

ESE ENTERTAINMENT INC.
(formerly Kepler Acquisition Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

SUITE 1000 – 409 GRANVILLE STREET
VANCOUVER, BC, V6C 1T2

TELEPHONE: 604-602-0001

ESE ENTERTAINMENT INC.
(formerly Kepler Acquisition Corp.)
Management's Discussion and Analysis
Year Ended June 30, 2020

The following is a management's discussion and analysis ("MD&A") of ESE Entertainment Inc. (formerly Kepler Acquisition Corp.) (the "Company"), prepared as of October 8, 2020. This MD&A should be read together with the audited consolidated financial statements for the year ended June 30, 2020 and related notes, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial amounts are stated in Canadian dollars unless otherwise indicated.

Certain information included in this MD&A may constitute forward-looking statements. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties involved in disputes and litigation, the assumption that the Company will become fully compliant with regulatory filing and continued listing requirements, in addition uncertainty as to timely availability of permits and other government approvals and other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward looking statements contained herein are as of the date of the MD&A and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and in "Risks and Uncertainties" below. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.

Additional information related to Kepler is available for view on SEDAR at www.sedar.com.

The Company's Business

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

ESE ENTERTAINMENT INC.
(formerly Kepler Acquisition Corp.)
Management's Discussion and Analysis
Year Ended June 30, 2020

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.

On July 23, 2019, the Company entered into a letter of intent ("LOI") with ESE Entertainment Holdings Inc. (formerly 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.

On January 16, 2020, the Company entered into an Amalgamation Agreement with ESE and 1232725 B.C. Ltd. ("Kepler Subco"), a newly incorporated wholly-owned subsidiary incorporated for the sole purpose of this amalgamation. The parties have agreed to reorganize their business by way of a plan of arrangement to be carried out under the provision of the Business Corporations Act (British Columbia). On August 12, 2020, the Company completed the transaction and changed its name to ESE Entertainment Inc. The acquisition constitutes the Company's Qualifying Transaction under the policies of the TSX-V. On August 17, 2020, the Company commenced trading on the TSX-V under the trading symbol "ESE".

As a result of the reverse takeover of the Company by the shareholders of ESE and to align the financial years of the Company to that of ESE, the Company has changed its financial year from June 30 of each year to October 31 of each year.

During March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the governments in which the Company operates regarding travel, business operations and isolation/quarantine orders. At this time, the extent of the impact that the COVID-19 outbreak may have on the Company is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place. While the extent of the impact is unknown, we anticipate this outbreak may cause adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

Background on ESE Entertainment Inc.

ESE is a European based entertainment and technology company focused on Esports, and particularly, on media rights relating to Esports, physical and digital content creation and distribution of Esports related content. ESE has created its own Esports gaming event, "ESE Rocketmania". This event was recently attended by FC Barcelona Esports, a Spanish professional Esports organization owned by the Spanish professional soccer team FC Barcelona. ESE also manages its own professional Esports teams that compete in online tournaments and in arenas that feature Esports events around the world for prize money. Revenue streams are generated through sponsorships, live streaming, commercials, merchandising, endorsements, social media partnerships and subscriptions, event organization and tournament and event winnings.

ESE's head office is located in Warsaw Poland and is equipped with eight elite gaming computers, professional gaming chairs and top gaming peripherals.

ESE ENTERTAINMENT INC.
(formerly Kepler Acquisition Corp.)
Management's Discussion and Analysis
Year Ended June 30, 2020

ESE has established business relationships with certain arm's length third parties which are anticipated to result in ESE having the opportunity to host esports events in Gliwice Arena at some point in the future.

Gliwice Arena is a state-of-the-art 5G smart stadium located in Gliwice, Poland, which seats 13,384 (main arena) and 3,360 (small arena). ESE is also collaborating with EPC, the Esports Performance Center that is owned by Kinguin, which is a state-of-the-art training facility that includes rooms and sleeping quarters for players, teams and coaches, as well as an on-site chef, massage therapy rooms, a weight room and several gaming and broadcasting rooms.

ESE owns the rights to the 20 professional esports players that comprise its roster, as well as its professional esports teams, ESE11 and ESE RL, which compete in the video games Rocket League, League of Legends and FIFA. ESE also owns a league called "Rocketmania", which is comprised of 26 teams from 4 participating countries, being Poland, Hungary, Slovakia and the Czech Republic.

ESE is licensed to have its team compete in the League of Legends tournament Ultraliga on national television on Polsat. This license is one of only eight of its kind and automatically renews on an annual basis on similar or equal terms. In addition, in 2019 ESE owned the exclusive digital media rights for the country of Poland for the Rocket League Championship Series RLCS, published by Psyonix. ESE is currently in discussions for the acquisition of similar media rights in 2020.

Selected Annual Information

The following is a summary of the Company's financial results for the Company's two most recently completed financial years:

	Year ended June 30, 2020	Year ended June 30, 2019	Period Ended June 30 2018
Total revenues	\$Nil	\$Nil	\$Nil
Net and comprehensive loss	(86,525)	(99,749)	(3,664)
Loss per share – basic and diluted	(0.03)	(0.17)	(3,664)
Total assets	107,847	185,225	99,819
Long term liabilities	Nil	Nil	Nil
Cash dividends declared per share	Nil	Nil	Nil

The Company was incorporated on June 14, 2018 and June 30, 2018 was the first year-end. During the year ended June 30, 2019, the Company completed its IPO on April 18, 2019 and was classified as a CPC. During the year ended June 30, 2020, the Company was still in the process of completing its Qualifying Transaction, which was completed subsequent to June 30, 2020.

ESE ENTERTAINMENT INC.
(formerly Kepler Acquisition Corp.)
Management's Discussion and Analysis
Year Ended June 30, 2020

RESULTS OF OPERATIONS

As at June 30, 2020, the Company had no material operations. The Company incurred a net loss of \$86,525 for the year ended June 30, 2020 as compared to \$99,749 for the previous year ended June 30, 2019. Total expenses for the year ended June 30, 2020 was \$87,369 as compared to \$99,749 for the comparable year ended June 30, 2019 a decrease of approximately \$13,000 which can be attributed to the following:

The decrease can be attributed to no share-based payment recorded in the current year. Whereas in the prior year the Company recognized \$28,000 in share-based payment on the granting of 400,000 pre-forward split stock options to directors and officers of the Company. Share-based payment is a non-cash transaction.

During most of June 30, 2020, the Company was awaiting the completion of its qualifying transaction with ESE while incurring legal fees and travel and promotion expenses relating to financing trips done my management.

All other costs were consistent with that of the prior year relating to maintaining its reporting issuer status.

FOURTH QUARTER

During the fourth quarter ended June 30, 2020, the Company reported a net loss of \$22,034 as compared to a net loss of \$59,776 for the corresponding period in 2019. Total expenses for the fourth quarter in 2020 amounted to \$22,422 as compared to \$59,776 for the corresponding period in 2019 a decrease of approximately \$37,000. The main decreases in the current quarter are cost associated with the completion of the IPO and the \$28,000 in share-based payments on the granting of 400,000 pre-forward split stock options both in the prior period. Share-based payments is a non-cash transaction. The remaining cost are consistent with that of maintaining the Company as a reporting issuer.

Financial

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the eight most recent quarters:

Quarter Ended	Revenue	Total expenses	Loss for the period	Basic and Diluted Loss per share
June 30, 2020	\$ Nil	\$ 22,422	\$ 22,034	\$(0.01)
March 31, 2020	Nil	28,173	27,799	(0.01)
December 31, 2019	Nil	25,325	25,243	(0.01)
September 30, 2019	Nil	11,449	11,449	(0.01)
June 30, 2019	Nil	59,776	59,776	(0.04)
March 31, 2019	Nil	21,040	21,040	(0.00)
December 31, 2018	Nil	15,076	15,076	(0.00)
September 30, 2018	Nil	3,857	3,857	(0.00)

ESE ENTERTAINMENT INC.
(formerly Kepler Acquisition Corp.)
Management's Discussion and Analysis
Year Ended June 30, 2020

During the quarter ended December 31, 2018, the Company recorded a net loss of \$15,076 as compared to \$3,857 for the previous quarter. The increase can be attributed to the filing and professional fees incurred in connection with the IPO. During the quarter ended March 31, 2019, the Company recorded a net loss of \$21,040 as compared to \$15,076 for the previous quarter. The increase can be attributed to additional filing fees and professional fees incurred in connection with the IPO. During the quarter ended June 30, 2019, the Company recorded a net loss of \$59,776 as compared to \$21,040 for the previous quarter an increase of approximately \$38,000. The increase can be attributed to cost associated with the filing of the prospectus and listing on the TSX-V and \$28,000 in share-based payments on the granting of 400,000 pre-forward split stock option in the current quarter. Share-based payments is a non-cash transaction. During the quarter ended September 30, 2019, the Company recorded a net loss of \$11,449 as compared to \$59,776 for the previous quarter a decrease of approximately \$48,000 which can be attributed to the completion of the IPO in the previous quarter and no stock options granted during the current quarter. During the quarter ended December 31, 2019, the Company recorded a net loss of \$25,243 as compared to \$11,449 for the previous quarter an increase of approximately \$13,800 which can be attributed to professional fees incurred in connection with the potential Qualifying Transaction. During the quarter ended March 31, 2020, the Company recorded a net loss of \$27,799 which is comparable to the net loss of \$25,243 for the previous quarter. During the quarter ended June 30, 2020, the Company recorded a net loss of \$22,034 which is comparable to the previous quarter of \$27,799.

CHANGE IN FINANCIAL CONDITION

Between June 30, 2018 and June 30, 2020, the Company's principal changes in financial condition were the result of incurring expenses associated with the preparation and filing of the Company's prospectus and its search and completion of a qualifying transaction.

LIQUIDITY AND CAPITAL RESOURCES

The Company's current activities have been funded to date through the issuance of common shares.

As at June 30, 2020 the Company had working capital of \$85,762 consisting of cash of \$79,774, GST receivable of \$2,243, loan receivable of \$25,830 less accounts payable and accrued liabilities of \$22,085.

On April 18, 2019, the Company completed an IPO for the net proceeds of approximately \$147,700. The Company will have no revenue and significant expenses are expected in the identification and acquisition of a qualifying asset. In addition, as a result of the Company's activities, unanticipated problems or expenses could result and require additional capital requirements, subject to TSX-V policies and approvals.

This Company is only suitable to investors who are willing to rely solely on management of the Company and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the common shares.

The Company has no assets other than cash, GST receivable and a loan receivable from ESE and has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. Management believes that the completed IPO will have sufficient working capital to meet its current financial obligations.

On December 12, 2019, the Company entered into a promissory note with ESE in the amount of \$25,000. The promissory note is unsecured, bears interest at 6% per annum and due on or

ESE ENTERTAINMENT INC.
(formerly Kepler Acquisition Corp.)
Management's Discussion and Analysis
Year Ended June 30, 2020

before December 12, 2020. As at June 30, 2020, the Company has accrued interest receivable of \$830.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off balance sheet arrangements.

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.

	2020	2019
Share-based payments		
Mervyn Pinto, Director	\$ -	\$ 9,800
Robert Nick Horsley, Director	-	5,600
Zachary Dolesky, Director and Officer	-	12,600
	<u>\$ -</u>	<u>\$ 28,000</u>

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated 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.

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.

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. The Directors monitor future cash requirements to assess the Company's ability to meet these future funding requirements.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at June 30, 2020.

New accounting pronouncements

Amendments to IFRS 3 Business Combinations

Amendments to IFRS 3, Business Combinations assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating

ESE ENTERTAINMENT INC.
(formerly Kepler Acquisition Corp.)
Management's Discussion and Analysis
Year Ended June 30, 2020

investment and other income, and it excludes returns in the form of lower costs and other economic benefits. These amendments are effective for reporting periods beginning on or after January 1, 2020.

The Company does not expect the implementation of these amendments to have a significant impact on the Company's consolidated financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, loan receivable and accounts payable and accrued liabilities.

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

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and loan receivable. The Company limits its exposure to credit loss by placing its cash with major financial institutions. The maximum exposure to credit risk as at June 30, 2020 is the carrying value of the loan receivable.

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 financial instruments that are denominated in a foreign currency. As at June 30, 2020, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

OUTSTANDING SHARE DATA

As of the date of the MD&A, the Company had 38,656,764 issued and outstanding common shares.

As at the date of the MD&A there are 291,090 agent's warrants outstanding to acquire up to 291,090 common shares at \$0.07 per share exercisable until April 23, 2021, and 166,320 agent's warrants outstanding to acquire up to 166,320 common shares at \$0.025 per share exercisable until August 12, 2023.

As at the date of the MD&A there are 382,537 stock options outstanding to acquire up to 382,537 common shares at \$0.07 per share exercisable until April 23, 2024, and 2,050,000 stock options outstanding to acquire up to 2,050,000 common shares at \$0.025 per share exercisable until August 17, 2025.

ESE ENTERTAINMENT INC.
(formerly Kepler Acquisition Corp.)
Management's Discussion and Analysis
Year Ended June 30, 2020

PROPOSED TRANSACTIONS AND SUBSEQUENT EVENTS

On July 23, 2019, the Company entered into a letter of intent ("LOI") with 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.

On January 16, 2020, the Company entered into an Amalgamation Agreement with ESE and 1232725 B.C. Ltd. ("Kepler Subco"), a newly incorporated wholly-owned subsidiary incorporated for the sole purpose of this amalgamation. The parties have agreed to reorganize their business by way of a plan of arrangement to be carried out under the provision of the Business Corporations Act (British Columbia), if completed, will constitute the Company's qualifying transaction. This agreement supersedes the July 23, 2019 LOI.

Each ESE common shares will be exchanged for one common share of the Company and any stock options and share purchase warrants of ESE outstanding immediately prior to the effective date will also be exchanged for stock options and share purchase warrants to acquire shares of the Company and ESE common shares, stock options and share purchase warrants shall be cancelled. On August 12, 2020, the Company undertook a forward share split on the basis of one and one-half new Company shares for each existing Company share and completed the transaction with ESE and changed its name to ESE Entertainment Inc. The Company issued 32,430,391 common shares to ESE shareholders on a 1:1 basis including the private placement shares described below.

Concurrently, ESE completed a non-brokered private placement financing of 5,186,667 common shares at a price of \$0.25 per share and 5,243,724 subscription receipts at an issue price of \$0.25 per subscription receipt. Following the completion of the Transaction, the subscription receipts was automatically exercised into common shares of the Company. The Company paid a cash commissions of \$41,580 and issue 166,320 finder's warrants. The finder's warrants are exercisable at a price of \$0.25 per share for 24 months.

As a result of the reverse takeover of the Company by the shareholders of ESE and to align the financial years of the Company to that of ESE, the Company has changed its financial year from June 30 of each year to October 31 of each year.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.