Kepler Investments LLC

Financial Statements for the Year Ended 31 December 2019

KEPLER INVESTMENTS LLC

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Management is responsible for the preparation of the financial statements that present fairly the financial position of Kepler Investments LLC (the "Company") as at 31 December 2019 and the results of its operations, changes in equity and cash flows for the year then ended in compliance with the International Financial Reporting Standards for Small and Medium Sized Entities ("IFRS for SME's").

In preparing the preliminary financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Making an assessment of the Company's ability to continue as a going concern;

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- Maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS for SME's;
- Maintaining statutory accounting records in compliance with local legislation and accounting standards;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Detecting and preventing fraud and other irregularities.

The financial statements of the Company for the year ended 31 December 2019 were approved by management on 29 September 2020.

On behalf of the Management:

Ioseb Bolkvadze

General Director

29 September, 2020

KEPLER INVESTMENTS LLC

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2019
(in Georgian Lari)

	Notes	2019	2018
Revenue		689,710	992,659
Cost of Goods Sold		-	(129,902)
Gross Profit		**689,710**	**862,758**
Expenses			
Salary Expenses		(594,813)	(700,309)
Rent Expenses		(49,140)	(98,365)
Depreciation Expense		(214,616)	(162,132)
General & Administrative Expenses	3	(212,811)	(96,945)
Insurance Expenses		(13,341)	(10,215)
Operating Expenses		(44,132)	(20,071)
Other Tax Expenses		(1,166)	(30,239)
Other Income/Expense, net		(57,196)	(96,040)
Total Expenses		**(1,187,214)**	**(1,214,317)**
Operating Income		**(497,505)**	**(351,559)**
Non-Operating Revenue		61,200	2,430
Non-Operating Expenses		(122,117)	(1,922)
Interest Expenses		(87,670)	(128,545)
Earnings Before Taxes		**(646,092)**	**(479,596)**
Corporate Income Tax		-	-
Net Income		**(646,092)**	**(479,596)**

On behalf of the Management:

Ioseb Bolkvadze

General Director

29 September, 2020

KEPLER INVESTMENTS LLC

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2019
(in Georgian Lari)

	Notes	31-12-2019	31-12-2018	01-01-18
Assets				
Cash & Cash Equivalents		165,696	213,622	91,789
Accounts Receivable		773,511	420,906	158,629
Advances Paid		415,134	159,722	122
Tax Assets		316,103	310,624	382,528
Other Virtual Assets		670,692	457,018	-
Other Assets		179,040	89,062	2,131
Investments in Associates		1,113,000	1,091,000	-
Investment Property	4	2,628,370	2,260,388	2,384,813
Property, Plant & Equipment	5	285,840	248,202	-
Total Assets		**6,547,387**	**5,250,543**	**3,020,011**
Liabilities				
Short-term Loans		125,000	-	-
Accounts Payable		616,735	328,129	5,970
Advances Received		682,321	387,976	154,981
Salaries Payable		97,201	-	-
Taxes Payable		30,384	8,163	-
Pension Payable		9,757	-	-
Long-term Loans		1,641,331	1,557,716	1,969,906
Total Liabilities		**3,202,729**	**2,281,984**	**2,130,857**
Equity				
Contributed Capital		4,552,682	3,530,490	971,490
Retained Earnings/(Accumulated Losses)		(1,208,023)	(561,931)	(82,335)
Total Equity		**3,344,658**	**2,968,559**	**889,155**
Total Liabilities & Equity		**6,547,387**	**5,250,543**	**3,020,011**

On behalf of the Management:

Ioseb Bolkvadze

General Director

29 September, 2020

KEPLER INVESTMENTS LLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019
(in Georgian Lari)

	Notes	Contributed capital	Accumulated losses	Total equity
Balance at 1 January 2018		**971,490**	**(82,335)**	**889,155**
Contributions from the owner		2,559,000	-	**2,559,000**
Net Loss for the Year		-	(479,596)	**(479,596)**
Balance at 31 December 2018		**3,530,490**	**(561,931)**	**2,968,559**
Contributions from the owner		1,022,191	-	**1,022,191**
Net Loss for the Year		-	(646,092)	**(646,092)**
Balance at 31 December 2019		**4,552,682**	**(1,208,023)**	**3,344,658**

On behalf of the Management:

Ioseb Bolkvadze

General Director

29 September, 2020

KEPLER INVESTMENTS LLC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019
(in Georgian Lari)

	2019	2018
Cash Flows from Operating Activities		
Net Income/(Loss)	**(646,092)**	**(479,596)**
Adjustments for:		
Depreciation & Amortization	214,616	162,132
Change in Current Assets	(917,150)	(893,922)
Change in Current Liabilities	712,130	563,318
Net Cash Flow from Operating Activities	**(636,496)**	**(648,067)**
Cash Flows from Investing Activities		
Sale/(Purchase) of Property, Plant & Equipment	(92,034)	(285,910)
Sale/(Purchase) of Investment Property	(528,203)	-
Investments in Associates	(22,000)	(1,091,000)
Net Cash Flow from Investing Activities	**(642,237)**	**(1,376,910)**
Cash Flows from Financing Activities		
Proceeds from/(Repayment of) Loans	208,616	(412,191)
Other Non-Operating Revenue	-	
Increase/(Decrease) of Charter Capital	1,022,191	2,559,000
Net Cash Flow from Financing Activities	**1,230,807**	**2,146,810**
Net Cash Flows for the Period	**(47,926)**	**121,833**
Cash & Cash Equivalents at the Beginning of the Period	213,622	91,789
Effect of Exchange Rate Changes on Cash & Cash Equivalents	-	-
Cash & Cash Equivalents at the End of the Period	**165,696**	**213,622**

On behalf of the Management:

Ioseb Bolkvadze

General Director

29 September, 2020

1. Kepler Investments Group and its operations

Kepler Investments LLC (the "Company") was incorporated on 26 January 2017 and is domiciled in Georgia with a registered address at 57, Irakli Abashidze Street, Tbilisi, Georgia. The Company is a limited liability company and was set up in accordance with Georgian legislation. These consolidated financial statements consist of the consolidated financial information of the Company and its subsidiaries (the "Group"). As of 31 December 2019 and 2018 the Company was 100% owned by Mr. George Bachiashvili. The Group has various business activities through its subsidiaries ranging from software development, consulting, investment analysis, investment property leasing, etc. The Group consists of the following entities consolidated in these consolidated financial statements:

Name	Country of Incorporation	The Group Ownership Interest (2018, 2019)	Type of Operation
Borjomi Property LLC	Georgia	100%, 100%	Investment Property Leasing
Dighomi Property LLC	Georgia	100%, 100%	Investment Property Leasing
Brokers.io LLC	Georgia	100%, 100%	Buying/Selling Virtual Assets
CryptX IQ LLC	Georgia	100%, 100%	Software Development
Iberi Property LLC	Georgia	N/A, 100%	Non-operating
Medici Partners LLC	Georgia	N/A, 87.5%	Holding Company
MG Partners LLC	Georgia	100%, 100%	Consulting, Investment Analysis

2. Basis of Presentation and Significant Accounting Policies

Statement of compliance. These financial statements have been prepared in accordance with International Financial Reporting Standards for Medium and Small sized entities ("IFRS for SME's") issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements are the Company's first annual financial information that fully comply with IFRS for SME's. The Company's IFRS for SME's transition date is 01 January 2018. Subject to certain exceptions, IFRS 1 requires retrospective application of the version of standards and interpretations effective for the year ended 31 December 2019. This version was applied in preparing the opening IFRS for SME statement of financial position at 31 December 2019 and 2018 and in subsequent periods up to the end of the IFRS for SME reporting period.

As the Company was not required to prepare and did not prepare financial information under any Generally Accepted Accounting Principles ("GAAP"), no reconciliations from previous GAAP to IFRS are presented in these financial statements.

Going Concern - These consolidated financial statements have been prepared on a going concern basis, that contemplates the realisation of assets and the satisfaction of liabilities in the ordinary course of business. In making this judgement management considered the Group's financial position, current intentions, profitability of operations and access to financial resources, and analysed the impact of the situation in the financial markets on the operations of the Group.

Foreign currencies - The functional currency of the Company is the Georgian Lari ("GEL"). Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. All realized and unrealized gains and losses arising on exchange differences are included in the statement of comprehensive income for the year. These financial statements are presented in GEL.

The exchange rates at the year-end used by the Company in the preparation of the financial statements are as follows:

	31 December, 2019	**31 December, 2018**
GEL/USD	2.8677	2.6766
GEL/EUR	3.2095	3.0701

Offsetting - Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

Revenue recognition - The Company recognises revenue, when: the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities.

Rental income - Rental income from investment properties is recognised on a straight-line basis over the respective lease term and is included in Revenue.

Leasing - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessee - Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

Taxation - Income taxes have been provided for in accordance with Georgian legislation enacted or substantively enacted by the reporting date. In May 2016, the parliament of Georgia approved a change in the current corporate taxation model, with changes applicable on 1 January 2017 for all entities apart from certain financial institutions. The changed model implies zero corporate tax rate on retained earnings and a 15% corporate tax rate on distributed earnings, compared to the previous model of 15% tax rate charged to the company's profit before tax, regardless of the retention or distribution status.

The new profit tax rules are effective as of 1 January 2017, which applies to the company and the tax base comprise both actual and deemed profit distributions, including the following:

- Distributed profits;
- Expenses incurred or other payments not related to economic activities;
- Gratuitous supplies of goods/services and/or transfers of funds; and
- Representation expenses that exceed the maximum amount defined in the tax code.

Income tax on distributed profits is recognised as an expense at the moment dividends are declared and recorded under "income tax" in the statement of profit or loss. Current tax assets and tax liabilities for current and previous periods are measured at the amount expected to be obtained from or paid to tax authorities. Tax imposed on the areas other than distributed profits as described above is recorded under "tax expenses" in the statement of profit and loss.

Due to the changed concept of taxation the term taxable base of assets and liabilities loses its economic meaning and deferred tax liabilities and assets are not applicable under new corporate taxation model.

Property and equipment - All property and equipment is carried at its historical cost less any accumulated depreciation and accumulated impairment losses.

The historical cost of an item of property and equipment comprises (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; (b) any costs directly attributable to bringing the item to the location and condition necessary for it to be capable of operating in the manner intended by the management of the Company; (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, (d) the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period; and (e) for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy.

Depreciation of property and equipment is charged so as to write off the depreciable amount over the useful life of an asset and is calculated using a straight line method. Depreciation rates of the groups of property and equipment are as follows:

Buildings and structures	5%
Furniture and fixtures	20%
Office equipment	20%
Machinery and equipment	5-20%
Other	20%

Depreciable amount is the cost of an item of property and equipment less its residual value. The residual value is the estimated amount that the company would currently obtain from disposal of the item of property and equipment, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

The residual value, the useful lives and depreciation method are reviewed at each financial year-end. The effect of any changes from previous estimates is accounted for prospectively as a change in an accounting estimate.

Investment in associate - Associates are entities over which the Company has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in Company's share of net assets of an associate are recognised as follows: (i) the Company's share of profits or losses of associates is recorded in the consolidated statement of profit or loss and other comprehensive income as share of result of associates, (ii) the Company's share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii); all other changes in the Company's share of the carrying value of net assets of associates are recognised in profit or loss within the share of result of associates.

Investment property - Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. After initial recognition, investment properties are carried at its historical cost less any accumulated depreciation and accumulated impairment losses.

Depreciation of investment property is charged so as to write off the depreciable amount over the useful life of an asset and is calculated using a straight line method. Depreciation rate of the building and structures group of investment property is 5%.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Intangible assets – Intangible assets represent software. Amortization is recognized on a straight-line basis over their estimated useful lives. Useful life for the intangible assets held by the Company is 5 years.

Internally generated Intangible Assets are not amortized and development costs are capitalized as incurred.

Inventory - Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average cost basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Contingent assets and liabilities - Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are recognized only when the contingency is resolved.

Financial instruments - Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instrument.

The principal financial assets of the Company are cash, issued loans and trade and other receivables, which are classified as loans and receivables.

Cash and cash equivalents - Cash include cash with banks.

Loans and receivables - Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Derecognition of financial assets - The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the carrying amount of the financial asset derecognised and the consideration received and receivable is recognised in statement of comprehensive income.

Financial liabilities - The Company's financial liabilities include trade and other payables and borrowings.

Derecognition of financial liabilities - The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in statement of comprehensive income.

Contributed capital - Contributed capital is recognized at the fair value of the contributions received by the Company

3. General & Administrative Expenses

During the year ended 31 December 2019 and 2018 general and administrative expenses of the Company consisted of:

General & Administrative Expenses	2019	2018
Selling & Distribution Expenses	81,635	44,430
General Expenses	86,482	-
Utility Expenses	8,687	11,725
Construction Expenses	6,148	-
Office Supply Expenses	14,828	19,061
Accounting Service Expenses	15,000	16,250
Administrative Expenses	31	5,478
Total General & Administrative Expenses	**212,811**	**96,945**

4. Property, Plant & Equipment

The following table represents movements of property and equipment

	Furniture and fixtures	Equipment	Leasehold Improvements	Total
Cost				
As at 1 January 2018	-	-	-	-
Additions	8,095	233,552	131,829	**373,476**
Disposals	-	-	(87,566)	**(87,566)**
As at 31 December 2018	**8,095**	**233,552**	**44,263**	**285,910**
Additions	13,953	40,369	67,712	**122,034**
Disposals	-	-	(30,000)	**(30,000)**
As at 31 December 2019	**22,047**	**273,921**	**81,975**	**377,943**
Accumulated depreciation				
As at 1 January 2018	-	-	-	-
Charge for the year	1,200	31,589	4,918	**37,707**
Depreciation on disposal	-	-	-	-
As at 31 December 2018	**1,200**	**31,589**	**4,918**	**37,707**
Charge for the year	2,464	43,304	8,627	**54,395**
As at 31 December 2019	**4,865**	**106,482**	**18,463**	**92,103**
Net carrying amount				
As at 1 January 2018	-	-	-	-
As at 31 December 2018	**6,894**	**201,963**	**39,345**	**248,202**
As at 31 December 2019	**17,182**	**167,439**	**63,511**	**285,840**

5. Investment Property

	Investment Property	Total
Cost		
As at 1 January 2018	**2,488,500**	**2,488,500**
Additions	-	-
As at 31 December 2018	2,488,500	2,488,500
Additions	**528,203**	**528,203**
Disposals	-	-
As at 31 December 2019	3,016,703	3,016,703
Accumulated depreciation		
As at 1 January 2018	103,688	103,688
Charge for the year	**124,425**	**124,425**
As at 31 December 2018	228,113	228,113
Charge for the year	160,221	160,221
Depreciation on disposal	-	-
As at 31 December 2019	388,333	388,333
Net carrying amount		
As at 1 January 2018	**2,384,813**	**2,384,813**
As at 31 December 2018	**2,260,388**	**2,260,388**
As at 31 December 2019	**2,628,370**	**2,628,370**

6. Commitments and Contingencies

Commitments – The Company had no material commitments outstanding as at 31 December 2019, 31 December 2018 and 1 January 2018.

Legal proceedings - As at 31 December 2019, 31 December 2018 and 1 January 2018 the Company was not engaged in any significant litigation proceedings. Management is of the opinion that no material un-accrued losses will be incurred and accordingly no provision has been made in these financial statements

Taxes – Georgian tax legislation in particular may give rise to varying interpretations and amendments. In addition, as management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result the Company may be assessed additional taxes, penalties and interest. Tax years remain open to review by the tax authorities for six years.

Operating environment – Emerging markets such as Georgia are subject to different risks than more developed markets; these include economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Georgia continue to evolve rapidly with tax and regulatory frameworks subject to varying interpretations. The future direction of Georgia's economy is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

For the previous year's Georgia has experienced a number of legislative changes, which have been largely related to Georgia's accession plan to the European Union. Whilst the legislative changes implemented during 2019 and 2018 paved the way, more can be expected as Georgia's action plan for achieving accession to the European Union continues to develop.

In addition to that, starting from early 2020 a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world resulting in announcement of the pandemic status by the World Health Organization in March 2020. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have significant impact on global financial markets. As the situation is rapidly evolving it may have a significant effect on business of many companies across a wide range of sectors, including, but not limited to such impacts as disruption of business operations as a result of interruption of production or closure of facilities, supply chain disruptions, quarantines of personnel, reduced demand and difficulties in raising financing. In addition, the Company may face the increasingly broad effects of COVID-19 as a result of its negative impact on the global economy and major financial markets. The significance of the effect of COVID-19 on the Company's business largely depends on the duration and the incidence of the pandemic effects on the world and Georgian economy.

7. Events after Reporting Period

Spreading the Covid 19 pandemic had a significant negative impact on the world economy and country-specific measures. Deteriorated outlook of the future caused increased volatility of the foreign exchange market subsequent to the year-end, which has been reflected in significantly weakened Georgian Lari compared to USD.

The Management of the Company believes that the forecasted developments in existing situation will not have significant impact on the sustainability of the Company's business. Even more, during first half of FY 2020, Company's revenue has increased by GEL 32,000 compared to the same period of FY 2019. Also management do not believe Covid 19 had a significant negative impact on the alcohol business.