-	-	-	(3,664)	(3,664)
Balance, June 30, 2018	1	1	100,000	(3,664)		96,337
Incorporator share returned to treasury	(1)	(1)	-	-	-	(1)
Cash						
Seed stock	2,000,000	100,000	(100,000)	-	-	-
Initial Public Offering	2,000,000	200,000	-	-	-	200,000
Share issue cost	-	(52,300)	-	-	-	(52,300)
Agent's warrants	-	(12,500)	-	12,500	-	-
Share-based payments	-	-	-	28,000	-	28,000
Loss and comprehensive loss for the year	-	-	-	-	(99,749)	(99,749)
Balance, June 30, 2019	4,000,000	\$ 235,200	\$ -	\$ 40,500	\$ (103,413)	\$ 172,287

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

KEPLER ACQUISITION CORP.

Statements of Cash Flows

For the year ended June 30, 2019 and

for the period from June 14, 2018 (date of incorporation) to June 30, 2018

(Expressed in Canadian Dollars)

	For the year ended June 30, 2019	Period from June 14, 2018 (date of incorporation) to June 30, 2018
CASH FLOWS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss for the period	\$ (99,749)	\$ (3,664)
Items not affecting cash:		
Share-based payments	28,000	-
Change in non-cash working capital items:		
GST receivable	(2,598)	-
Accounts payable and accrued liabilities	9,456	3,482
Net cash used in operating activities	(64,891)	(182)
FINANCING ACTIVITIES		
Shares issued	199,999	-
Share issue cost - cash	(52,300)	-
Commitment to issue shares	-	100,001
Net cash provided by financing activities	147,699	100,001
Change in cash for the period	82,808	99,819
Cash, beginning of period	99,819	-
Cash, end of period	\$ 182,627	\$ 99,819
Cash paid for interest during the period	\$ -	\$ -
Cash paid for income taxes during the period	\$ -	\$ -

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

KEPLER ACQUISITION CORP.

Notes to the Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

1 Nature and continuance of operations

Kepler Acquisition Corp. (the "Company") was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the *British Columbia Business Corporations Act* on June 14, 2018. The Company completed an Initial Public Offering ("IPO") on April 18, 2019 and is classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. On April 18, 2019, the Company was listed on the TSX-V and on April 23, 2019 commenced trading under the trading symbol KEP.P.

The Company's head office and registered and records office address is Suite 1000 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2. The financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business with 24 months of listing on the TSX-V. Any acquisition or investment proposed by the Company will be subject to regulatory approval. The above material uncertainty raises significant doubt about the Company's ability to continue as a going concern.

2 Basis of preparation

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standard ("IFRS") as issued by International Accounting Standards Board ("IASB"), and interpretations of the IFRS Interpretations Committee ("IFRIC").

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant judgment is involved in the assessment of the Company's ability to continue as a going concern (note 1).

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

KEPLER ACQUISITION CORP.

Notes to the Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

3 Significant Accounting Policies

The accounting policies set out below have been applied consistently in the financial statements.

Deferred financing costs

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

Financial instruments

Non-Derivative Financial Assets

Cash is recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial assets are measured at amortized cost using the effective interest method.

Non-Derivative Financial Liabilities

Financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial liabilities that are not designated at FVTPL are initially measured at fair value plus or minus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Accounts payable and accrued liabilities are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method.

Income taxes

Deferred income tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

KEPLER ACQUISITION CORP.

Notes to the Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

3 Significant Accounting Policies – (cont'd)

Income taxes – (cont'd)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income taxes are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each Statement of Financial Position date and recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Statement of Financial Position date.

Loss per share

Loss per share is computed by dividing the net loss by the weighted average number of outstanding shares in issue during the reporting period. Diluted loss per share is computed similar to basic loss except that the weighted average number of outstanding shares include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. In a loss reporting period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

Share-based payments

Equity-settled share-based payments for directors, officers and employees are measured at fair value at the date of grant using the Black-Scholes valuation model and recorded as compensation expense in profit or loss, with a corresponding increase to reserves. The fair value determined at the grant date of the equity-settled share based payments is expensed on a graded vesting basis over the vesting period based on the Company's estimate of stock options that will eventually vest. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share-based payments, along with the amounts reflected in reserves, is credited to share capital. Shares are issued from treasury upon the exercise of the equity-settled share based instruments.

KEPLER ACQUISITION CORP.

Notes to the Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

3 Significant Accounting Policies – (cont'd)

Share-based payments – (cont'd)

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by the use of the Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility was determined based on comparison to similar companies as the Company does not have enough history.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

All equity-settled share-based payments are reflected in reserves until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. Amount recorded in reserves for share options which expire unexercised remain in reserves.

New accounting pronouncements

The International Accounting Standards Board (IASB) issued the following standard which is relevant but have not yet been adopted by the Company:

IFRS 16 *Leases* establishes a single lease accounting model requiring lessees to recognize assets and liabilities for all leases unless the leases term is twelve months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with the approach to lessor accounting in IFRS 16 substantially unchanged from the predecessor standards IAS 17 *Leases*. The standard replaces IAS 17 *Leases* and related interpretations. This standard is effective for reporting periods beginning on or after January 1, 2019. The Company does not anticipate that it will have a material effect on the financial statements.

KEPLER ACQUISITION CORP.

Notes to the Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

4 Share Capital

a) Authorized

Unlimited common shares, without par value.

b) Issued

During the year ended June 30, 2019:

During the year ended June 30, 2019, the Company completed its Initial Public Offering (“IPO”) for the issuance of 2,000,000 common shares of the Company at \$0.10 per share for gross proceeds of up to \$200,000. The Company paid the Agent a cash commission of \$20,000 and issued to the Agents broker warrants to purchase 200,000 common shares of the Company at \$0.10 per share until April 23, 2021. The Company recorded a fair value of the agent’s warrants of \$12,500 utilizing the Black-Scholes option pricing model with the following assumptions – Share price on grant date of \$0.10; Risk-free interest rate of 1.51%; Dividend yield of Nil; Expected volatility of 100%; Expected life of 2 years and forfeiture rate of 0%. Expected volatility was determined based on comparison to similar companies as the Company does not have enough history. The Company also paid the Agent an administration fee of \$15,000 and paid expenses related to the offering, including legal fees and disbursements totalling \$17,300.

On July 4, 2018, the Company issued 2,000,000 common shares at a price of \$0.05 per share for proceeds of \$100,000 and cancelled the incorporator share.

During the period ended June 30, 2018:

On June 14, 2018, the Company issued 1 incorporator share value at \$1.

c) Escrow Agreement

The 2,000,000 shares issued on July 4, 2018 are to be held in escrow. Under the escrow agreement, 10% of the shares will be released on the issuance of the Final Exchange Bulletin (the Exchange’s acceptance of the Qualifying Transaction) and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release. As all of these shares are considered contingently issuable until the Company completes the qualifying transaction, they are not considered to be outstanding shares for the purposes of loss per share calculations. Consequently, they have been excluded from the basic and diluted loss per share and weighted average number of shares outstanding calculation.

KEPLER ACQUISITION CORP.

Notes to the Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

4 Share Capital – (cont'd)

d) Stock Options

The Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The options can be granted for a maximum of ten years and vest as determined by the Board of Directors. The exercise price of each option granted may not be less than the discount market value of the common shares.

During the year ended June 30, 2019, the Company granted 400,000 stock options to directors, and officers of the Company. The stock options entitle the holders thereof the right to purchase one common share for each option at \$0.10 until April 23, 2024. These stock options vest immediately at the date of grant. The Company recorded share-based payment of \$28,000 on these stock options. The fair value of the options was determined using the Black Scholes option pricing model with the following assumptions – Share price on grant date of \$0.10; Risk-free interest rate of 1.49%; Dividend yield of NIL; Expected volatility of 100%; Expected life of 5 years and forfeiture rate of 0%. Expected volatility was determined based on comparison to similar companies as the Company does not have enough history.

Details of stock options activities for the year ended June 30, 2019 is as follows:

	Number of options	Weighted Average Exercise Price
Balance, June 30, 2018	-	\$-
Granted	400,000	0.10
Balance outstanding, June 30, 2019	400,000	\$0.10

The weighted average remaining life of the 400,000 stock options is 4.82 years.

As at June 30, 2019, the Company had 400,000 stock options outstanding exercisable at \$0.10 per share expiring on April 23, 2024.

KEPLER ACQUISITION CORP.

Notes to the Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

4 Share Capital – (cont'd)

e) Agent's Warrants

Details of agent's warrants activities for the year ended June 30, 2019 is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2018	-	\$-
Issued	200,000	0.10
Balance, June 30, 2019	200,000	\$0.10

The weighted average remaining life of the 200,000 agent's warrants is 1.82 years.

As at June 30, 2019, there were 200,000 agent's warrants exercisable at \$0.10 per share expiring on April 23, 2021.

f) Commitment to issue shares

As at June 30, 2018, the Company received seed capital subscriptions totalling 2,000,000 common shares at a price of \$0.05 per share for proceeds of \$100,000. On July 4, 2018, the Company issued the seed stock and cancelled the incorporator share.

g) Reserves

The Company's equity reserves are comprised of share-based payments and fair value of agent's warrants.

5 Related Party Transactions

Related party transactions are comprised of services rendered by directors and/or officers of the Company or by a company with a director in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

	June 30, 2019	June 30, 2018
Share-based payments		
Mervyn Pinto, Director	\$ 9,800	\$ -
Robert Nick Horsley, Director	5,600	-
Zachary Dolesky, Director and Officer	12,600	-
	\$ 28,000	\$ -

KEPLER ACQUISITION CORP.

Notes to the Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

6 Financial Instruments

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The Company's financial instruments are exposed to certain financial risks which are in common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. The following note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

General Objectives, Policies and Processes

The Board of Directors have overall responsibility for the determination of the Company's risk management objectives and policies and have delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors are kept apprised on the process and would monitor the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

KEPLER ACQUISITION CORP.

Notes to the Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

6 Financial Instruments – (cont'd)

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position.

Foreign currency risk

The Company may be exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities that are denominated in a foreign currency. As at June 30, 2019, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

7 Capital Management

Capital is comprised of the Company's shareholders' equity. As at June 30, 2019, the Company's shareholders' equity was \$172,287 and there was no long term debt outstanding. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital.

The proceeds from the issuance of share capital raised by the Company, both prior to the Company's IPO and from the IPO itself, may only be used to identify and evaluate assets or businesses for future investments, with the lesser of 30% of the gross proceeds or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

KEPLER ACQUISITION CORP.

Notes to the Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

8 Income Taxes

A reconciliation of income taxes at statutory rates is as follows:

	For the year ended June 30, 2019	Period from June 14, 2018 (date of incorporation) to June 30, 2018
Loss before income taxes	\$ (99,749)	\$ (3,664)
Statutory income tax rates	27%	27%
Expected tax recovery	\$ (26,930)	\$ (990)
Permanent difference	7,560	-
Tax benefits not recognized	19,370	990
Total current and deferred income tax recovery	\$ -	\$ -

Significant components of the Company's deferred tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	June 30, 2019	June 30, 2018
Deferred income tax asset (liability)		
Non-capital loss carry-forwards	\$ 23,190	\$ 990
Undeducted finance cost	11,300	-
	34,490	990
Unrecognized deferred tax assets	(34,490)	(990)
Deferred income tax asset, net	\$ -	\$ -

As at June 30, 2019, the Company had non-capital losses of approximately \$85,800 which may be carried forward to reduce taxable income in future years. The non-capital loss starts to expire in 2038.

KEPLER ACQUISITION CORP.

Notes to the Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

9 Subsequent Events

On July 22, 2019, the Company entered into a letter of intent (“LOI”) with ESE Entertainment Inc. (“ESE”), a privately held corporation existing under the laws of British Columbia, to acquire all of the issued and outstanding shares of ESE in exchange for shares of the Company (the “Transaction”). The ESE shares will be exchanged on a one for one basis and the ESE warrants will also be exchanged on the same basis. The Transaction will result in a reverse take-over of the Company by ESE and will constitute the Company’s “Qualifying Transaction”.

Concurrently, ESE will propose a private placement financing of at least 6,000,000 ESE shares and at most 8,000,000 ESE shares at an issue price of \$0.25 per ESE shares for gross proceeds of at least \$1,500,000 and at most \$2,000,000.

Prior to closing of the Transaction, the Company will undertake a forward share split on the basis of one and one-half new Company shares for each existing Company share and will be renamed to “E-Sports Era Ltd.”

This Transaction is subject to approval by the Directors of the Company and ESE, due diligence, execution of a definitive agreement and shareholder and regulatory approval.