

# **Gulfstream Acquisition 1 Corp.**

## **Management's Discussion and Analysis**

### **For the Three and Six Months Ended June 30, 2017**

## **1. Introduction**

This Management's Discussion & Analysis ("MD&A") was prepared as of August 28, 2017 to assist readers in understanding Gulfstream Acquisition 1 Corp.'s (the "Corporation", "Gulfstream", "we", or "us") financial performance for the three and six months ended June 30, 2017. This MD&A should be read together with the unaudited interim financial statements for the three and six months ended June 30, 2017. Results are reported in Canadian dollars, unless otherwise noted. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Further information about the Company can be obtained from [www.sedar.com](http://www.sedar.com).

## **2. Our Business**

Gulfstream was incorporated on June 8, 2012 under the laws of Ontario. On March 28, 2013, the Company filed a final Initial Public Offering ("IPO") prospectus with the regulatory authorities in British Columbia, Alberta and Ontario. On June 14, 2013, the Company completed its IPO and commenced trading on Tier 2 of the TSX Venture Exchange ("TSX-V"). The Company is classified as a Capital Pool Company, as defined in the TSX-V Policy 2.4, and its sole business is to identify, evaluate and negotiate an acquisition or participation in a business or an asset, subject to receipt of shareholder approval and acceptance by regulatory authorities (the "Qualifying Transaction"). There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the TSX-V, at which time the TSX-V may suspend or delist the Company's shares from trading.

At the special meeting of shareholders the company held on July 10, 2015 (the "Meeting"), arm's length shareholders authorized the Company to make an application to the TSX Venture Exchange (the "TSXV") to transfer its listing to the NEX board of the TSXV (the "Transfer to NEX") as an alternative to delisting if it is unable to complete its qualifying transaction, as defined in the policies of the TSXV, within the time period required by the TSXV. On July 18, 2016 this resolution was consented to and adopted in writing by the Company's Board of Directors. The Transfer to NEX was completed on August 26, 2016.

## **3. Initial Public Offering and Non-Brokered Private Placement**

On June 14, 2013, the Company completed its IPO of 2,500,000 common shares at a price of \$0.10 per common share (the "Offering"), for gross proceeds of \$250,000. The purpose of this Offering was to provide the Company with a minimum amount of funds with which to identify and evaluate potential acquisitions or businesses, and once identified and evaluated, to negotiate an acquisition.

Pursuant to an agency agreement between the Company and Canaccord Genuity Corp., (the "Agent") dated March 28, 2012 the Company paid the Agent a \$25,000 cash commission equal to 10% of the gross proceeds of the Offering, an administration fee of \$10,000, and \$12,000 as

reimbursement for reasonable expenses relating to the Offering. The Agent also received non-transferable warrants (the "Agent's Warrants") to purchase up to 250,000 Common Shares at a price of \$0.10 per Common Share and which may be exercised on or before June 14, 2015. On June 13, 2015, the Company received notice to exercise 105,159 warrants to purchase common shares for total proceeds of \$10,516, and subsequently on June 15, 2015 issued 105,159 common shares pursuant to their exercise. The remainder of the Agent Warrant's expired and were cancelled on June 14, 2015.

On September 19, 2012, the Company agreed to grant to the Company's Directors and Officers 685,000 stock options exercisable at a price of \$0.10 per Common Share for a period of 5 years from the date on which the Common Shares are listed on the Exchange. On March 12, 2013 the Company reduced the total number of stock options granted to 675,000 to comply with policies of the TSX-V Exchange as a result of the reduced Offering size. These stock options became effective upon closing of the Company's IPO. On July 18, 2016, the Company reduced the total number of stock options granted to 475,515 to comply with policies of the TSX-V Exchange as a result of the cancellation of 2,100,000 common shares held in escrow.

On July 10, 2017, the Company announced that that it has closed a non-brokered private placement of 3,000,000 common shares of the Corporation (the "Common Shares") at a price of \$0.10 per Common Share for aggregate gross proceeds to the Corporation of \$300,000 (the "Private Placement"). In connection with closing of the Private Placement, the Corporation issued a total of 300,000 Common Shares to eligible finders, being 10% of the number of Common Shares sold under the Private Placement to purchasers introduced by the finders.

#### 4. Results of Operations

As at June 30, 2017, the Company had not completed a Qualifying Transaction.

On February 17, 2016 the Company signed a non-binding letter of intent with Blue Goose Capital Corp. ("Blue Goose") which outlines a proposed transaction that will result in the Company acquiring all of the issued and outstanding shares of Blue Goose. The proposed transaction is expected to constitute the Company's Qualifying Transaction pursuant to Policy 2.4 – Capital Pool Companies of the TSX Venture Exchange.

On June 22, 2016, the Company terminated the previously announced letter of intent with Blue Goose Capital Corp. ("Blue Goose") pursuant to which Gulfstream and Blue Goose were to complete a business combination intended to constitute Gulfstream's Qualifying Transaction, as such term is defined in Policy 2.4 of the Corporate Finance Manual of the TSX Venture Exchange.

On August 9, 2017, the Company signed a non-binding letter of intent (LOI) with Herman Market Ltd. which outlines the general terms and conditions of a proposed transaction that will result in Gulfstream acquiring all of the issued and outstanding shares of Herman Market.

The proposed transaction is currently expected to be completed by way of an acquisition of 100 per cent of the common shares of Herman Market by Gulfstream that will result in Herman Market becoming a wholly owned subsidiary of Gulfstream.

Overview of Herman Market

Herman Market is in the business of designing, developing, producing and marketing an elevated contemporary luxury men's and women's designer apparel and accessories brand. From 2014 to 2016, these products were developed and sourced through contract manufacturers located in British Columbia and Los Angeles. Through 2016, Herman Market significantly modified its business operations by internalizing many of the critical value-adding functions of the design, development and manufacturing process. In doing so, Herman Market was able to increase the quality and sales volumes of its products to create a more controllable and scalable supply chain.

Herman Market was originally founded by Raif Adelberg, who remains as the creative director and executive of the business. Mr. Adelberg is one of Canada's best-known creative icons, having worked with leading brands such as Wings and Horns and Herschel. Mr. Adelberg is well respected as a fashion and streetwear cultural leader internationally.

Upon completion of the proposed transaction, Gulfstream will continue as a platform that focuses on building a balanced and diversified consumer group with emphasis on favouring branded operating companies in the premium apparel, footwear and accessories sectors. The focus will be on organically growing the existing brands through a global, omni-channel distribution strategy while continuing to seek opportunities to acquire accretive, complementary, premium brands. The retail and consumer goods industries will change more in the next 10 years than they have over the past 40 according to Accenture Strategy. Retailers and consumer goods companies could potentially unlock \$2.95-trillion in value over the coming decade by accelerating digital transformation.

The proposed transaction

Gulfstream is expected to acquire 100 per cent of the common shares of Herman Market. In consideration for all of the issued and outstanding securities of Herman, Gulfstream will issue 19,913,514 common shares of Gulfstream. The shares being issued by Gulfstream will be subject to such trade restrictions as may be imposed under applicable securities laws, including any required pooling or escrowing required by the exchange.

It is anticipated that the LOI is to be superseded by a definitive agreement between Gulfstream and Herman Market, with such agreement to include representations, warranties, conditions and covenants typical for a transaction of this nature. The proposed transaction is subject to, among other things, receipt of the requisite shareholder approval of Herman Market, final approval of the TSX Venture Exchange and the satisfaction of customary closing conditions, including the conditions described below.

The proposed transaction is expected to constitute the company's qualifying transaction, pursuant to Policy 2.4, Capital Pool Companies, of the exchange.

The proposed transaction is not a non-arm's-length qualifying transaction pursuant to Section 2.1 of the policy, and, as such, the company is not required to obtain shareholder approval for the proposed transaction. Gulfstream will change its name to Diversified Portfolio Consumer Group Inc. (DPCG) or such other name as may be acceptable to the exchange (the company after the proposed transaction being referred to herein as the resulting issuer).

It is currently anticipated that under the proposed transaction, each shareholder of Herman Market will receive Gulfstream shares in exchange for Herman Market shares held by such holder.

Further details about the proposed transaction and the resulting issuer will be provided in a comprehensive press release when the parties enter into a definitive agreement and in the disclosure document to be prepared and filed in respect of the proposed transaction.

#### Proposed DPCG financing

In connection with the proposed transaction, the company will look to complete a best-efforts private placement for gross aggregate proceeds of approximately \$2.2-million, through the sale of common shares at a price per share of 30 cents. DPCG intends to use the net proceeds of the DPCG financing for general corporate overhead and Herman Market operations, which includes production of the spring-summer 2018 collection, autumn-winter 2018 sample collection, continued enhancement of the e-commerce store, marketing/PR and general operating.

#### Conditions to proposed transaction

Completion of the proposed transaction is subject to certain conditions precedent, including, among other things:

- Closing of the DPCG financing;
- Completion of satisfactory due diligence investigations by each of Gulfstream and Herman Market;
- Approval of the proposed transaction by the board of directors of each of Herman Market and Gulfstream;
- Approval of the proposed transaction by Herman Market shareholders;
- Receipt of any and all required consents, waivers and approvals from the exchange, any securities regulatory authority and any other third party having jurisdiction, including approval from the exchange for the proposed transaction as its qualifying transaction and the listing of the resulting issuer shares on the exchange.

Sponsorship of a qualifying transaction is required by the exchange unless exempt in accordance with exchange policies. Gulfstream is currently reviewing the requirements for sponsorship and may apply for an exemption from the sponsorship requirements pursuant to the policies of the TSX Venture Exchange; however, there is no assurance that Gulfstream will ultimately obtain this exemption. Gulfstream intends to include any additional information regarding sponsorship in a subsequent press release.

#### Proposed management and board of the resulting issuer

It is currently anticipated that all of the current officers and all but one of the current directors of Gulfstream will resign from their respective positions with Gulfstream. Upon completion of the transaction, the board of DPCG will comprised five members, of which Gulfstream will appoint one, Herman Market will appoint two and a strategic adviser to Herman Market will appoint two. Subject to exchange approval, on completion of the proposed transaction, it is currently anticipated that the board of directors of the resulting issuer will be Dean Linden, Gordon Devin, Rhonda Klatik, Mr. Adelberg and Mark Korol.

Ms. Klatik will serve initially as DPCG's chief executive officer. Ms. Klatik was instrumental as managing director and head of national sales in growing Sentry Investments into one of the largest independent investment companies in Canada, from \$2-billion in assets to over \$16-billion in assets during her tenure. She brings a strong retail network of financial advisers across the country and has shown tremendous ability in strategic planning and business development.

#### Non-executive board members

Mr. Devin has had a 21-year career as a merchant, retailer and leader in the apparel space. Mr. Devin most recently held the position of senior vice-president, general manager (global), for Lululemon and was responsible for global sales in excess of \$2.4-billion. Previously, Mr. Devin was the divisional general manager for BONDS, Australia's largest apparel brand with over 4,000 doors of direct retail and digital. He was responsible for the overall performance and profitability of BONDS clothing. Mr. Devin holds a bachelor of business from the University of Technology Sydney.

Mr. Linden is the co-founder and managing partner of Cypress Hills Partners. Cypress Hills Partners is a boutique alternative merchant banking firm based out of Vancouver. The company specializes in the origination of private equity, specialty private debt and other uniquely structured products. Mr. Linden has over 20 years of experience as a financier and business development professional. He has spearheaded public companies in consumer finance, biotech, health care, media, entertainment and natural resource sectors. From 2012 to 2015, Mr. Linden was a founding executive and part of the successful build of Falco Resources, a public company listed on the TSX Venture Exchange.

Mr. Korol holds a bachelor of arts and bachelor of commerce in finance from the University of Windsor, and obtained his certified public accountant designation in Virginia in 2003 as well as his chartered financial analyst designation in 1992. Mr. Korol most recently was the chief financial officer for Xela Enterprises Ltd. (October, 2005, to December, 2016), a holding company with a wide range of commercial ventures. He is a director of Blue Planet Environmental Inc. (formerly a public company listed on the Frankfurt Stock Exchange) and is a director of Ellipsiz Communications Ltd., listed on the TSX Venture Exchange. Previously, Mr. Korol has acted as the CFO for CDI Education Corp., a public company listed on the Toronto Stock Exchange, and Zenon Environmental Inc., a TSX-listed water technology and treatment company. Mr. Korol has his Institute of Corporate Directors designation (ICD.D).

#### Gulfstream advance and loan to Herman Market

On the signing of the LOI, Gulfstream has provided a \$25,000 non-refundable deposit to Herman Market. In addition, on exchange approval, Gulfstream will lend \$225,000 to Herman Market as a refundable secured interest-bearing loan.

## Further information

Further details about the proposed transaction and the resulting issuer will be provided in a comprehensive press release when the parties enter into a definitive agreement and in the disclosure document to be prepared and filed in respect of the proposed transaction. Investors are cautioned that, except as disclosed in the disclosure document to be prepared in connection with the proposed transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The Company's expenditures mainly includes costs to maintain its public company status in good standing and expenses to identify and evaluate acquisitions of companies, businesses, assets or properties.

## Selected Quarterly Information

	FOR THE THREE MONTHS ENDED		FOR THE SIX MONTHS ENDED	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Revenues	Nil	Nil	Nil	Nil
Expenses	12,875	28,341	16,286	68,708
<b>Net profit (loss)</b>	<b>(12,875)</b>	<b>(28,341)</b>	<b>(16,286)</b>	<b>(68,708)</b>
Net profit (loss) per share	(0.00)	(0.00)	(0.00)	(0.01)
Cash Dividends Declared	Nil	Nil	Nil	Nil

The Company's net loss was \$12,875 for the three months ended June 30, 2017, with basic and diluted loss per share of \$0.00. The net loss principally related to accounting fees of \$8,919, legal fees of \$2,743 and listing and regulatory fees of \$1,214.

The Company's net loss was \$28,341 for the three months ended June 30, 2016, with basic and diluted loss per share of \$0.00. The net loss principally related to investment project expenses of \$16,950, legal fees of \$2,028, accounting fees of \$8,483, and listing and regulatory fees of \$880.

The Company's net loss was \$16,286 for the six months ended June 30, 2017, with basic and diluted loss per share of \$0.00. The net loss principally related to accounting fees of \$8,941, legal fees of \$2,743 and listing and regulatory fees of \$4,602.

The Company's net loss was \$68,708 for the six months ended June 30, 2016, with basic and diluted loss per share of \$0.01. The net loss principally related to investment project expenses of \$52,890, accounting fees of \$8,502, listing and regulatory fees of \$5,287, and legal fees of \$2,028.

The Company did not declare a cash dividend for the six months ended June 30, 2016 or June 30, 2017.

	SUMMARY OF ASSETS AND LIABILITIES AS AT	
	June 30, 2017	June 30, 2016
<b>Total Assets</b>	<b>208,745</b>	<b>276,654</b>
<b>Total Long-term Financial Liabilities</b>	<b>Nil</b>	<b>Nil</b>

At June 30, 2017, the Company had total assets of \$208,745. The assets at June 30, 2017 were composed principally of cash of \$208,745. The Company had no long-term financial liabilities.

At June 30, 2016, the Company had total assets of \$276,654. The assets at June 30, 2015 were composed principally of cash of \$276,654. The Company had no long-term financial liabilities.

### Selected Quarterly Information

	FOR THE THREE MONTHS ENDED				FOR THE THREE MONTHS ENDED			
	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	Sept. 30, 2015
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	12,875	3,411	9,174	2,392	28,341	40,367	8,070	6,964
<b>Net profit (loss)</b>	<b>(12,875)</b>	<b>(3,411)</b>	<b>(9,174)</b>	<b>(2,392)</b>	<b>(28,341)</b>	<b>(40,367)</b>	<b>(8,070)</b>	<b>(6,964)</b>
Net profit (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)

During the twelve months ended December 31, 2016 and six months ended June 30, 2017, the company did not record any share-based compensation.

### Additional Disclosure for Venture Issuers without Significant Revenue

As the Company has no revenue from operations since inception, the following is a breakdown of the material costs incurred during the twelve months ended June 30, 2017:

	June 30, 2017
Accounting fees	\$ 13,793
Listing and regulatory fees	8,737
Legal fees	2,743
Project investigation costs	2,579
	<u>\$ 27,852</u>

## 5. Liquidity and Capital Resources

The Company's ability to meet its obligations and its ability to finance its operations depends on being able to complete the Company's Qualifying Transaction and to obtain additional funding in the future.

Since incorporation, we have funded our operations with the issuance of equity. The following private placements have been completed by the Company:

- On June 8, 2012, in connection with incorporation, the Company issued 1 share of common stock for gross proceeds of \$0.05, to a director of the Company.
- On August 21, 2012, the Company completed a private placement of 3,099,999 shares of common stock for gross proceeds of \$155,000, to directors and companies controlled by directors of the Company.
- On September 1, 2012 the Company completed a private placement of 100,000 shares of common stock for gross proceeds of \$5,000 to a director.
- On November 5, 2012 the Company completed a private placement of 500,000 shares of common stock for gross proceeds of \$25,000.
- On November 13, 2012 the Company completed a private placement of 50,000 shares of common stock for gross proceeds of \$5,000.
- On February 26, 2012, the Company completed a private placement of 500,000 shares of common stock for gross proceeds of \$25,000.

On June 14, 2013, the Company completed its IPO by issuing 2,500,000 common shares at \$0.10 per common share for gross proceeds of \$250,000.

On June 13, 2015, the Company received notice to exercise 105,159 warrants to purchase common shares for total proceeds of \$10,516, and subsequently on June 15, 2015 issued 105,159 common shares pursuant to their exercise.

On July 18, 2016, the Company cancelled 2,100,000 common shares that were being held in escrow. The cancellation of the 2,100,000 common shares was approved by the shareholders on July 10, 2015.

On July 10, 2017, the Company announced that it has closed a non-brokered private placement of 3,000,000 common shares of the Corporation (the "Common Shares") at a price of \$0.10 per Common Share for aggregate gross proceeds to the Corporation of \$300,000 (the "Private Placement").

In connection with closing of the Private Placement, the Corporation issued a total of 300,000 Common Shares to eligible finders, being 10% of the number of Common Shares sold under the Private Placement to purchasers introduced by the finders.

All securities issued in connection with the Private Placement are subject to a statutory hold period ending on November 11, 2017 in accordance with applicable securities legislation. The net proceeds from the Private Placement will be used for working capital and general corporate purposes.

The Company will require additional financing in the future. There can be no assurance that such financing will be available to the Company in the future or, if available, that it will be offered on terms acceptable to the Company.

### **Working Capital**

At June 30, 2017, the Company had working capital of \$186,925 compared with \$214,777 working capital as of June 30, 2016. The Company's current working capital mainly consists of cash of \$208,745. The Company has no long-term debt or bank facilities. The Company has no



operating revenue and therefore must utilize its current cash reserves and rely on external financing to generate capital to maintain its capacity to meet working capital requirements.

Although the Company currently has sufficient working capital to meet its ongoing obligations to identify and evaluate possible Qualifying Transactions, there is no assurance that this amount of working capital will be sufficient to permit the completion of a Qualifying Transaction.

### **Cash and Cash Equivalents**

As at June 30, 2017, the Company had cash of \$208,745 compared with \$276,654 of cash as at June 30, 2016. The \$67,909 decrease in cash position was due to costs associated with identifying and evaluating possible Qualifying Transactions.

We expect to generate negative cash flow from operating activities in the future until at least our Qualifying Transaction is completed and we commence revenue generation.

Management intends to ensure that the operational and administrative costs are minimal prior to the completion of a Qualifying Transaction to preserve the Company's working capital.

## **6. Disclosure of Outstanding Share Data**

The following table summarizes the number of common shares outstanding as at June 30, 2017 and as of the date of this MD&A if all outstanding options and warrants were converted to shares:

	June 30, 2017	As of the date of this MD&A
Common shares	4,755,159	4,755,159
Warrants to purchase common shares	-	-
Options to purchase common shares	475,515	475,515
	5,230,674	5,230,674

## **7. Off-Balance Sheet Arrangement**

The Company does not have any off-balance sheet items.

## **8. Related Party Transactions**

There was no remuneration provided to the directors or key management during the six months ended June 30, 2017 and twelve months ended December 31, 2016.

On September 19, 2012 the Company agreed to grant 685,000 incentive stock options to its directors and officers, which became effective on the IPO completion date. On March 12, 2013, to comply with the TSX-V and the final offering, the Company modified the total options granted to 675,000. On July 18, 2016 the Company reduced the total number of stock options granted to 475,515 to comply with policies of the TSX-V Exchange as a result of the cancellation of 2,100,000 common shares held in escrow. The options are exercisable at \$0.10 per share until June 14, 2018

As of the date of this MD&A, the Company had not completed a Qualifying Transaction. Accordingly, the officers and directors of the Company have not been paid any compensation since incorporation. The TSX-V prohibits directors and officers from receiving remuneration while the Company is a Capital Pool Company.

## 9. Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported years. Actual results could differ from those estimates.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities. 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 and in any future periods affected. Significant areas where estimates are applied in these interim financial statements include the determination of accrued liabilities, share-based compensation, and valuation of warrants. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future years could be significant.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Significant areas where management judgment is applied in these financial statements include the going concern assumption.

## 10. Recent accounting pronouncements

### Accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company intends to adopt these standards when they become effective.

The following standard will be effective for annual periods beginning on or after January 1, 2018:

IFRS 15 Revenue from Contracts with Customers – In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

IFRS 9 Financial Instruments – In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in

July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

IFRS 16 Leases - IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

IFRS 2 Share-Based Payments - In June 2016 the Board issued the final amendments to IFRS 2 which amended (a) the effects that vesting conditions have on the measurement of a cash-settled share-based payment; (b) the accounting for modification to the terms of a share-based payment that changes the classification of the transaction from cash-settled to equity settled; and (c) classification of share-based payment transactions with net settlement features.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

## **11. Financial Instruments and Risk Management**

The Company recognizes financial assets that are classified as fair value at profit or loss or available for sale, financial liabilities that are classified as fair value at profit or loss and all derivative financial instruments at fair value. Other financial assets, such as loans and receivables and investments that are held to maturity and other financial liabilities are measured at their carrying value. The Company is exposed to potential loss from various risks including credit risk, market risk and liquidity risk.

### **Credit risk**

The Company's only significant financial asset is cash which is on deposit at a high credit-worthy financial institution.

### **Market risk**

The Company is not subject to significant interest rate risk as none of its financial instruments are interest-bearing, except cash in the bank which is nominal.

### **Liquidity risk**

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. The Company expects to satisfy obligations under accounts payable and accrued liabilities. Management intends to continue to finance its activities by raising funds through equity investments.

## **12. Business Risks**

The Company is subject to a number of risks and uncertainties that may significantly impact its financial conditions and future financial performance. Prospective investors should carefully consider the risks described below, together with all of the other information included in this MD&A before making an investment decision.

### **No Operating History**

The Company was incorporated on June 8, 2012 and has not commenced commercial operations. The Company has no history of earnings or has not paid any dividends, and it is unlikely to produce earnings or pay dividends in the immediate or foreseeable future. The Company has no material asset other than cash, and has limited funds with which to identify and evaluate potential Qualifying Transactions. There can be no assurance that the Company will be able to identify a suitable Qualifying Transaction. Even if a proposed Qualifying Transaction is identified, there can be no assurance that the Company will be able to successfully complete the transaction.

### **13. Cautionary Note Regarding Forward-Looking Information**

Certain statements contained in this document constitute “forward-looking statements”. When used in this document, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “propose”, “anticipate”, “believe”, used by any of the Company’s management, are intended to identify forward-looking statements. Such statements reflect the Company’s forecasts, estimates and expectations, as they relate to the Company’s current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

## CORPORATE DIRECTORY

Trading Symbol – GFL  
Exchange – TSX-V – NEX Board

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