A copy of this preliminary prospectus has been filed with the securities regulatory authority in the Province of British Columbia but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authority.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus does not constitute a public offering of securities.

PRELIMINARY PROSPECTUS

Non-Offering September 7, 2022

GROUNDED PEOPLE APPAREL INC.

(the "**Company**")

No securities are being offered pursuant to this preliminary long form non-offering prospectus (the "**Prospectus**"). This Prospectus is being filed with the securities regulatory authorities in the Province of British Columbia to enable Grounded People Apparel Inc. (the "**Company**" or "**Grounded**") to become a reporting issuer under the applicable securities legislation in the Province of British Columbia.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities, and no securities are available for purchase pursuant to this Prospectus. As no securities are being offered pursuant to this Prospectus, no proceeds will be raised in connection with this Prospectus and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company.

The Company has applied for a listing (the "**Listing**") of its common shares ("**Common Shares**") on the Canadian Securities Exchange (the "**Exchange**" or the "**CSE**"). As at the date hereof, the CSE has not conditionally approved the Listing, and there is no assurance that it will do so. The Listing will subject to the Company fulfilling all of the listing requirements of the Exchange, including meeting all minimum listing requirements, which cannot be guaranteed.

As of the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

An investment in the Company's securities should be considered highly speculative, and involves a high degree of risk that should be considered by potential investors. There is no guarantee that an investment in the Company will earn any positive return in the short or long term. An investment in the Company is appropriate only for investors who are willing to risk a loss of all of their investment and who can afford to lose all of their investment. There are certain risk factors associated with an investment in the Company's securities. The risk factors included in this Prospectus should be reviewed carefully and evaluated by readers. See "*Risk Factors*" and "*Cautionary Note Regarding Forward-Looking Information*".

There is no market through which the securities of the Company may be sold. This may affect the pricing of the Company's securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Company's securities and the extent of issuer regulation. See "*Risk Factors*" and "*Cautionary Note Regarding Forward Looking Information*".

No underwriters or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence of the contents of this Prospectus.

Readers are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding, or disposing of the Common Shares, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires the Common Shares.

GROUNDED PEOPLE APPAREL INC.

Head Office
800 - 1199 West Hasting Street,
Vancouver, British Columbia
V6C 2X6 Canada

Records Office
2200 HSBC Building
885 West Georgia Street
Vancouver, British Columbia
V6C 3E8 Canada

TABLE OF CONTENTS

IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

No person has been authorized to provide any information or to make any representation not contained in this Prospectus, and, if provided or made, such information or representation should not be relied upon. You should assume that the information contained in this Prospectus is accurate only as of the date of this Prospectus.

Capitalized terms, except as otherwise defined herein, are defined in the section entitled "*Glossary of Terms*".

Except as otherwise indicated or the context otherwise required in this Prospectus, references to "we", "us", and "our" refer to the Company.

Unless otherwise indicated, all currency amounts in this Prospectus are stated in Canadian dollars and references to "$" are to Canadian dollars. References to "US$" are to American dollars.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Prospectus contains certain statements that may constitute forward-looking information under applicable securities laws. All statements, other than those of historical fact, which address activities, events, outcomes, results, developments, performance or achievements that the Company anticipates or expects, may, or will occur in the future (in whole or in part) should be considered forward-looking information. Such information may involve, but is not limited to, comments with respect to strategies, expectations, planned operations and future actions of the Company. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements formed in the future tense or indicating that certain actions, events or results "may", "could", "would", "might" or "will" (or other variations of the forgoing) be taken, occur, be achieved, or come to pass. Forward-looking information is based on currently available competitive, financial and economic data and operating plans, strategies or beliefs as of the date of this Prospectus, but involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors may be based on information currently available to the Company, including information obtained from third-party industry analysts and other third-party sources, and are based on management's current expectations or beliefs regarding future growth, results of operations, future capital (including the amount, nature and sources of funding thereof) and expenditures. Any and all forward-looking information contained in this Prospectus is expressly qualified by this cautionary statement.

These forward-looking statements include, among other things, statements relating to:

- the Company's ability to complete the Listing;
- the Company's expectation regarding its revenue, expenses and operations;
- the Company's intention to grow its business and its operations;
- the Company's competitive position;
- the Company's business objectives for the next twelve months;
- the Company's anticipated cash needs and its needs for additional financing;
- the Company's ability to obtain necessary financing;
- the performance of the Company's business and operations as it relates to its investments;
- the Company's future liquidity and financial capacity;
- the Company's expected market and the profitability thereof;
- the impact of the COVID-19 pandemic ("**COVID-19**") on the Company and the economy generally;
- results and expectation concerning various partnerships, strategic alliances, projects and marketing strategies of the Company;
- the economy generally; and

- the current and future rates of growth of the sustainable apparel industry, and in particular, the sustainable shoe industry.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward looking statements included in this Prospectus, the Company has made various material assumptions, including but not limited to (i) general business and economic conditions; (ii) the Company's ability to successfully execute its plans and intentions; (iii) the availability of financing on reasonable terms; (iv) market competition; (v) the market for and potential revenues to be derived from the Company's products; and (vi) the costs, timing and future plans concerning operations of the Company will be consistent with current expectations. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the Company cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, prospective purchasers of Common Shares should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "*Risk Factors*", which include:

- the Company has limited operating history, and a history of losses and the Company cannot assure profitability;
- the Company has negative cash flows from operations;
- the Company will require additional capital, which may not be available to it when required on attractive terms, or at all;
- the Company is largely dependent upon its board and management for its success;
- conflicts of interest may arise between the Company and its directors and management;
- the market price of the Common Shares may be adversely affected by stock market volatility;
- there may not be an active or liquid market for the Common Shares;
- the Company does not anticipate paying cash dividends on the Common Shares in the foreseeable future;
- the Company will be subject to the additional regulatory burden resulting from its public listing on the CSE;
- future sales or issuances of equity securities could dilute the current shareholders; and
- future sales of Common Shares by existing shareholders could reduce the market price of the Common Shares.

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements. The assumptions referred to above and described in greater detail under "Risk Factors" should be considered carefully by readers.

The Company's forward-looking statements are based on the reasonable beliefs, expectations and opinions of management on the date of this Prospectus (or as of the date they are otherwise stated to be made). Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update or revise any forward-looking statements, except as, and to the extent required by, applicable securities laws in Canada.

All of the forward-looking statements contained in this Prospectus are expressly qualified by the foregoing cautionary statements. Investors should read this entire Prospectus and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment.

MARKET AND INDUSTRY DATA

This Prospectus includes market and industry data that has been obtained from third party sources, including industry publications. The Company believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Company has not independently verified any of the data from third party sources referred to in this Prospectus or ascertained the underlying economic assumptions relied upon by such sources.

Unless otherwise indicated, information contained in this Prospectus concerning the Company's industry and the markets in which it operates, including general expectations and market position, market opportunities and market share, is based on information from independent industry organizations, other third-party sources (including industry publications, surveys and forecasts) and management studies and estimates.

The Company's estimates are derived from publicly available information released by independent industry analysts and third-party sources as well as data from the Company's internal research, and include assumptions made by the Company which management believes to be reasonable based on their knowledge of the Company's industry and markets. The Company's internal research and assumptions have not been verified by any independent source, and it has not independently verified any third-party information. While the Company believes the market position, market opportunity and market share information included in this Prospectus is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of the Company's future performance and the future performance of the industry and markets in which it operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the headings "*Caution Regarding Forward-Looking Statements*" and "*Risk Factors*".

GLOSSARY OF TERMS

In this Prospectus, the following terms have the meanings set forth below, unless otherwise indicated. This is not an exhaustive list of defined terms used in this Prospectus and additional terms are defined throughout. Terms and abbreviations appearing in the documents attached as appendices to this Prospectus may be defined separately and the terms and abbreviations defined below may not be used therein, except where otherwise indicated. Words importing the singular include the plural and vice versa and words importing any gender include all genders.

"**$1.30 Warrants**" means the Warrants issued on June 28, 2021 and subsequently cancelled on May 17, 2022. Prior to cancellation, each $1.30 Warrant entitled the holder thereof to purchase one Common Share at an exercise price of $1.30 for a period of two years after the date of Listing.

"**$0.30 February Special Warrants**" means the Special Warrants issued on February 28, 2021 for a purchase price of $0.30 per Special Warrant, entitling the holder to receive one Common Share of the Company upon voluntary exercise prior to, or deemed exercise on, the Automatic Exercise Date.

"**$0.30 June Special Warrants**" means the Special Warrants issued on June 11, 2021 for a purchase price of $0.30 per Special Warrant, entitling the holder to receive one Common Share of the Company upon voluntary exercise prior to, or deemed exercise on, the Automatic Exercise Date.

"**$0.35 Unit**" means units of the Company issued on March 10, 2022 comprised of one Common Share and one $0.50 Warrant, with each $0.50 Warrant entitling the holder to purchase one Common Share at a price of $0.50 for a period of twenty-four (24) months from the date the Common Shares are listed on a stock exchange in Canada.

"**$0.50 Warrants**" means the Warrants issued as part of the $0.35 Unit issued on March 10, 2022, with each $0.50 Warrant entitling the holder to purchase one Common Share at a price of $0.50 for a period of twenty-four (24) months from the date on which the Common Shares are listed on a stock exchange in Canada.

"**Ahimsa**" means Ahimsa Industria E Commercio De Calcados Ltda., a Brazilian manufacturer of footwear with white-label capabilities for the manufacture of vegan footwear.

"**Ahimsa MOU**" means the memorandum of understanding entered into on June 2, 2021 between the Company and Ahimsa.

"**Audit Committee**" means the Audit Committee of the Company.

"**Automatic Exercise Date**" means the date that is one (1) business day following the earlier of: (i) the date on which the Company obtains receipt from the BCSC for this Prospectus; and (ii) the date that if four (4) months and one day following the date on which the securities were issued.

"**BCBCA**" means *the Business Corporations Act* (British Columbia).

"**BCSC**" means the British Columbia Securities Commission.

"**Board**" means the board of directors of the Company.

"**CAGR**" means compound annual growth rate.

"**CEO**" means Chief Executive Officer.

"**CFO**" means Chief Financial Officer.

"**Common Shares**" means the common shares in the capital of the Company.

“**Company**” or “**Grounded**” means Grounded People Apparel Inc.

“**Corporate and Financial Advisory Agreement**” means the corporate and financial advisory agreement entered into on March 1, 2021 between the Company and Winchester Advisory Ltd. for the provision of general corporate financial advice and consulting on an exclusive basis with respect to Grounded’s strategic direction and corporate development.

“**Escrow Agent**” means Endeavor Trust Corporation.

“**Escrow Agreement**” means the escrow agreement entered into between the Company, the Escrow Agent, and various Principals of the Company, whereby the securities of the Company held by the Principals are to be deposited in escrow.

“**Escrow Securities**” means the securities of the Company held by the Principals to be deposited in escrow in accordance with the Escrow Agreement.

“**ESHIPPER+ Agreement**” means the agreement for warehousing and fulfillment services dated March 2, 2022 between the Company and ESHIPPER+, for distribution of the Company’s products across Canada.

“**ESHIPPER+**” means ESHIPPER+ INC., the Company’s product distribution provider in Canada.

“**Exchange**” or “**CSE**” means the Canadian Securities Exchange.

“**fair trade**” means a trading partnership, based on dialogue, transparency, and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South.

“**Financial Statements**” means the financial statements of the Company for the year ended February 28, 2022 and unaudited condensed interim consolidated financial statements for the three-month period ending May 31, 2022.

“**Gross Revenue Royalty Agreement**” means the gross royalty revenue agreement entered into effective January 27, 2022, among the Company, Clara Güll, a business advisor and consultant to the Company, and Maximillian Justus, the Company’s CEO, providing for a total royalty of 1% on the gross revenue of the Company, in perpetuity.

“**JConnelly**” means JCPR, Inc., dba JConnelly, a US-based marketing and communications firm.

“**JConnelly Agreement**” means the master client agreement entered into on February 1, 2022, between the Company and JConnelly, for marketing and communications support.

“**IFRS**” means International Financial Reporting Standards.

“**L.A.C.E.S.**” means Learn to Achieve and Create Everlasting Sustainability, the Company’s campaign to donate profits to a specific list of pre-selected charities, based on the shoelace colour selected by consumers.

“**Listing**” means the listing of the Common Shares on the Exchange for trading.

“**Management Services Agreement**” means the management services agreement entered into on October 1, 2020 between the Company and Winchester Securities Corporation for the provision of executive offices and boardroom usage, administrative, reception and business development services.

“**MD&A**” means management’s discussion and analysis of the Company.

“**NEO**” or “**Named Executive Officer**” means each of the following individuals of an entity:

(a) the CEO;

(b) the CFO;

(c) each of the three most highly compensated executive officers of an entity, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6 *Statement of Executive Compensation*, for that financial year; and

(d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of an entity or its subsidiaries, nor acting in a similar capacity, at that financial year.

"**Principals**" has the meaning ascribed to it in National Instrument 46-201 – *Escrow for Initial Public Offerings*, and includes all of the promoters, directors and senior officers of the Company.

"**Prospectus**" means this preliminary non-offering long form prospectus dated as of the date on the cover page.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval (www.sedar.com).

"**SEO**" means search engine optimization.

"**Special Warrants**" means the special warrants issued in the capital of the Company.

"**Stock Option Plan**" means the stock option plan of the Company approved by the Board on June 24, 2021, that provides for the grant of stock options of the Company to the Company's directors, officers, employees and consultants in accordance with the provisions of the Stock Option Plan.

"**Streamline**" means Streamline Fulfillment LLC, a Washington limited liability company, and the Company's product distribution provider in the United States.

"**Streamline Agreement**" means the storage, fulfilment and distribution agreement dated September 3, 2021 between the Company and Streamline.

"**TSXV**" means the TSX Venture Exchange.

"**U.S.**" or "**USA**" or "**United States**" means the United States of America.

"**Warrants**" means Common Share purchase warrants in the capital of the Company.

SUMMARY OF PROSPECTUS

The following is a summary of the principal features of this Prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.

The Company

The Company was incorporated under the BCBCA on April 20, 2020 as “Grounded Clothing Inc.”. On June 15, 2021, the Company changed its name to “Grounded People Apparel Inc.”. The Company’s head office is located at 800 – 1199 West Hasting Street, Vancouver, British Columbia, and its records office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia.

Principal Business

The Company is primarily engaged in the business of fair trade, sustainable and earth-conscious fashion. The Company’s initial focus is on the design and production of shoes, and more specifically, high-top and low-cut canvassed sneakers. The Company has had a limited operating history from the time of incorporation on April 20, 2020 to the fiscal year end February 28, 2022. The focus of the Company over the fiscal year 2022 since incorporation was completing the initial non-brokered private placements to support the initial business plan and developing its business as a fair trade sustainable and earth conscious fashion company, with an initial focus on shoes.

The Company’s initial products, which launched in the fourth quarter of 2021, are high-top and low-cut canvas sneakers made from sustainable, ethically-sourced and produced materials, and manufactured by fair-trade workers. The Company aims to create a meaningful positive impact on the world through its L.A.C.E.S. campaign, whereby consumers have the option to select a specific shoelace colour to accompany their footwear, which will correspond with a specific charity from a list preselected by the Company, to which the profits from the shoelaces will be donated.

Recent Financings

On July 24, 2020, the Company closed a non-brokered private placement of 3,800,000 Common Shares at a price $0.005 per Common Share for gross proceeds of $19,000.00.

On December 7, 2020, the Company closed on a non-brokered private placement of 10,000,000 Common Shares at a price of $0.02 per Common Share for gross proceeds of $200,000.00.

On February 28, 2021, the Company closed a non-brokered private placement of 216,333 $0.30 February Special Warrants on a prospectus exempt basis at a price of $0.30 per $0.30 February 28 Special Warrant for gross proceeds of $64,900.00. Each $0.30 February 28 Special Warrant entitled the holder to receive, upon voluntary exercise prior to, or deemed exercise on the Automatic Exercise Date, one Common Share without payment or additional consideration. The 216,333 $0.30 February Special Warrants were exercised for 216,333 Common Shares on July 2, 2021.

On June 11, 2021, the Company closed a non-brokered private placement of 1,450,335 $0.30 June Special Warrants on a prospectus exempt basis at a price of $0.30 per $0.30 June 11 Special Warrant for gross proceeds of $435,100.50. Each $0.30 June 11 Special Warrant entitled the holder to receive, upon voluntary exercise prior to, or deemed exercise on the Automatic Exercise Date, one (1) Common Share without payment or additional consideration. The 1,450,335 $0.30 June Special Warrants were exercised for 1,450,335 Common Shares on October 12, 2021.

On June 28, 2021, the Company closed a non-brokered private placement of 7,000,000 $1.30 Warrants on a prospectus exempt basis at a price of $0.005 per $1.30 Warrant for gross proceeds of $35,000. On May 17, 2022, the Company cancelled all 7,000,000 $1.30 Warrants, and the aggregate proceeds of $35,000 will be returned to the subscribers. Prior to cancellation, each $1.30 Warrant entitled the holder to purchase one (1) Common Share at an exercise price of $1.30 for a period of two (2) years after the date of Listing.

On March 10, 2022, the Company closed a non-brokered private placement of 2,857,143 $0.35 Units for gross proceeds of $1,000,000.05. Each $0.35 Unit is comprised of one Common Share and one $0.50 Warrant with each $0.50 Warrant entitling the holder to purchase one Common Share at a price of $0.50 for a period of twenty-four (24) months from the date on which the Common Shares are listed on a stock exchange in Canada. In connection with the March 10, 2022 private placement, the Company issued 28,571 Common Shares at a deemed price of $0.35 to Winchester Advisory Ltd., an arm's-length third-party, for administrative services rendered in connection with the non-brokered private placement.

A breakdown of the Company's share capitalization is shown below:

Security	Description	Number Outstanding
Common Shares	Current issued and outstanding	18,352,383
Warrants(1)	Warrants	2,857,143
Stock Options(2)	Stock Options	1,501,000

Notes: (1) Comprised of 2,857,143 "$0.50 Warrants".
(2) 1,088,000 stock options are exercisable at $0.30, with 888,000 of those stock options expiring on June 28, 2026 and 200,000 of those stock options expiring on December 1, 2026. An additional 413,000 stock options are exercisable at $0.35 and expire on May 19, 2027.

Use of Proceeds

This Prospectus does not relate to an offering by the Company, and therefore no proceeds will be realized in connection with this Prospectus, and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company.

Listing

The Company has applied to list its Common Shares on the CSE. As at the date hereof, the CSE has not conditionally approved the Listing, and there is no assurance that it will do so. The Listing will subject to the Company fulfilling all of the listing requirements of the Exchange, including meeting all minimum listing requirements, which cannot be guaranteed.

Risk Factors

An investment in the Company should be considered highly speculative and investors may incur a loss. The Company is subject to several risk factors, including the following:

- if the Company is unable to maintain and enhance the value and reputation of its brand, it may be unable to sell its products, which would harm its business and could materially adversely affect its financial condition and results of operations;
- the Company operates in a highly competitive market;
- the Company's focus on using sustainable materials and environmentally friendly manufacturing processes and supply chain practices may increase its cost of revenue and hinder its growth;
- if the Company is unable to anticipate product trends and consumer preferences, or it fails in its technical and materials innovation to successfully develop and introduce new high-quality products, the Company may not be able to maintain or increase revenue or become profitable;
- the Company utilizes a range of marketing, advertising, and other initiatives to increase existing customers' spend and to acquire new customers; if the costs of advertising or marketing increase, or if its initiatives fail to achieve their desired impact, the Company may be unable to grow its business profitably;
- the Company's reliance on single supplier and manufacturer to provide materials for and to produce its products could cause problems in its supply chain;
- the fluctuating cost of raw materials could increase the Company's cost of revenue and cause its results of operations and financial condition to suffer;
- the Company may fail to protect its intellectual property rights, its trademark and other proprietary rights may conflict with the rights of others, and the Company may not be able to acquire, use, or

maintain its marks and domain names, any of which could harm the Company's brand, business, financial condition, and results of operations;

- if the technology-based systems that give the Company's customers the ability to shop online do not function effectively, or the Company fails to comply with government regulations relating to the internet and eCommerce, the Company's results of operations, as well as its ability to grow its eCommerce business globally, could be materially adversely affected.
- the Company has limited operating history, and a history of losses and the Company cannot assure profitability;
- the Company has negative cash flows from operations;
- the Company will require additional capital, which may not be available to it when required on attractive terms, or at all;
- the Company is largely dependent upon its board and management for its success;
- conflicts of interest may arise between the Company and its directors and management;
- the market price of the Common Shares may be adversely affected by stock market volatility;
- there may not be an active or liquid market for the Common Shares;
- the Company does not anticipate paying cash dividends on the Common Shares in the foreseeable future;
- the Company will be subject to the additional regulatory burden resulting from its public listing on the CSE;
- future sales or issuances of equity securities could dilute the current shareholders; and
- future sales of Common Shares by existing shareholders could reduce the market price of the Common Shares.

For further details on each of the above, and other risk factors, see "*Risk Factors*".

Summary of Selected Financial Information

The table below summarizes the financial information for the periods or as at the dates indicated. The summary financial information should be read in conjunction with (i) the Company's audited financial statements and corresponding management's discussion and analysis for the year ended February 28, 2022, and (ii) the unaudited condensed interim consolidated financial statements and management's discussion and analysis for the three-month period ended May 31, 2022, which are included in this Prospectus under Appendices A and B. The selected financial information set out below may not be indicative of the Company's future performance.

Financial Positions	Three-month Period Ended May 31, 2022 ($)	Year Ended to February 28, 2022 ($)
Current assets	891,772(1)	276,130
Total assets	891,772(1)	276,130
Current liabilities	27,243	77,557
Share capital	1,719,000	719,000
Deficit	1,206,199	934,427

Note: (1) Prepaid expenses of the Company of $87,511 set out in the Company's unaudited condensed interim consolidated financial statements for the three-month period ended May 31, 2022 are primarily comprised of payments made for the purchase of inventory and related shipping costs that have been paid but had not yet received by the Company, in the amount of $67,501. These products have now been received by the Company and will be recognized as inventory in its condensed interim consolidated financial statements for the nine-months ended November 30, 2022. The remainder of $20,010 relates to prepayments for business expenditures paid in advance for June 2022.

Financial Results	Three-month Period Ended May 31, 2022 ($)	Year Ended to February 28, 2022 ($)
Expenses	476,078	886,473
Net loss	443,044	874,235
Net loss per share – basic and diluted	0.02	0.06

Available Funds

As at August 31, 2022, the Company had available working capital of $508,646 and the Company's estimated use of its available working capital for the next twelve months is as follows:

Use of Available Funds	Amount ($)
Available Working Capital (August 31, 2022)	**508,646**
Expenditures:	
Estimated remaining cost of Prospectus and Listing(1)	22,750
Investor relations activities	40,000
Achievement of milestones(2)	181,800
Operating expenses for next 12 months(3)	221,600
Refund of the proceeds from the $1.30 warrants	35,000
Subtotal	**501,150**
Unallocated Working Capital	**7,496**

Notes: (1) Comprised of remaining legal fees for the Listing ($5,000), remaining CSE listing fees ($10,250), Escrow Agent fees ($2,500) and miscellaneous ($5,000).
(2) See "*Use of Proceeds – Business Objectives and Milestones*".
(3) Estimated operating expenses for the next 12 months include:

Operating Expenses 2022-2023 Budget ($)	
Wages and salaries(a)	78,000
Management Services Agreement(b) (includes administrative services, business development services and offices)	60,000
Corporate and Financial Advisory Agreement(c)	60,000
Transfer Agent	3,600
Legal fees (not including Listing)	10,000
Audit fees	10,000
Total	**221,600**

Notes: (a) Wages and salaries are expected to be comprised of the following positions and yearly salaries upon Listing: CEO ($48,000), CFO ($30,000).
(b) Includes administrative services, business development services and offices.
(c) Includes assistance with accounting functions, capital raising activities and potential merger and acquisition opportunities.

The Company intends to spend the funds available to it as stated in this Prospectus. However, there may be circumstances where, for sound business reasons, a reallocation of the funds may be necessary. The amounts set forth above may increase if we are required to carry out due diligence investigations regarding any prospective investment or business opportunity or if the costs of the Prospectus or Listing, or negotiating an applicable transaction, are greater than anticipated.

See "*Use of Proceeds – Funds Available and Use of Available Funds*", "*Financial Statements*", and "*Management's Discussion & Analysis*".

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company's full corporate name is "Grounded People Apparel Inc.". The Company was incorporated under the BCBCA on April 20, 2020 as "Grounded Clothing Inc.". On June 15, 2021, the Company changed its name to "Grounded People Apparel Inc.". The Company's head office is located at 800 – 1199 West Hasting Street, Vancouver, British Columbia and its records office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia.

Intercorporate Relationships

The Company has one wholly-owned subsidiary, Grounded People Apparel (US) SPC, registered in the state of Washington, USA.

GENERAL DEVELOPMENT OF THE BUSINESS

Summary and Company Overview

Grounded is engaged in the business of fair trade, sustainable and earth conscious fashion. Our initial focus is on the design and production of shoes, and Grounded currently offers high-top and low-cut canvassed sneakers, which were launched in two colours in the fourth quarter of 2021. Since the initial launch, Grounded has added four new colours to its Spring 2022 line.

Our shoes are made from sustainable, ethically sourced and produced materials, and are hand-made by Ahimsa in Brazil. Grounded chose Ahimsa as the manufacturer of its shoes because of the mutuality of values between the companies. Ahimsa was founded in 2013 with the mission to question habits, to manufacture sustainably, to respect all forms of life and to inspire conscious behaviour. Ahimsa has been hand-making shoes in its 100% vegan factory since 2014, and has now hand-made 6,000 pairs of shoes for Grounded.

Grounded is part of a movement to preserve the planet with sustainable products, and its core principles are based on the ethical treatment of all living beings. The Company is also focused on creating a meaningful positive impact on the world through its L.A.C.E.S. initiative, whereby customers have the option to support a specific charity by selecting the colour of shoe laces that accompanies their shoes. All profits from the laces that are included with the shoes or sold separately through our website are donated to the corresponding charity.

Since our launch, we have completed the following key objectives:

1. <u>Raised Capital</u>

   Since incorporation, the Company has raised over $1,719,000 through five separate financings in order to support the development of our business. See "*Prior Sales*".

2. <u>Designed our Shoes</u>

   Our CEO, Maximilian Justus, began working on the initial designs of the Company's high-top and low-cut canvassed sneakers in the spring and summer of 2021. The designs were finalized with the Company's manufacturing provider, Ahimsa, in the fall of 2021. The initial launch of the "grounded" shoes featured a beige option and a brown option. With the introduction of the Company's spring line in the second quarter of 2022, Grounded has added four additional shoe colours: light blue, dark blue, light pink and red. Grounded has also finalized its designs for the fall collection, and production in Brazil is underway. See "*Products*".

3. <u>Launched our Website</u>

The Company began developing and designing its website in the spring and summer of 2021, and the website was completed and launched on December 24, 2021. The Grounded website is SEO-optimized, offers integrated sales channels to the Company's U.S. and Canadian distributors. The website features a three-minute video of the hand-made production of our shoes at the Ahimsa factory in Brazil. Canadian shoppers are directed to the Company's "Canadian" website which features Canadian pricing, and American shoppers are directed to the Company's "U.S." website which features U.S. pricing. Both the "Canadian" and "American" websites are directly integrated into the Company's Shopify payment platform, and product fulfillment is integrated into the Company's distribution providers, Streamline (USA) and ESHIPPER+ (Canada).

The website currently offers high-top and low-cut canvassed sneakers in six different colours, as well as shoelaces that support the Company's L.A.C.E.S. program, whereby all profits are donated to selected charities based on the colour of laces chosen.

4. <u>Launched our L.A.C.E.S Campaign</u>

The Company launched its charitable initiative termed "L.A.C.E.S.", which stands for "Learn to Achieve and Create Everlasting Sustainability." The goal of L.A.C.E.S. is to help to make a positive impact on the world through the donation of funds to charities that the Company supports.

At the time of each purchase, customers have the option to select a specific shoelace colour to accompany their footwear, which corresponds with a specific charity from a list preselected by the Company, to which the profits from the shoelaces are donated. The Company contributes 100% of the profits from the laces to the charity of choice. The Company's current list of charities includes:

- ***A Home for Hooves –*** *Providing Farm Animals with a Forever Home that Emulates a Natural and Enriching Environment (burnt orange laces);*
- ***BC Children's Hospital*** – *Helping Children Back to Health (yellow laces);*
- ***City Harvest*** – Focused on feeding people living in New York City who struggle to afford food (light grey laces);
- ***Climate Resolve –*** *Building Collaborations to Champion Equitable Climate Solutions (purple laces);*
- ***Fashion Takes Action*** – *Creating a Conscious Fashion Future (beige laces);*
- ***KidSafe*** – *Providing a Safe Haven for Children and Youth in Canada (pink laces);*
- ***Make-a-Wish® Canada*** – *Creating Life-Changing Wishes for Children with Critical Illnesses (orange laces);*
- ***One Tree Planted*** – *Rebuilding the Amazon Rainforest in Brazil (dark green laces);*
- ***RedRover*** – *Bringing Animals and their People from Crisis to Care (purple laces); and*
- ***Trees for the Future*** – *Helping Farmers Build Forest Gardens in Africa (clay laces).*

The Company intends to expand the charities that it supports through L.A.C.E.S. program as the company grows.

5. Launched our Social Media Channels

The Company launched its Instagram account (*@grounded.people*) and its TikTok account (*thegroundedpeople*) in the fourth quarter of 2021 in order to engage in a pre-launch marketing program designed to generate attention around the Company's product launch and promote sales. The Company's Instagram account features extensive professional photographs of the Company's shoes being worn in various inspirational and natural settings and the Company's TikTok account features videos of the Company's products as well as videos of it's "Random Acts of Kindness" – see "*Use of Proceeds – Business Objectives and Milestones*".

6. Began Pre-Orders

The Company began to sell its shoes in the fourth quarter of 2021.

7. Completed Manufacturing Runs

The Company completed its first manufacturing run of 2,000 shoes in the fourth quarter of 2021 and its second manufacturing run of 4,000 shoes in the second quarter of 2022.

8. Engaged Product Distributors and Delivered Shoes

Grounded engaged Streamline to act as its U.S. distributor in the third quarter of 2021 and ESHIPPER+ to act as its Canadian Distributor in the first quarter of 2022. The Company's initial manufacturing run of 2,000 shoes was delivered to Streamline in the fourth quarter of 2021 and the second manufacturing run of 4,000 was delivered to Streamline and ESHIPPER+ throughout the first and second quarter of 2022.

Grounded shoes ordered in the United States are shipped from its fulfilment provider, Streamline, in Wenatchee, Washington, and shoes ordered in Canada are shipped from its fulfillment provider, ESHIPPER+ in Brampton, Ontario.

9. Launched Marketing Program

The Company created a detailed marketing program for the launch of its shoes. The program includes a robust website and e-commerce store, search engine optimization and paid search, email marketing, social media, celebrity placement, referral from bloggers and influencers and a public relations campaign.

The Company's charitable campaign, L.A.C.E.S., gives the consumer the option to select a specific shoelace colour to accompany their footwear, which will correspond with a specific charity from a list preselected by the Company, to which the profits from the shoelaces will be donated. The Company will contribute 100% of the profits from the laces to the charity of choice. The Company also achieve its P.E.T.A certification in December of 2021.

10. Began Sale of Shoes

The Company began selling its high-top and low-cut canvassed sneakers in Q4 of 2021.

11. Launched Spring/Summer Collection with New Colors

The Company's 2022 spring collection included four new colour options for its high-top and low-cut canvassed sneakers—dark blue, light blue, pink and red. See "*Products*" for images of the spring collection.

12. Engaged in Random Acts of Kindness

    The Company began its "Random Acts of Kindness" campaign in Q2 of 2022, and the Company's CEO met with the Vancouver Boys Club to present on entrepreneurship and social purposes companies, partnered with local restaurants to hand out meals to those in need in Vancouver, British Columbia, and has provided shoes to random people on the streets of Vancouver, British Columbia to get the word out about social purpose companies and Grounded's shoes.

13. Attended Tradeshows in Vancouver and Los Angeles

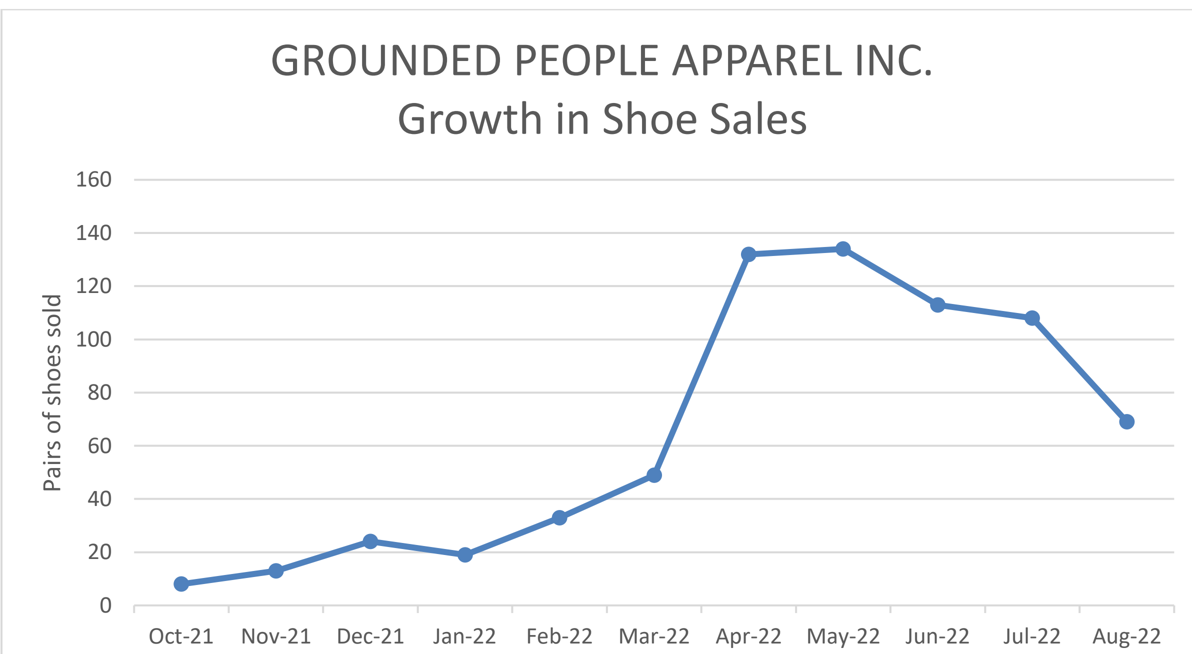
    In Q3 2022, the Company attended the Active Collection tradeshow in Los Angeles, California and the Planted Expo and Vegan Night Market in Vancouver, British Columbia to promote its products.

14. Completed Fall 2022 Designs

    The Company has finalized designs for its fall 2022 collection, and production is underway at the Ahimsa factory in Brazil for an additional 2,000 pairs of shoes.

To date, the Company has spent approximately $1,310,000 developing its business, including approximately $20,000 on freight and shipping, $740,000 on marketing, $210,000 on professional fees, $60,000 in consulting fees, $120,000 on rent and administration, and $160,000 on general and office expenses. In addition to the expenses, the Company has also invested $430,000 in purchasing inventory. All payments to date have been arm's length, except for certain business expense re-imbursements to executive officers.

To date, the Company has sold 636 pairs of shoes and has generated gross revenue of approximately $134,268. The graph below shows the number of pairs of shoes sold per month since inception through to August 31, 2022.



History

- The Company was incorporated under the BCBCA on April 20, 2020 as "Grounded Clothing Inc.", under incorporation number BC1247766.

- On July 24, 2020, the Company closed a non-brokered private placement of 3,800,000 Common Shares at a price $0.005 per Common Share for gross proceeds of $19,000.00.

- On December 7, 2020, the Company closed on a non-brokered private placement of 10,000,000 Common Shares at a price of $0.02 per Common Share for gross proceeds of $200,000.00.

- On October 1, 2020, the Company entered into the Management Services Agreement with Winchester Securities Corporation for the provision of executive offices and boardroom usage, administrative, reception and business development services. This agreement will remain in full force and effect indefinitely, until terminated with a minimum of thirty (30) days written notice by either party.

- On February 28, 2021, the Company closed a non-brokered private placement of 216,333 Special Warrants on a prospectus exempt basis at a price of $0.30 per Special Warrant for gross proceeds of $64,900.00 Each Special Warrant entitled the holder to receive, upon voluntary exercise prior to, or deemed exercise on July 2, 2021, the Automatic Exercise Date, one (1) Common Share in the Company without payment or additional consideration. The 216,333 Special Warrants were exercised for 216,333 Common Shares on July 2, 2021.

- On March 1, 2021, the Company entered into the Corporate Administration and Financial Advisory Agreement with Winchester Advisory Ltd. pursuant to which Winchester Advisory Ltd. will provide Grounded with accounting functions, capital raising activities and potential merger and acquisition opportunities.

- On June 2, 2021, the Company entered into the Ahimsa MOU with Ahimsa, a leading Brazilian manufacturer of footwear with white-label capabilities for the manufacture of the footwear designed by the Company on a white-label basis and under the Company brand. The Ahimsa MOU contemplated that the parties would enter into a definitive agreement to set out certain terms of their business relationship. However, the parties have since agreed to rely on purchase orders for production runs of the Company's shoes, and to rely on the Ahimsa MOU for certain legal protections, including, but not limited to, confidentiality and intellectual property rights.

- On June 11, 2021, the Company closed a non-brokered private placement of 1,450,335 Special Warrants on a prospectus exempt basis at a price of $0.30 per Special Warrant for gross proceeds of $435,100.50 . Each Special Warrant entitled the holder to receive, upon voluntary exercise prior to, or deemed exercise on October 12, 2021, the Automatic Exercise Date, one (1) Common Share in the Company without payment or additional consideration. The 1,450,335 Special Warrants were exercised for 1,450,335 Common Shares on October 12, 2021.

- On June 15, 2021, the Company changed its name to "Grounded People Apparel Inc.".

- On June 28, 2021, the Company closed a non-brokered private placement of 7,000,000 Warrants at a price of $0.005 per Warrant for total proceeds of $35,000.00. On May 17, 2022, the Company cancelled all 7,000,000 $1.30 Warrants, and returned the aggregate proceeds of $35,000 to the subscribers. Prior to cancellation, each Warrant entitles the holder to purchase one (1) Common Share at an exercise price of $1.30 for a period of two (2) years after the date of Listing.

- On September 3, 2021, the Company entered into the Streamline Agreement with Streamline for storage, fulfillment and distribution of the Company's shoes in the United States. Streamline is based in Wenatchee, Washington State.

- On September 15, 2021, the Company incorporated "Grounded People Apparel (US) SPC" in the state of Washington.

- On October 25, 2021, the Company's e-commerce platform went live, and the Company started receiving pre-sale orders.

- On December 8, 2021, the Company received a "PETA-Approved Vegan" certification from the "People for the Ethical Treatment of Animals" (PETA) for its vegan footwear.

- On December 9, 2021, the Company received its first production run of shoes to the Streamline distribution center in Washington State. The second production run of shoes was delivered in batches throughout the first and second quarter of 2022.

- On December 14, 2021, the Company started shipping its products to customers in the United States.

- Effective January 27, 2022, the Company entered into the Gross Revenue Royalty Agreement with Clara Güll, a business advisor and consultant to the Company, and Maximillian Justus, the Company's CEO. Pursuant to the Gross Revenue Royalty Agreement, each of Ms. Güll and Mr. Justus will receive a 0.5% royalty each (the "**Royalty**"), in perpetuity, on the gross revenue received by the Company, or an affiliate controlled by the Company, or any successor which acquires an interest in the business of the Company, from any source and without deduction. The obligation to pay the Royalty accrues upon the receipt of gross revenue by the Company, and the Royalty for each calendar quarter will be calculated and paid within sixty (60) days after the end of the calendar quarter. Royalty payments on all gross revenue received by the Company from January 27, 2022 and in perpetuity thereafter are to be made in cash. The Royalty payments may be assigned in full or in part by each of Ms. Güll and Mr. Justus.

- On February 1, 2022, the Company entered into the JConnelly Agreement with JConnelly, a US-based marketing firm, for marketing and public relations support. The JConnelly Agreement has an indefinite term and may be terminated by either party upon 90-days written notice, or if there is a breach of the terms of the agreement that are not cured within 30-days notice of such breach. The services provided pursuant to the JConnelly agreement include brand discovery, media messaging, communications plan development, media relations strategies, content and media collateral, thought leadership development, ongoing reputation management and ongoing measurement and evaluation of the Companies marketing efforts. Payment is made on a monthly basis and varies by assignment.

- On February 15, 2022, the Company filed a trademark application for "GROUNDED PEOPLE" and its logo with the U.S. Patent and Trademark Office.

- On March 2, 2022, the Company entered into the ESHIPPER+ Agreement with ESHIPPER+, for warehousing and fulfillment services in Canada. ESHIPPER+ is a Canadian shipping and fulfillment company based in Brampton, Ontario, that provides fully-automated shipping services, which are fully-integrated into the Company's online store.

- March 7, 2022, the Company filed a trademark application for "GROUNDED PEOPLE" and its logo with the Canadian Patent and Trademark Office.

- On March 10, 2022, the Company closed a non-brokered private placement of 2,857,143 $0.35 Units for gross proceeds of $1,000,000.05. Each $0.35 Unit is comprised of one Common Share and one Warrant, with each Warrant entitling the holder to purchase an additional Common Share at a price of $0.50 for a period of twenty-four (24) months from the date that the Common Shares are listed on a stock exchange in Canada. In connection with the March 10, 2022 financing, the Company issued 28,571 Common Shares at a deemed price of $0.35 to Winchester Advisory Ltd., an arm's-length third-party, for administrative services rendered in connection with the non-brokered private placement.

- On April 22, 2022, the Company entered into an advisory agreement with Christopher Bates pursuant to which Mr. Bates became the first member of the Company's Advisory Board. Pursuant to the advisory agreement, Mr. Bates provides advisory services related to the apparel industry and will be eligible for Options. Mr. Bates was granted a nominal cash signing bonus. See "*Specialized Skill and Knowledge*" for a brief biography of Mr. Bates. The advisory agreement with Mr. Bates may be terminated by either party without cause at any time upon thirty (30) days written notice.

Products

The Company's shoe collection features organic cotton, linen and natural rubber. The products are made using traditional artisan skills such as hand weaving, hand knitting, hand embroidery and hand block printing. The contemporary, versatile designs create stylish and innovative fashion while respecting people and the planet. The initial manufacturing run of 2,000 of the Company's high-top and low-cut canvased sneakers was completed at the end of October, 2021 and delivered to the Company's U.S. fulfilment provider, Streamline, in December 2021. The second manufacturing run of 4,000 shoes, including the addition of four new colours, was delivered in batches to Streamline for sales and distribution into the United States and to ESHIPPER+ for sales and distribution in Canada.

Images of the Company's first two shoe designs are set out below.



The Company's spring collection, featuring four new colours, is set out below.

Manufacturing and Production

The Company's shoe manufacturer, Ahimsa, produces the Company's shoes in a 100% vegan factory. Ahimsa is a leading producer of ecological and sustainable footwear based in Brazil and uses only certified materials for production such as PETA Certified, Certified B Corporation and Ecocert. The natural rubber sole of the shoes is machine-pressed onto the body of the shoe. The shoe is then finished by precise manual work completed by skilled craftsmen.

Intangible Properties

The Company has applied for trademark protection for “GROUNDED PEOPLE” and its logo in both Canada and the United States.

<u>Canadian Trademark Applications</u>

Jurisdiction	Trademark	Application Number	Filing Date	Status
Canada	GROUNDED PEOPLE	2170963	March 7, 2022(1)	Received by Canadian Patent Office
Canada		2170964	March 7, 2022(1)	Received by Canadian Patent Office

Note: (1) Deemed filing date of February 15, 2022 as priority from the U.S. was claimed.

<u>U.S. Trademark Applications</u>

Jurisdiction	Trademark	Registration number	Filing Date	Status
United States	GROUNDED PEOPLE	97268417	February 15, 2022	Received by U.S. Patent and Trademark Office
		97292674	February 15, 2022	Received by U.S. Patent and Trademark Office

Distribution

The Company has entered into a fulfillment, shipping and warehousing agreement with Streamline, for all of its storage and distribution needs in the United States and with ESHIPPER+, for its storage and distribution needs in Canada. Both Streamline and ESHIPPER+ are specialized logistics providers that supply:

Shipping
- Fast, safe and effective
- Price check & evaluation of required services
- Consulting about customs duties & fees

Fulfillment
- Order picking
- Individual packaging & branding
- Returns management

Warehousing
- Cold storage
- Flexible storage units
- Locations in the Canada and United States

IT-Services
- Free interfaces
- Integration of all shipping services

Employees and Consultants

As at the date of this Prospectus, the Company has engaged eight consultants and has no employees other than its CEO and CFO. See "*Directors and Executive Officers*".

The Company's current consultants are:

- Clara Güll, assisted with the design process of the Company's initial shoe design;
- Rafat Nasser, executive assistant to the Company's CEO, Maximilian Justus's;
- Julia Thompson, the Company's photographer and social media coordinator;
- VF Holdings Inc., marketing consultant;
- Vigilant Capital Corp., administrative consultant;
- Creelman Consulting Inc., business strategy consultant;
- MKH Consulting Inc., design consultant;
- Max Fuller Davis Inverarity, general advisory and brokering industry introductions; and
- Christopher Bates, member of the Advisory Board.

All consultants, except for Mr. Bates, have been granted stock options in the company for their consulting positions. Mr. Bates has been provided with a nominal cash signing bonus and may be compensated with stock options in the future.

Changes to Contracts

No part of the Company's business is reasonably expected to be affected in the current financial year by either the renegotiation or termination of any contract.

Foreign Operations

Apart from its US-subsidiary, Grounded People Apparel (US) SPC, and sales of its products into the United States, the Company does not have any foreign operations. However, its manufacturing provider, Ahimsa, has operations in Brazil and its U.S. distribution provider, Streamline, is located in Washington State in the United States. Grounded People Apparel (US) SPC, was incorporated by the Company to facilitate sales into the United States. Currency fluctuations may affect these operations, and the Company's results are subject to financial market risk as a result of fluctuations in currency exchange rates.

Lending

The Company does not intend to engage in lending activities.

Bankruptcy and Similar Procedures

There are no bankruptcies, receivership or similar proceedings against the Company, nor is the Company aware of any such pending or threatened proceedings. There has not been any voluntary bankruptcy, receivership or similar proceeding, by the Company during its last three financial years.

Reorganizations

The Company has not completed any material reorganization and no reorganization is proposed for the current financial year.

Operations

The Company is at an early stage of business and is working to maintain a low overhead while it ramps up operations. The Company has an agreement with Ahimsa to manufacture its initial products, being 100% vegan shoes. The Company has also engaged Streamline as the distribution company to handle all product fulfilment in the United States and ESHIPPER+ to handle all product fulfillment in Canada.

The Company launched its initial products in Q4 of 2021 utilizing its E-commerce platform for direct-to-consumer sales. The Company is using targeted social media advertisements in North American cities that have both (1) a high population density and (2) a high level of interest in veganism within the population. Initially, the Company intends to focus its marketing efforts in Los Angeles, California and Portland, Oregon, Vancouver, British Columbia, Montreal, Quebec and Toronto, Ontario.

Specialized Skill and Knowledge

The Company’s management team and board of directors have significant experience in fashion, finance, business, operations and management.

The Company’s Chief Executive Officer, Maximilian Justus entered the fashion space in 2016 by founding a design and production company specializing in custom garments. While traveling abroad, Mr. Justus experienced the negative environmental impacts of the fashion industry first-hand and founded the Company to further his passion for fashion and commitment to environmentalism.

Joel Shacker, a director of Grounded, has significant experience in e-commerce and with public companies. Joel is the CEO of Core One Labs Inc. (CSE: COOL), a CSE-listed company focused on bringing psychedelic medicine to market through novel delivery systems, psychedelic assisted psychotherapy and API grade psilocybin manufacturing. Joel is also a director of American Future Fuel Corporation (CSE: AMPS), a Canadian-based resource company focused on the strategic acquisition, exploration and development of alternative energy projects and a director of Gold Line Resources LTD. (TSX-V: GLDL), a Canadian-based resource company focused on gold exploration properties in Sweden and Finland.

Nima Bahrami, a director of Grounded, has significant experience in e-commerce as well as the development, marketing and logistics of consumer goods, and is the CEO of Bettermoo(d) (described above), and a director of Blender Bites Limited (CSE: BITE), a frozen food company.

Christopher Bates, the first and only current member of the Company’s Advisory Board, has significant experience in the fashion and footwear industries, and his footwear collection is available across Canada at Browns and Harry Rosen. Born and raised in Vancouver, British Columbia, Mr. Bates completed a Bachelor of Arts program at the University of British Columbia and went on to complete a Management Certificate in Marketing Communications at the British Columbia Institute of Technology. After working in the Vancouver marketing industry for five years, Mr. Bates moved to Milan to study Fashion Design at Istituto Marangoni. After graduating, he founded the *Christopher Bates* brand in Canada in 2008, and has since relocated to Milan where he designs and oversees management operations of his brand. In November of 2014, Mr. Bates opened a design studio and showroom in Milan to expand the business internationally and to work closely with leading Italian mills and manufacturers. His line is designed and produced in Italy.

Further information on Mr. Bates and his apparel and fashion collection can be found on his website at www.christopherbates.com.

The Company intends to add additional thought-leaders in the apparel and footwear industries to its Advisory Board in order to increase the Company's expertise in these areas.

Cyclicality

The Company's business may be sensitive to economic cycles and downturns as its products and those within the fashion industry are purchased from discretionary income.

Sales and Marketing Strategy

The Company has developed a multi-faceted sales and marketing approach that utilizes the following marketing channels and engages data analytics to track and prioritize channels with effective customer acquisition.

The sales and marketing channels the Company utilize include:

- Online Marketing – The Company developed online and mobile marketing campaigns targeted at fashion and sustainability. The Company's website has been designed with SEO in mind, targeting keywords that help the website gain authority and rank higher in search results. The SEO techniques have been deployed to effectively reach very targeted markets with relative ease and at a reasonable cost. A corporate marketing and communications program has also been initiated with JConnelly.

- Social Media – The Company has been very active on a variety of social media platforms producing static and video content that promotes the benefits of socially conscious companies and the positive impact that Grounded and its customers are having on the world. The Company is seeking celebrity placement of its shoes as well as referrals from bloggers and influencers to help the Company gain exposure.

- Earned Media – The Company has gained traction through media exposure and increased its marketability. The Company expects to continue to attract press coverage from traditional media sources and expects these features and news stories to continue as sales grow. The Company's press campaign focuses on the message that its products and production process is rooted in sustainable and ethical practices.

- Industry Shows and Events – The Company attends various industry trade shows, conferences, and seminars that foster growth and knowledge in the fashion and sustainability industry. At these events, the Company seeks opportunities to identify new partners, distribution channels, clients and potential joint ventures and/or mergers and acquisitions targets.

- Word of Mouth / Referrals – The Company is confident in the quality of its product offering which will be critical in building the brand and trust from customers. The Company relies on testimonials in its marketing materials and referrals from its customers.

Impact of COVID-19 Pandemic

Impacts resulting from the COVID-19 pandemic have resulted in a widespread health crisis that has already adversely affected the economies and financial markets of many countries around the world. The international response to the spread of COVID-19 led to significant restrictions on travel, temporary business closures, quarantines, global stock market and financial market volatility, a general reduction in consumer activity, operating, supply chain and project development delays and disruptions, and declining trade, all of which have and could further affect commodity prices, interest rates, credit ratings and credit risk.

The Company is subject to the cycles of the financial markets, which are now magnified and volatile due to the effects of COVID-19. Many industries are impacted by these market conditions and the COVID-19 virus, including, with respect to the apparel industry, manufacturing, distribution and sales. During the product design phase, a service interruption occurred with the Company's production provider, Ahimsa, due to a two-week factory shutdown during a COVID-19 lockdown. There have been no other stoppages since. Additionally, the disruptions to the global supply chain as a result of COVID-19 have increased costs for shipping, and have led to significant delays in ocean shipping. As a result, the Company has been utilizing air freight from its manufacturing provider, Ahimsa, in Brazil. The Company expects to continue to use air freight until shipping-container delays have been resolved. Apart from the brief interruption in production and the increased cost in shipping, there have been no other impacts to the Company due to COVID-19. The Company is currently selling its products via E-commerce and has targeted select boutiques to carry a limited supply of the Company's shoes.

The overall severity and duration of COVID-19-related adverse impacts on the Company's business will depend on future developments, which the Company cannot currently predict, including directives of federal, state and provincial governments and health authorities, and continued disruptions to global supply chains and shipping constraints. See "*Risk Factors*".

MARKET AND REGULATORY OVERVIEW

Market Size and Opportunity

Consumers are becoming increasingly socially conscious when making their purchasing decisions, which in turn is providing an incentive for firms to integrate social responsibility considerations into their product offerings. Socially conscious consumers takes into account the public consequences of their private consumption or attempt to use their purchasing power to bring about social change.[1] The emergence of socially responsible consumer behavior manifests when a person bases their acquisition, usage and disposition of products on a desire to minimize or eliminate any harmful effects and maximize the long-run beneficial impact on society.[2]

The socially conscious consumer holds immense buying power, with over two thirds (66%) of consumers around the world reporting that they would prefer to buy products and services from companies that have implemented programs to give back to society. Close to half (46%) of these consumers are willing to pay extra for these products or services.[3]

Management of the Company recognizes this trend and believes that it will only become more pervasive as consumers become increasingly educated on the products they purchase. Management also firmly believes that a good product is no longer enough to win a consumer's favor. Shoppers are looking for more than just quality, often looking for products and brands that align with their personal values.

Awareness among consumers about manufacturing practices and environmental effects has in part made sustainability a key movement in the fashion industry in recent years, as environmental concerns are increasingly top of mind for consumers. In total, the United States sustainability market is projected to reach

---

[1] Frederick E. Webster Jr., "Determining the Characteristics of the Socially Conscious Consumer" (1975) 2:3 J. Consum. Res. 188.

[2] Lois A. Mohr, Deborah J. Webb & Katherine E. Harris, "Do Consumers Expect Companies to be Socially Responsible? The Impact of Corporate Social Responsibility on Buying Behavior" (2001) 35:1 J. Consum. Aff. 45.

[3] "The Global, Socially-Conscious Consumer" *A Nielsen Report* (March 2012), online: <https://www.nielsen.com/wp-content/uploads/sites/3/2019/04/Nielsen-Global-Social-Responsibility-Report-March-2012.pdf>.

US$150 billion in sales by 2021, according to Nielsen.[4]

Fashion Industry and Pollution

According to the United States Environmental Protection Agency, the fashion industry is one of the biggest polluters, with the industry being responsible for 26 billion pounds of textiles ending up in landfills every year.[5] Additionally, information presented an the World Economic Form's website cites apparel production as being responsible for 10% of all of humanity's carbon emissions and being the second-largest user of the world's fresh water supply.[6] And the environmental damage is increasing as the industry grows.[7] As consumers worldwide buy more clothes, the growing market for cheap items and new styles is taking a toll on the environment. On average, people bought 60% more garments in 2014 than they did in 2000. If the fashion sector continues its current trajectory, that share of the carbon budget could jump to 26% by 2050, according to a 2017 report from the Ellen MacArthur Foundation.[8]

Fashion causes water-pollution problems, too. Textile dyeing is the world's second-largest polluter of water, since the water leftover from the dyeing process is often dumped into ditches, streams, or rivers. In total, the fashion industry is responsible for 20% of all industrial water pollution worldwide.[9]

Clothing has become disposable, and as a result, consumers generate more and more textile waste. A family in the western world throws away an average of 30 kg of clothing each year. Only 15% is recycled or donated, and the rest goes directly to the landfill or is incinerated.[10] Less than 1% of used clothing is recycled into new garments. The Ellen MacArthur Foundation estimates that every year some US$500 billion in value is lost due to clothing that is barely worn, not donated or recycled, or ends up in a landfill.[11]

Some apparel companies are starting to move away from these trends by joining initiatives to cut back on textile pollution and grow cotton more sustainably. In March of 2020, the United Nations launched the Alliance for Sustainable Fashion, which will coordinate efforts across agencies to make the industry less harmful.

The growing awareness of the adverse effects of the textile industry on the environment is encouraging some consumers to opt for ethical fashion materials.

Principal Markets

Footwear and Sustainable Footwear Market

Allied Market Research notes that the global footwear market size was valued at US$365.5 billion in 2020

---

[4] "Was 2018 the year of the influential sustainable consumer?" *Nielsen IQ* (December 2018), online: <https://www.nielsen.com/us/en/insights/article/2018/was-2018-the-year-of-the-influential-sustainable-consumer/> (*Was 2018 the year*).

[5] "Facts and Figures about Materials, Waste and Recycling: Textiles: Material-Specific Data" *United States Environmental Protection Agency* (2018), online: <https://www.epa.gov/facts-and-figures-about-materials-waste-and-recycling/textiles-material-specific-data>.

[6] Morgan McFall-Johnsen, "These facts show how unsustainable the fashion industry is" (January 2020), online: <https://www.weforum.org/agenda/2020/01/fashion-industry-carbon-unsustainable-environment-pollution/> (*These facts*).

[7] *Ibid*.

[8] "Fashion and the Circular Economy", online: < https://www.ellenmacarthurfoundation.org/explore/fashion-and-the-circular-economy>.

[9] *These Facts, supra* note 9.

[10] *Fashion's Environmental Impact*, *supra* note 6.

[11] Maria Fleischmann, "How Much Do Our Wardrobes Cost to the Environment?" *The World Bank* (September 2019), online: <https://www.worldbank.org/en/news/feature/2019/09/23/costo-moda-medio-ambiente>.

and is estimated to reach US$530.3 billion by 2027, with a CAGR of 5.5% over the period.[12] Major players, such as Nike, use eco-friendly raw materials, including recycled car tires, recycled carpet padding, organic cotton and vegetable-dyed leathers for producing footwear.

Footwear includes all types and some that are crafted for sports activities or physical exercises are known as athletic footwear. Among athletic footwear there are different types of footwear for specific uses designed for men, women, and children. Non-athletic footwear groups consist of all footwear for formal, casual, or daily use. The European footwear market is projected to have significant growth and experience numerous changes over the coming years due to active lifestyles, growing population of working women, and increased fashion and style consciousness in consumers about footwear.

In Europe, the footwear market is projected to reach revenues of US$127,885 million in 2021. The market is expected to grow annually by 3.7% (CAGR 2021-2025).[13]

Revenue in the American footwear market is projected to reach US$92,533m in 2021. The market is expected to grow annually by 3.2% (CAGR 2021-2025).[14]

The global sustainable footwear market size was valued at US$7.5 billion in 2019 and is expected to grow at a CAGR of 5.8% from 2020 to 2027[15]. The market for sustainable footwear is poised for significant growth in the near future owing to several factors, including growing awareness and demand among consumers with respect to sustainable footwear and innovative products that are meeting this demand. A rising number of young consumers, coupled with the significant purchasing power of this consumer group, is likely to favor market growth over the forecast period.[16]

It is estimated that about 25 billion shoes are manufactured every year.[17] If there are seven billion people in the world now, this means that each person is buying about three pairs of shoes every year. Some estimates show that around 95% of these shoes will end up in a landfill.[18] Footwear manufacturers are growing more aware of the benefits of aligning with sustainable methods of production. Good brand imaging, ecological benefits and benefits to consumers are some of the upsides to entering the sustainable footwear market.

The Footwear Distributors & Retailers of America defines sustainability in the footwear industry as "shoe design, development, manufacturing, distribution and selling processes that minimize negative environmental impacts, conserve energy and natural resources, are safe for employees, communities, and consumers, and are economically sound".[19]

---

[12] Nitesh Chouhan, Roshan Desmukh & Himanshu Vig, "Footwear by Type (Athletic and Nonathletic), Material (Leather and Non-leather), End User (Men, Women, and Children), and Distribution Channel (Hypermarket/Supermarket, Specialty Stores, Brand Outlets, Online Sales Channel, and Others): Global Opportunity Analysis and Industry Foreast, 2020-2027" *Allied Market Research* (April 2020), online: <https://www.alliedmarketresearch.com/footwear-market>.

[13] "Consumer Markets: Footwear Europe" *Statista* (2021), online: <https://www.statista.com/outlook/11000000/102/footwear/europe>.

[14] "Consumer Markets: Footwear United States" *Statista* (2021), online: <https://www.statista.com/outlook/11000000/109/footwear/united-states>.

[15] "Sustainable Footwear Market Size, Share & Trends Analysis Report By Type (Athletic, Non-athletic), By End User (Men, Women, Children), By Region, And Segment Forecasts, 2020-2027" *Grand View Research* (May 2020), online: <https://www.grandviewresearch.com/industry-analysis/sustainable-footwear-market>.

[16] *Ibid*.

[17] Lynette Cheah et al, "Manufacturing-focused emissions reductions in footwear production" (2013) 44 J Cle Pro 18.

[18] "Circular Initiatives" *Good News*, online: <https://goodnews.london/pages/sustainability>.

[19] "Shoe Sustainability" *Footwear Distributors and Retailers of America* (December 2020), online: <https://www.shoesustainability.com/>.

Sustainable footwear has been growing in popularity as well. Grandview Research reports that "the global sustainable footwear market size was valued at US$7.5 billion in 2019 and is expected to grow at a CAGR of 5.8% from 2020 to 2027".[20]

Technology and research are playing a key role in making the industry more sustainable. Athletic shoes and attire are getting made from materials extracted from the plastic dumped into the ocean. Fish skins and natural dyes are replacing chemicals, fruit skins are substituting furs, and backpacks and purses are getting made from discarded canvas.

Growing awareness among consumers is a key factor prompting the manufacturers to innovate their product offerings.

Target Market

The Company's target market can be defined as the socially conscious consumer of apparel and footwear in select American and Canadian markets. According to research conducted by The Nielsen Company, nearly half (48%) of consumers say they would or probably would change their consumption habits to reduce their impact on the environment.[21] Today, sales of products with sustainable attributes make up 22% of the total store, with organic, sustainable, and clean attributes driving the majority of the sustainable category's growth.[22] Notably, sustainability's share between 2014 and 2017 grew nearly three percentage points, while conventional products' share of sales dropped by almost four. By 2021, it is expected that sustainable goods will make up 25% of store sales.[23] Grounded plans to focus its initial marketing launch on cities throughout the West Coast of the United States and Canada that are known for being open to environmentally friendly and vegan trends such as LA, San Francisco, Portland, Seattle and Vancouver.

When surveyed, Millennials are twice as likely (75% vs. 34%) than Baby Boomers to say they are definitely or probably changing their habits to reduce their impact on the environment. They are also more willing to pay more for products that contain environmentally friendly or sustainable ingredients (90% vs. 61%), organic/natural ingredients (86% vs. 59%), or products that have social responsibility claims (80% vs. 48%).[24]

USE OF PROCEEDS

Use of Proceeds

This Prospectus does not relate to an offering by the Company, and therefore no proceeds will be realized in connection with this Prospectus.

Funds Available and Use of Available Funds

As at August 31, 2022, the Company had available working capital of $508,646 and the Company's

---

[20] Grandview Research, "Sustainable Footwear Market Size, Share & Trends Analysis Report By Type (Athletic, Non-athletic), By End User (Men, Women, Children), By Region, And Segment Forecasts, 2020 – 2027", online: https://www.grandviewresearch.com/industry-analysis/sustainable-footwear-market

[21] "48% of U.S. Consumers Would Change Buying Habits to Reduce Environmental Impacts [Report]" *Thomas* Insights (September 2019), online: <https://www.thomasnet.com/insights/48-of-u-s-consumers-would-change-buying-habits-to-reduce-environmental-impacts-report/#:~:text=In%20fact%2C%2048%25%20of%20U.S.,to%20a%20recent%20Nielsen%20survey.&text=By%202021%2C%20it's%20predicted%20that,%24150%20billion%20on%20sustainable%20FMCG>.

[22] "Study: Sales of products with sustainable attributes make up 22% of total store" *Refrigerated & Frozen Foods* (December 2018), online: <https://www.refrigeratedfrozenfood.com/articles/96182-study-sales-of-products-with-sustainable-attributes-make-up-22-of-total-store>.

[23] *Was 2018 the year*, *supra* note 4.

[24] *Ibid*.

estimated use of its available working capital for the next twelve months is as follows:

Use of Available Funds	Amount ($)
Available Working Capital (August 31, 2022)	**508,646**
Expenditures:	
Estimated remaining cost of Prospectus and Listing[(1)]	22,750
Investor relations activities	40,000
Achievement of milestones[(2)]	181,800
Operating expenses for next 12 months[(3)]	221,600
Refund of the proceeds from the $1.30 warrants	35,000
Subtotal	**501,150**
Unallocated Working Capital	**7,496**

Notes: (1) Comprised of remaining legal fees for the Listing ($5,000), remaining CSE listing fees ($10,250), Escrow Agent fees ($2,500) and miscellaneous ($5,000).
(2) See "*Use of Proceeds – Business Objectives and Milestones*".
(3) Estimated operating expenses for the next 12 months include:

Operating Expenses 2022-2023 Budget ($)	
Wages and salaries[(a)]	78,000
Management Services Agreement[(b)] (includes administrative services, business development services and offices)	60,000
Corporate and Financial Advisory Agreement[(c)]	60,000
Transfer Agent	3,600
Legal fees (not including Listing)	10,000
Audit fees	10,000
Total	**221,600**

Notes: (a) Wages and salaries are expected to be comprised of the following positions and yearly salaries upon Listing: CEO ($48,000), CFO ($30,000).
(b) Includes administrative services, business development services and offices.
(c) Includes assistance with accounting functions, capital raising activities and potential merger and acquisition opportunities.

The Company has a negative operating cash flow for the year ended February 28, 2022. To the extent that the Company has negative operating cash flow in future periods, it may need to allocate a portion of its cash reserves to fund such negative cash flow. The Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that the Company will be able to generate a positive cash flow from its operations, that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to the Company.

The Company's working capital available to fund ongoing operations will be sufficient to meet its administrative costs for the next twelve months. The Company intends to spend the funds available to it as stated in this Prospectus. However, there may be circumstances where, for sound business reasons, a reallocation of the funds may be necessary.

Business Objectives and Milestones

Over the next 12-month period, the Company will look to build brand awareness and market and sell its high-top and low-cut canvassed sneakers. To achieve these business objectives, the following milestones must be met by the Company:

Milestone Description	Estimated 12-Month Costs ($)	Timeframe
Continue product marketing program	100,000	Ongoing
Set up Advisory Board	4,000(1)	Q3, 2022 – Ongoing
Continue wholesale distribution for retail stores	5,000	Q3, 2022 – Ongoing
Continue joining industry groups and obtain complimentary certifications	4,000	Q3, 2022 – Ongoing
Secure new organizations for L.A.C.E.S. charity	3,000	Q3, 2022 – Ongoing
Continue to Engage in “random acts of kindness”	20,800	Q3, 2022 – Ongoing
Launch new designs for Winter 2022 Collection	30,000(2)	Q4, 2022
Shipping and duties for Winter 2022 Collection	15,000(3)	Q4,2022

Notes: (1) The Advisory Board will be compensated through nominal signing bonuses and stock options.
(2) Includes design and production of the winter shoe collection.
(3) Includes distribution and duty costs related to the import of winter shoe collection from Ahimsa in Brazil to its distributors in Canada and the United States.

1. Continue Product Marketing Program

   In order to increase brand awareness and promote its products, the Company will continue to utilize and develop its social media channels and search engine advertisements, as well engage in strategic marketing initiative through JConnelly, a communications and marketing agency engaged by the Company pursuant to the JConnelly Agreement.

2. Set Up Advisory Board

   The Company’s sole Advisory Board member, Christopher Bates has significant applicable expertise in the fashion industry. The Company intends to add additional members to its Advisory Board who will add strategic expertise to its team. See “*Specialized Skill and Knowledge*” for a brief biography of Mr. Bates.

3. Continue Wholesale Distribution for Retail Stores

   As the brand continues to develop it will continue to contact specific retailers that align with the Company’s values. Retailers may also contact the Company to make purchase orders.

4. Continue to Join Industry Groups

   The Company plans to join industry associations within the fashion, footwear and sustainability industries in North and South America to remain updated on best practices, new materials, and competitors in the industry and to help improve the awareness of the Company’s goods. Industry events and tradeshows are critical to the Company’s marketing strategy in building a brand based on efficiency, effectiveness, sustainability and customer service. Industry groups and events will also be an ideal venue for the Company to expand its network and establish relationships that are mutually beneficial.

5. Secure New Charity Organization for LACES Program

   The Company is looking to add additional charity organizations to its LACES program.

6. Continue to Engage in Random Acts of Kindness

   The Company has allocated $400 per week for charitable initiatives and "random acts of kindness" in select Canadian and American markets. Random acts of kindness could include activities such as food drives, clothing drives and providing "grounded people" shoes to economically disadvantaged individuals and community "heroes". Other charitable initiatives may take the form of supporting registered charities. These random acts of kindness and charitable initiatives are also expected to provide the Company with opportunities for social media moments and traditional media coverage.

7. Launch New Designs for Winter 2022

   The Company is completing designs and production requirements for its Winter 2022 collection.

The actual amount that the Company spends from its working capital may vary significantly from the amounts specified above, and will depend on a number of factors, including those listed under the heading "*Risk Factors*".

While the Company, intends to pursue these milestones, there may be circumstances where, for valid business reasons or due to factors beyond the control of the Company, a re-allocation of efforts may be necessary or advisable. Although the Company does not currently anticipate that the COVID-19 pandemic will cause material delays in the timelines or estimates set out above, due to the evolving nature of the COVID-19 pandemic and its impacts, these timelines and estimates may require adjustment in the future.

DIVIDENDS OR DISTRIBUTIONS

The payment of dividends, if any, in the future, rests within the sole discretion of the Board. The payment of dividends will depend upon the Company's earnings, its capital requirements and its financial condition, as well as other relevant factors. The Company has not declared any cash dividends since its inception, and the Company intends to retain its earnings to finance growth and expand its operations and does not anticipate paying any dividends on its Common Shares and other classes of shares in the foreseeable future.

There are no restrictions in the Company's constating documents that prevent the Company from declaring dividends. The BCBCA, however, does prohibit the Company from declaring dividends where, after giving effect to the distribution of the dividend, the Company would not be able to pay its debts as they become due in the usual course of business; or the Company's total assets would be less than the sum of its total liabilities plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company

The Company's Management's Discussion and Analysis ("**MD&A**") provides an analysis of the Company's financial results for the year ended February 28, 2022 and for the three-month period ending May 31, 2022, and should be read in conjunction with the Financial Statements and the notes thereto, respectively. The Company's MD&A is attached to this Prospectus as Appendix B.

Certain information included in the Company's MD&A is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Note Regarding Forward-Looking Statements*" for further detail.

Additional Disclosure for IPO Venture Issuers

The Company has generated $134,268 in revenue from operations since incorporation on April 20, 2020. Since incorporation, the Company has recognized $6,200 in direct product sample expenses, recognized as research and development for its products. Other costs incurred related to research and development were for market research that are included in marketing costs and consultations with industry experts that are included in consulting and professional fees. No intangible assets arose from the development of products. Since inception, general and administrative expenses of the Company have been comprised of $115,750 in rent and $160,000 in general office expenditures.

See "*Use of Proceeds – Funds Available and Use of Available Funds*" and "*Use of Proceeds – Business Objectives and Milestones*".

Additional Disclosure for Junior Issuers

As at August 31, 2022, the Company had unallocated working capital of $508,646 and the Company's estimated use of funds for the next twelve months is set out under the headings "*Use of Proceeds – Funds Available and Use of Available Funds"* and "*Use of Proceeds – Business Objectives and Milestones*".

DESCRIPTION OF SECURITIES

Non-Offering

This Prospectus does not relate to an offering by the Company, and therefore no proceeds will be realized in connection with this Prospectus.

Authorized Capital

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value. As of the date of this Prospectus, there are 18,352,383 Common Shares issued and outstanding**.** In addition, as of the date of this Prospectus, the following convertible securities are issued and outstanding: 2,857,143 Warrants and 1,501,000 stock options.

Common Shares

Holders of the Common Shares are entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Company, and each Common Share confers the right to one vote, provided that the shareholder is a holder on the applicable record date declared by the Board. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of the Company, are entitled to receive such dividends in any financial year as the Board may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of the Company's assets among its shareholders by way of repayment of capital, the net equity of the Company shall be distributed among the holders of the Common Shares, without priority and on a share for share basis. There are no redemption or retraction rights associated with the Common Shares.

CONSOLIDATED CAPITALIZATION

The following table sets forth the capitalization of the Company as of the date of the Company's financial statements for the three-month period ended May 31, 2022 and as at the date of this Prospectus The table should be read in conjunction with the Financial Statements appearing elsewhere in this Prospectus.

Security	Authorized Amount	Amount Outstanding as of May 31, 2022	Amount Outstanding as of the Date of this Prospectus
Common Shares	No Maximum	18,352,383	18,352,383
Warrants	No Maximum	2,857,143(1)	2,857,143(1)
Stock Options	10% Rolling	1,501,000(2)	1,501,000(2)

Notes: (1) Comprised of 2,857,143 "$0.50 Warrants".

(2) Comprised of 1,088,000 stock options exercisable at $0.30, with 888,000 of those stock options expiring on June 28, 2026 and 200,000 of those stock options expiring on December 1, 2026, and 413,000 stock options exercisable at $0.35 and expiring on May 19, 2027.

OPTIONS TO PURCHASE SECURITIES

The Company has established a stock option plan (the "**Stock Option Plan**"), under which options may be granted to the Company's and its subsidiaries directors, officers, employees and consultants. For a summary of the terms of the Stock Option Plan, see "*Executive Compensation — Compensation Discussion and Analysis – Stock Option Plan*."

Stock Options

As at the date hereof, 1,501,000 stock options have been granted and are outstanding under the Stock Option Plan. The maximum number of Common Shares which may be issued pursuant to options granted under the Stock Option Plan at any point in time is 10% of the total issued and outstanding Common Shares on a fully-diluted basis, where the issued and outstanding number of Common Shares on a fully-diluted basis is determined without giving effect to outstanding and unexercised options.

As at the date of this Prospectus, the Company has granted the following stock options to certain directors, executive officers and consultants of the Company:

Incentive stock options outstanding	No. of Common Shares issuable pursuant to outstanding Options	Dare of Grant	Exercise Price	Expiry Date
Executive officers, directors, past executive officers, and past directors of the Company	Nil	N/A	N/A	N/A
All other employees and past employees of the Company	Nil	N/A	N/A	N/A
Consultants	888,000(1)	June 28, 2021	$0.30	June 28, 2026
Consultant	200,000	December 1, 2021	$0.30	December 1, 2026
Consultants	413,000	May 19, 2022	$0.35	May 19, 2027

Note: (1) The Company issued 1,500,000 stock options on June 28, 2021, of which an aggregate of 612,000 stock options were subsequently cancelled on May 19, 2022.

Warrants

As of the date of this Prospectus, the Company has an aggregate of 2,857,143 $0.50 Warrants outstanding, with each $0.50 Warrant exercisable to acquire one Common Share at a price of $0.50 per share until a date that is two (2) years from the date of the Listing

PRIOR SALES

The following table summarizes all sales/issuances of securities of the Company since incorporation:

Securities Issued	Date Securities were Sold	Number of Securities	Price at which Securities were Issued
Common Shares	July 24, 2020	3,800,000	$0.005
Common Shares	December 7, 2020	10,000,000	$0.02
Special Warrants(1)(2 0	February 28, 2021	216,333	$0.30
Common Shares(1)	July 2, 2021	216,333	$0.30
Special Warrants(2)(5)	June 11, 2021	1,450,335	$0.30
Warrants(3)	June 28, 2021	7,000,000	$0.005
Stock Option(4)	June 28, 2021	1,500,000(8)	N/A
Common Shares(5)	October 12, 2021	1,450,335	$0.30
Stock Options(6)	December 1, 2021	200,000	N/A
Common Shares(7)	March 10, 2022	2,857,143	$0.35
Warrants(7)	March 10, 2022	2,857,143	N/A
Common Shares	March 10, 2022	28,571	$0.35(9)
Stock Options(10)	May 19, 2022	413,000	N/A

Notes:
(1) 216,333 $0.30 February Special Warrants were exercised for 216,333 Common Shares on July 2, 2021.
(2) Each Special Warrant entitles the holder thereof to receive, upon voluntary exercise prior to, or deemed exercise on, the Automatic Exercise Date, and without payment or additional consideration, one (1) Common Share.
(3) These warrants were cancelled by the Company on May 17, 2022. Prior to cancellation, each warrant entitled the holder to purchase one Common Shares at a price of $1.30 for a period of two (2) years from the date of the Listing.
(4) Each stock option entitles the holder to purchase one Common Share at a price of $0.30 per share for a period of 5 years from issuance.
(5) 1,450,335 $0.30 June Special Warrants were exercised for 1,450,335 Common Shares on October 12, 2021.
(6) Each stock option entitles the holder to purchase one Common Share at a price of $0.30 per share for a period of 5 years from issuance.
(7) On March 10, 2022, the Company closed a non-brokered private placement of 2,857,143 $0.35 Units, with each $0.35 Unit is comprised of one Common Share and one Warrant with each Warrant entitling the holder to purchase one Common Share at a price of $0.50 for a period of twenty-four (24) months from the date that the Common Shares are listed on a stock exchange in Canada.
(8) The Company initially granted 1,500,000 stock options on June 28, 2021, but subsequently canceled an aggregate of 612,000 stock options on May 19, 2022.
(9) Issued in connection with and in consideration for administrative services related to the Company’s March 10, 2022 financing.
(10) Each stock option entitles the holder to purchase one Common Share at a price of $0.35 per share for a period of 5 years from issuance.

No other securities of the Company have been issued during the twelve (12) month period before the date of the Prospectus.

Trading Price and Volume

The Common Shares do not trade on any stock exchange.

ESCROWED SECURITIES

At the time of Listing, an aggregate of 52,000 Common Shares held by directors and officers of the Company will be held in escrow pursuant to National Policy 46-201 – *Escrow for Initial Public Offerings* ("**NP 46-201**") and the policies of the Exchange (the "**Escrow Securities**").

The Escrow Securities will be held in escrow pursuant to an escrow agreement (the "**Escrow Agreement**") to be entered into prior to Listing among the Company, Endeavor Trust Corporation (as escrow agent) and certain shareholders of the Company. The Escrow Securities will be subject to the release schedule specified in NP 46-201 for emerging issuers. Ten (10%) percent of the Escrow Securities will be released upon Listing, and an additional 15% will be released every 6 months thereafter until all Escrow Securities have been released (36 months following the date of Listing).

The following table sets out the securities of the Company as of the date of this Prospectus that are subject to escrow.

Name of Securityholder	Designation of Class	Number of Securities Held in Escrow or that are Subject to a Contractual Restriction on Transfer	Percentage of Class
Maximilian Justus	Common	1,000	Less than 1%
Nima Bahrami	Common	1,000	Less than 1%
Geoff Balderson	Common	33,333	Less than 1%
Patrick Morris	Common	16,667	Less than 1%

PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and officers of the Company, as of the date of this Prospectus and as at Listing no person beneficially owns or exercises control or direction over Common Shares carrying more than 10% of the votes attached to Common Shares.

DIRECTORS AND EXECUTIVE OFFICERS

The following table provides the names, municipalities of residence, position, principal occupations, and the number of voting securities of the Company that each of the directors and executive officers beneficially owns, directly or indirectly, or exercises control over, as of the date hereof:

Name and Municipality of Residence and Position with the Company	Director / Officer Since	Principal Occupation During Past 5 Years	Number and Percentage of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly
Maximilian Justus(1) CEO and Director Vancouver, British Columbia, Canada	January 27, 2021	Mr. Justus has served as the CEO of Grounded since January 27, 2021. From April 2018 – October 2020, Mr. Justus served as director of Elevate Industries Ltd.	1,000 Common Shares

Name and Municipality of Residence and Position with the Company	Director / Officer Since	Principal Occupation During Past 5 Years	Number and Percentage of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly
Geoff Balderson CFO, Corporate Secretary and Director Vancouver, British Columbia, Canada	January 27, 2021	Mr. Balderson has been the President of Harmony Corporate Services Ltd. since 2015 and serves as an officer and/or director for several publicly listed companies. From June 2009 – August 2019, Mr. Balderson served as President of Flow Capital Corp.	33,333 Common Shares
Joel Shacker(1) Director Vancouver, British Columbia, Canada	April 20, 2020	Mr. Shacker has served as CEO and a director of Core One Labs Inc. since May 2020, and as President and director of Thoughtful Bands Inc since April 2019. Mr. Shacker was a former Associate at Stadnyk and Partners from 2018 to 2019 and a former director and consultant of Weekend Unlimited Inc. from 2018 to 2019.	Nil
Patrick Morris Director North Vancouver, British Columbia, Canada	January 27, 2021	Former CEO of Primary Energy Metals Inc. from 2017 to 2019, and a corporate consultant that has served as a director and officer of several publicly listed companies over the past five years.	16,667 Common Shares
Nima Bahrami(1) Director Vancouver, British Columbia, Canada	January 27, 2021	Mr. Bahrami is the CEO and President of a private dairy alternatives company, Bettermoo(d) Holdings Corp. From March 2021 to present, Mr. Bahrami has served as the corporate communications coordinator for Thoughtful Brands Inc. and from May 2018 to March 2021, Mr. Bahrami served as an independent corporate consultant.	1,000 Common Shares

Note: (1) Member of the Audit Committee.

The term of office of the directors expires annually at the time of the Company's annual general meeting. The term of office of the officers expires at the discretion of the Company's directors.

As at the date of this Prospectus, the directors and officers of the Company as a group own beneficially, directly or indirectly or exercise control or discretion over an aggregate of 52,000 Common Shares, or approximately 0.28% of the issued and outstanding Common Shares.

Corporate Cease Trade Orders or Bankruptcies

To the Company's knowledge and other than as disclosed herein, no director or executive officer or promoter of the Company is, as at the date of this Prospectus, or was within 10 years before the date hereof, a director, chief executive officer, or chief financial officer of any person or corporation, including the Company, that:

(a) was subject to (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an "**order**") that was issued while the director or executive officer or promoter was acting in the capacity of a director, the chief executive officer, or the chief financial officer thereof; or

(b) was subject to an order that was issued after the director or executive officer or promoter ceased to be a director, the chief executive officer, or the chief financial officer thereof and which resulted from an event that occurred while that person was acting in such capacity.

To the Company's knowledge and other than as disclosed herein, no director or executive officer or promoter of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is, as at the date of this Prospectus, or has been within the 10 years before the date hereof, a director or executive officer of any person or company, including the Company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold the assets of the director, executive officer, or shareholder.

Geoff Balderson, a director of the Company, was (from August 2014 to May 2017) the President and CEO, and was (from July 2007 to present) a director of Argentum Silver Corp. ("**Argentum**"), a company publicly trading on the TSXV. A management cease trade order was issued to Argentum on November 2, 2015 for failure to file its annual financial statements in the required time. Argentum's annual financial statements were subsequently filed and the BCSC issued a revocation order on December 16, 2015. In addition, a cease trade order was issued to Argentum on November 3, 2016 for failure to file its annual financial statements in the required time. Argentum's annual financial statements were subsequently filed and the BCSC issued a revocation order on December 5, 2016.

Mr. Balderson is CFO and Secretary of Core One Labs Inc. ("**Core**"), Joel Shacker, a director of the Company, is the CEO of Core and Patrick Morris, a director of the Company, is a director of Core. Core is a company publicly trading on the CSE. A management cease trade order was issued to Core on June 16, 2020 for failure to file its financial statements in the required time. On July 15, 2020 a cease trade order was issued to Core for continued failure to file its financial statements in the required time. Core's financial statements were subsequently filed and the BCSC issued a revocation order on August 26, 2020 for the June 16, 2020 management cease trade order and the July 15, 2020 cease trade order. A further management cease trade order was issued to Core on May 3, 2021 for failure to file its annual financial statements in the required time. Core's annual financial statements were subsequently filed and the BCSC issued a revocation order on June 29, 2021. A further management cease trade order was issued to Core on May 3, 2022 for failure to file its financial statements in the required time. Core's annual financial statements were subsequently filed and the BCSC issued a revocation order on July 11, 2022.

Mr. Balderson is CFO and Corporate Secretary of Thoughtful Brands Inc. ("**Thoughtful**") and Joel Shacker is the President and a director of Thoughtful. Thoughtful was previously a publicly traded company on the CSE. A management cease trade order was issued to Thoughtful on May 4, 2021 and a cease trade order was issued on July 8, 2021. The common shares of Thoughtful were delisted from the CSE on July 15, 2022 and is currently suspended.

Mr. Balderson is CFO of Vinergy Capital Inc. ("**Vinergy**"), a company publicly trading on the CSE. A management cease trade order was issued to Vinergy on December 30, 2021 for failure to file its annual financial statements in the required time. Vinergy's annual financial statements were subsequently filed and the BCSC issued a revocation order on August 3, 2021.

Mr. Balderson is CFO and director of Lida Resources Inc. ("**Lida**"), a company publicly trading on the CSE. A management cease trade order was issued to Lida on December 30, 2021 for failure to file its annual financial statements in the required time. Lida's annual financial statements were subsequently filed and the BCSC issued a revocation order on March 4, 2022.

Mr. Balderson is CFO and Secretary of New Wave Holdings Inc. ("**New Wave**"), a company publicly trading on the CSE. A management cease trade order was issued to New Wave on July 30, 2021 and a cease trade order was issued on October 7, 2021. New Wave's annual financial statements were subsequently filed and the BCSC issued a revocation order on October 29, 2021.

Mr. Balderson is CFO of Lords & Company Worldwide Holdings Inc. ("**Lords**"), a company publicly trading on the CSE. A management cease trade order was issued to Lords on March 31, 2022 for failure to file its annual financial statements in the required time. Lords' annual financial statements were subsequently filed and the BCSC issued a revocation order on May 10, 2022.

Mr. Morris was a director of Binovi Technologies Corp. ("**Binovi**") (formerly, Eyecarrot Innovations Corp.) from April 8, 2020 to March 29, 2022, a company publicly traded on the TSXV. A management cease trade order was issued to Binovi on August 14, 2020 for failure to file its annual financial statements in the required time. Binovi's annual financial statements were subsequently filed and the BCSC issued a revocation order on September 14, 2020. A management cease trade order was issued to Binovi on June 29, 2021, for failure to file its annual financial statements in the required time. Binovi's annual financial statements were subsequently filed and the BCSC issued a revocation order on July 28, 2021. A management cease trade order was issued to Binovi on September 15, 2020, for failure to file its interim financial statements in the required time. Binovi's interim financial statements were subsequently filed and the BCSC issued a revocation order on September 29, 2020.

Penalties or Sanctions

To the Company's knowledge and other than as disclosed herein, no director or executive officer or promoter of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

To the Company's knowledge, and other than as disclosed herein, no director or officer of the Company, nor any shareholder holding sufficient securities of the Company to affect materially the control of the Company, nor any personal holding company of any such person has, within the 10 years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

On May 5, 2015, Patrick Morris, a director of the Company, made a consumer proposal under the *Bankruptcy and Insolvency Act* with respect to consumer debt. On March 13, 2019, Mr. Morris received a Certificate of Full Performance of Proposal confirming the consumer proposal had been fully performed.

Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter. There are no known existing or potential conflicts of interest among the Company, its promoters, directors and officers or other members of management of the

Company or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

Management

Below is a brief description of each director and member of management of the Company, including their names, ages, positions, and responsibilities with the Company, relevant educational background, principal occupations or employment during the five years preceding the date of this Prospectus and experience in the Company's industry. As of the date of this Prospectus and other than as set out below, the Company has not entered into any other management, consulting or employment agreements with any of its management team. None of the persons on the management team have entered into either a non-competition or non-disclosure agreement with the Company. The Company anticipates entering into agreements with management in line with industry competitive standards in order to retain and attract the best talent.

- **Maximilian Justus, Age: 32, *CEO and Director***

  Mr. Justus entered the fashion space in 2016 by founding a design and production company specializing in custom designed garments. While traveling abroad Mr. Justus experienced the negative environmental impacts of the fashion industry first hand. Mr. Justus joined the Company to further his passion for fashion and commitment to environmentalism. Mr. Justus' time as a private business owner has furnished him with the experience to oversee and develop all operations of design, production and fulfilment. Mr. Justus has experience in the public market overseeing United States clinic operations for Core One Labs Inc. Mr. Justus will devote approximately 50% of his time to the affairs of the Company.

- **Geoff Balderson, Age: 44, *CFO and Director***

  Mr. Balderson has over 20 years of capital market experience Mr. Balderson is president of Harmony Corporate Services Ltd. and leads a team that provides bookkeeping, accounting, filing and corporate secretarial services to publicly listed companies Mr. Balderson is an officer and director of other TSXV-listed companies. Mr. Balderson is a former Investment Advisor with two Canadian securities dealers, and a graduate of the University of British Columbia. Mr. Balderson will devote approximately 15% of his time to the affairs of the Company.

- **Joel Shacker, Age: 32, *Director***

  Mr. Shacker has worked extensively in the cannabis and finance space over the past six years and has sat on several boards of publicly traded companies. He has been in charge of leading the expansion of publicly traded companies into international cannabis markets and has overseen and developed cannabis operations from the ground up. Mr. Shacker is currently the Chief Executive Officer and a director of Core One Labs Inc., an emerging biotechnology research and development company in the psychedelics as alternative medicines space. Core One Labs Inc. is focused on life sciences and on bringing psychedelic medicines to market through novel delivery systems and psychedelic assisted psychotherapy. Mr. Shacker holds an Honours Business Administration degree from Ivey Business School specializing in finance (2013). Mr. Shacker will devote approximately 20% of his time to the affairs of the Company.

- **Patrick Morris, Age: 54, *Director***

  Mr. Morris is an entrepreneur and capital markets executive with 20 years of experience raising funds for microcap companies in a number of industries including pharmaceutical cannabis, resource exploration, blockchain technologies, finance and business related to the future of food.

Mr. Morris served as CEO and Director of Eat Beyond Global Holdings Inc. (CSE: EATS) Canada's first publicly traded investment issuer specifically focussed on investing in the future of food from its inception in late 2019 to July 2021. Mr. Morris also co-created and co-produced Canada's first nationally syndicated radio show about growth stock opportunities which was broadcast on 14 of the top-rated news talk stations across Canada. Mr. Morris will devote approximately 20% of his time to the affairs of the Company.

- **Nima Bahrami, Age: 32, *Director***

  Mr. Bahrami has extensive experience in management, business development and entrepreneurship in the finance and natural health space. He has successfully founded and established natural health and wellness corporations and product lines and focused on consulting with publicly traded companies to integrate these well developed and ready to sell product lines. Mr. Bahrami holds an MBA with Distinction from Cardiff University. Mr. Bahrami will devote approximately 20% of his time to the affairs of the Company

EXECUTIVE COMPENSATION

In accordance with Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, the following is a discussion of all significant elements of compensation to be awarded to, earned by, paid to or payable to each Named Executive Officer ("**NEO**") of the Company, once the Company becomes a reporting issuer, to the extent this compensation has been determined.

In this section, NEO means each individual who acted as CEO of the Company, or acted in a similar capacity, for any part of the most recently completed financial year, each individual who acted as CFO of the Company, or acted in a similar capacity, for any part of the most recently completed financial year and each of the three most highly compensated executive officers, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Company, at the end of the most recently completed financial year.

The Company's NEOs are Maximilian Justus as CEO and Geoff Balderson as CFO.

Director and NEO Compensation, Excluding Compensation Securities

From the period from incorporation on April, 2020 to February 28, 2022, the Company did not provide any compensation to its directors or NEOs. Over the next 12 months after Listing, the Company expects to pay its CEO and CFO yearly salaries of $48,000 and $30,000, respectively.

In addition to salary and incentive options, the Company has also agreed to provide a 0.5% royalty, in perpetuity, on the gross revenue of the Company to the Company's CEO, Maximillian Justus, pursuant to the Gross Revenue Royalty Agreement. The royalty is to be paid quarterly in cash and in perpetuity. To date, no payments have been made under the Gross Royalty Revenue Agreement. See "*General Developments of the Business – History*".

Stock Options and Other Compensation Securities

The Company has not granted any stock options to any NEOs or directors of the Company and no stock options have been exercised.

Stock Options Plans and Other Incentive Plans

On June 24, 2021, the Company approved a 10% rolling stock option plan (the "**Stock Option Plan**") to which options may be granted to officers, directors, employees and consultants of the Company or its affiliates, subject to the rules and regulations of applicable regulatory authorities and the Exchange. As at the date of this Prospectus, the Company has issued 2,113,000 stock options to certain consultants of the Company, of which 612,000 have been forfeited and cancelled. There are currently 1,501,000 stock options of the Company outstanding. No stock options of the Company have been exercised to date. A summary of the Stock Option Plan is set out below and has been appended in its entirely to this Prospectus as Appendix D.

Purpose

The purpose of the Stock Option Plan is to is to advance the interests of the Company by encouraging the directors, officers, employees and consultants of the Company, and of its subsidiaries and affiliates, if any, to acquire Common Shares, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs. The Stock Option Plan is administered by the Board, or by a special committee of directors of the Company appointed from time to time by the Board, pursuant to rules of procedure fixed by the Board. All stock options granted pursuant to the Stock Option Plan will be subject to the rules and policies of the Exchange after the Listing.

Eligibility

Directors, officers, consultants, and employees of the Company or its subsidiaries, and employees of a person or company which provides management services to the Company or its subsidiaries shall be eligible for selection to participate in the Stock Option Plan.

Availability

The Stock Option Plan provides that the aggregate number of Common Shares that may be issued upon the exercise of options cannot exceed 10% of the number of Common Shares issued and outstanding from time to time. As a result, any increase in the issued and outstanding Common Shares will result in an increase in the number of Common Shares available for issuance under the Stock Option Plan.

The number of Common Shares reserved for issue to any one person pursuant to the Stock Option Plan may not exceed 5% of the issued and outstanding Common Shares at the date of such grant, unless the Company has obtained approval by a majority of the votes cast by the shareholders eligible to vote at a shareholders' meeting, excluding votes attaching to Common Shares beneficially owned by insiders and their associates. The number of Common Shares issuable to (a) any one consultant, or (b) parties providing investor relations services, in any 12-month period, cannot exceed 2% of the issued and outstanding Common Shares. The number of Common Shares subject to an option granted to any one participant shall be determined by the Board, but no one participant shall be granted an option which exceeds the maximum number permitted by the Exchange. In no circumstances shall the maximum term of any stock options granted under the Stock Option Plan exceed ten (10) years.

Exercise Pricing

The exercise price of the Common Shares subject to each option shall be determined by the Board, subject to applicable Exchange approval, at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange.

Amendment and Cancellation

The terms of an option may not be amended once issued. If an option is cancelled prior to its expiry date, the Company must post notice of the cancellation on the CSE website and shall not grant new options to the same person until 30 days have elapsed from the date of cancellation.

Vesting

Subject to the requirements of the Exchange, the vesting provisions, the terms and conditions of exercise and forfeiture of the Options and the applicable option exercise expiry date for Options granted under the Stock Option Plan will be determined by the Board of Directors at the time of issuance.

Employment, Consulting and Management Agreements

To date, the Company has not entered into any employment or consulting agreements with its directors or NEOs.

The Company entered into the Management Services Agreement with Winchester Securities Corporation on October 1, 2020 to provide management consultancy and administrative services to the Company. Pursuant to the Management Agreement, Winchester Securities Corporation has agreed to provide the Company with executive offices, administrative and business development services and reception services for $5,000 per month. The Management Agreement may be terminated by either party with 30 days written notice.

Oversight and Description of Director and NEO Compensation

The Company, at its present stage, does not have any formal objectives, criteria and analysis for determining the compensation of its NEOs and primarily relies on the discussions and determinations of the Board. When determining individual compensation levels for the Company's NEOs, a variety of factors will be considered including: the overall financial and operating performance of the Company, each NEO's individual performance and contribution towards meeting corporate objectives and each NEO's level of responsibility and length of service.

The Company's executive compensation is intended to be consistent with the Company's business plans, strategies and goals, including the preservation of working capital as the Company seeks to complete its listing on the Exchange. The Company's executive compensation program is intended to provide appropriate compensation that permits the Company to attract and retain highly qualified and experienced senior executives and to encourage superior performance by the Company. The Company's compensation policies are intended to motivate individuals to achieve and to award compensation based on corporate and individual results.

The Company does not have any arrangements, standard or otherwise, pursuant to which directors are compensated by the Company for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultants or experts.

Pension Disclosure

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by the Company and none are proposed at this time.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Prospectus, no director, executive officer, or employee of the Company is or has been indebted to the Company at any time.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The Charter of the Company's Audit Committee is attached to this Prospectus as Appendix C.

Composition of Audit Committee

The following are the members of the Audit Committee:

Name	Independence[1]	Financial Literacy[1]
Maximilian Justus	Not Independent	Financially Literate
Joel Shacker[2]	Independent	Financially Literate
Nima Bahrami	Independent	Financially Literate

Notes: (1) As defined under section 1.6 of National Instrument 52-110 – *Audit Committees* ("NI 52-110").
(2) Chair of Audit Committee.

Relevant Education and Experience

See "*Directors and Executive Officers*" above for the education and experience of each member of the Audit Committee relevant to the performance of their duties as a member of the Audit Committee.

Audit Committee Oversight

At no time has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

(a) the exemption in section 2.4 of NI 52-110 (*De Minimis Non-audit Services*);

(b) the exemption in subsection 6.1.1(4) of NI 52-110 (*Circumstance Affecting the Business or Operations of the Venture Issuer*);

(c) the exemption in subsection 6.1.1(5) of NI 52-110 (*Events Outside Control of Member*);

(d) the exemption in subsection 6.1.1(6) of NI 52-110 (*Death, Incapacity or Resignation*); or

(e) an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

Pre-Approval Policies and Procedures

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable by the Audit Committee, on a case by case basis.

External Auditor Service Fees

The following table sets out the audit fees billed to the Company since incorporation for audit fees are as follows:

Period	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
Incorporation (April 20, 2020) to February 28, 2021	$8,100.00	NIL	NIL	NIL
Year ended February 280, 2022	$8,100.00	NIL	NIL	NIL

Exemption

The Company is relying on the exemption in section 6.1 of NI 52-110 from the requirements of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*).

CORPORATE GOVERNANCE DISCLOSURE

Board of Directors

The Company's Board currently consists of five (5) directors, Maximilian Justus, Geoff Balderson, Joel Shacker, Patrick Morris and Nima Bahrami, of which three (3) are independent based upon the tests for independence set forth in NI 52-110. Directors Maximilian Justus, also CEO, and Geoff Balderson, also CFO, are not considered independent directors due to their executive officer roles with the Company.

Regulatory authorities have implemented National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), which prescribes certain disclosure of the Company's corporate governance practices.

There is no specific written mandate of the Board, other than the corporate standard of care set out in the governing corporate legislation of the Company. The Board has overall responsibility for the management, or supervision of the management, of the business and affairs of the Company. The Board's primary tasks are to establish the policies, courses of action and goals of the Company and to monitor management's strategies and performance for realizing them.

All major acquisitions, dispositions, and investments, as well as financing and significant matters outside the ordinary course of the Company's business are subject to approval by the full Board. The Board does not currently have in place programs for succession planning and training of directors and management. As the growth of the Company continues, the Board will consider implementing such programs. In order to carry out the foregoing responsibilities the Board meets on a quarterly basis and as required by circumstances.

Directorships

The following directors of the Company also serve as directors of other reporting issuers:

Name of Director	Other Reporting Issuer	Name of Exchange or Market
Geoff Balderson	Brascan Gold Inc., Alerio Gold Corp., Goldeneye Resources Corp., Gambier Gold Corp., Four Nines Gold Inc., Lida Resources Inc., New Wave Holdings Corp., Nexco Resources Inc., Hawkmoon Resources Corp., Bettermoo(d) Food Corporation (formerly Happy Gut Brands Limited), Plant Veda Foods Ltd., Way of Will Inc., Shooting Star Acquisition Corp. and Spectre Capital Corp.	TSXV, CSE
Joel Shacker	Thoughtful Brands Inc., Core One Labs Inc., Bettermoo(d) Food Corporation (formerly Happy Gut Brands Limited), American Future Fuel Corporation and Gold Line Resources Ltd.	TSXV, CSE
Patrick Morris	Core One Labs Inc.,Blender Bites Limited and Bettermoo(d) Food Corporation	TSXV, CSE
Nima Bahrami	Blender Bites Limited and Bettermoo(d) Food Corporation (formerly Happy Gut Brands Limited)	CSE

Orientation and Continuing Education

When new directors are appointed, they receive an orientation, commensurate with their previous experience, on the Company's properties, business, technology and industry and on the responsibilities of directors.

The Board briefs all new directors with respect to the Board's policies and other relevant corporate and business information. New Board members are also provided with access to all of the Company's publicly filed documents, the Company's records, and the Company's management and professional advisors, including the Company's auditor and legal counsel.

The Board also ensures that each director is up-to-date with current information regarding the Company's business, the role the director is expected to fulfill, and basic procedures and operations of the Board. Board members are encouraged to communicate with management and the Company's auditor.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Under the applicable corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and to disclose to the Board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

Nomination of Directors

The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of shareholders.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

Compensation

The Board conducts reviews with regard to directors' compensation annually. To make its recommendation on directors' compensation, the Board takes into account the types of compensation and the amounts paid to directors of comparable publicly traded Canadian companies and aligns the interests of directors with the return to shareholders. Compensation packages, including benefits, for executives and key managers will be developed based on performance and the Company's cash flow.

The Board decides the compensation of the Company's officers, based on industry standards and the Company's financial situation.

For further information regarding the how the Company determines compensation for its directors and executive officers, see "*Executive Compensation*".

Other Board Committees

The Board has no other committees other than the Audit Committee.

Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

PLAN OF DISTRIBUTION

There are no securities being offered in connection with this Prospectus. The Company has applied to list its Common Shares on the CSE. As at the date hereof, the CSE has not conditionally approved the Listing, and there is no assurance that it will do so. The Listing will subject to the Company fulfilling all of the listing requirements of the Exchange, including meeting all minimum listing requirements, which cannot be guaranteed.

As at the date of the prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

RISK FACTORS

The Company's business is subject to a number of significant risk factors. The following are certain risk factors related to the Company, its business, and ownership of the Common Shares. If any event arising from the risk factors set forth below occurs, the Company's business, prospects, financial conditions, results of operation or cash flows and in some cases, its reputation, could be materially adversely affected. Although the Company believes that the risk factors described below are the most material risks that the Company faces, they are not the only ones. Additional risk factors not presently known to the Company or that the Company currently believes are immaterial could also materially and adversely affect the Company's investments, prospects, cash flows, results of operations or financial conditions and negatively affect the value of the Common Shares. An investment in the Company involves a high degree of risk and should be considered speculative. An investment in the Company should only be undertaken by those persons who can afford the total loss of their investment. Readers should carefully consider each of the risks and uncertainties described bellows, as well as all of the other information contained in this Prospectus, including the financial statement and accompanying notes, before investing in the Company.

The Company operates in a highly competitive market.

The market for footwear and apparel is highly competitive. Our competitors include athletic and leisure footwear companies. We also compete directly against wholesalers and direct retailers of footwear, including large, diversified apparel companies with substantial market share and established companies expanding their production and marketing of technical footwear, as well as against retailers specifically focused on footwear. Competition may result in pricing pressures, reduced profit margins, lost market share, or a failure to grow or maintain our market share, any of which could substantially harm our business and results of operations. Many of our competitors are large apparel companies with strong worldwide brand recognition, while others are new market participants with low barriers to entry. Because of the fragmented nature of the industry, we also compete with other apparel sellers, including those specializing in athletic footwear and other casual footwear. Many of our competitors have significant competitive advantages, including longer operating histories, larger and broader customer bases, more established relationships with a broader set of suppliers, greater brand recognition, and greater financial, research and development, store development, marketing, distribution, and other resources than we do.

The Company's focus on using vegan materials and environmentally friendly manufacturing processes may increase its cost of revenue and hinder its growth.

We are dedicated to prioritizing vegan materials and an environmentally friendly supply chain. Our ability to expand into new product categories depends in part on our ability to identify new vegan materials that are suitable for our products. Our inability to source materials that meet our vegan requirements in sufficient volumes could result in slower growth, increased costs, and/or lower net profits. Additionally, as our business expands, we may not be able to identify suppliers and manufacturers with business practices that reflect our commitment to sustainability, which may harm our ability to expand our supply chain to meet the expected growth of our business. If any of these factors prevent us from meeting our sustainability, then it could have an adverse effect on our brand, reputation, results of operations and financial condition.

If the Company is unable to anticipate product trends and consumer preferences, or it fails in its technical and materials innovation to successfully develop and introduce new high-quality products, the Company may not be able to maintain or increase revenue or become profitable.

Our success depends on our ability to identify, originate and define product trends within the footwear industry. If we are unable to introduce new products in a timely manner, or our new products are not accepted by our customers, our competitors may introduce similar products in a more timely fashion, which could impact our financial condition. Our products are subject to changing consumer preferences regarding footwear, generally, and sustainable footwear, specifically, that cannot be predicted with certainty. Our new products may not receive consumer acceptance as consumer preferences could shift rapidly to different types of styles and our future success depends in part on our ability to anticipate and respond to these changes. If we fail to anticipate accurately and respond to trends and shifts in consumer preferences, we could experience lower sales, excess inventories, or lower profit margins, any of which could have an adverse effect on our results of operations and financial condition.

The Company utilizes a range of marketing, advertising, and other initiatives to increase existing customers' spend and to acquire new customers; if the costs of advertising or marketing increase, or if its initiatives fail to achieve their desired impact, the Company may be unable to grow its business profitably.

We create differentiated brand marketing content and utilize performance marketing to drive customers from awareness to consideration to conversion, and promoting awareness of our brand and products is important to our ability to grow our business, drive customer engagement, and attract new customers. Our marketing strategy includes brand marketing campaigns across platforms, including email, digital, display, site, social media, as well as performance marketing efforts, including paid search and product listing advertisements, paid social media advertisements, search engine optimization and personalized emails.

If our marketing efforts and messaging are not appropriately tailored to and accepted by our target customers, we may fail to attract customers, and our brand and reputation may be harmed. In addition, our marketing initiatives may become increasingly expensive as competition increases, and generating a meaningful return on those initiatives may be difficult. Our future growth and profitability and the success of our brand will depend in part upon the effectiveness and efficiency of these marketing efforts. As eCommerce and social media continue to rapidly evolve, we must continue to establish relationships with these channels and may be unable to develop or maintain these relationships on acceptable economic and other terms. If we are unable to cost-effectively drive traffic to our digital platform, our ability to acquire new customers and our financial condition would suffer. Email marketing efforts are also important to our marketing efforts. If we are unable to successfully deliver emails to our customers or if customers do not engage with our emails, whether out of choice, because those emails are marked as low priority or spam, or for other reasons, our business could be adversely affected. Our marketing initiatives may become increasingly expensive, and generating a meaningful return on those initiatives may be difficult or unpredictable. Even if we successfully increase net revenue as a result of our marketing efforts, it may not offset the additional marketing expenses we incur.

If our marketing efforts are not successful in promoting awareness of our products, driving customer engagement, or attracting new customers, or if we are not able to cost-effectively manage our marketing expenses, our results of operations could be adversely affected.

The Company's reliance on single supplier and manufacturer to provide materials for and to produce its products could cause problems in its supply chain.

We do not manufacture our products or the raw materials for them and rely instead on our supplier I, Ahimsa, in Brazil. If we need to replace our existing supplier, we may be unable to locate a different supplier on terms that are acceptable to us, or at all, or we may be unable to locate any supplier or manufacturer with sufficient capacity to meet our requirements or to fill our orders in a timely manner. These issues and risks are increased as a result of our commitments to sustainability, including our use of specific materials and manufacturing processes, which generally limit the number of suppliers who could potentially satisfy our requirements.

Identifying a suitable supplier is an involved process that requires us to become satisfied with its quality control, responsiveness and service, financial stability, environmental impact, and labor and other ethical practices. Any delays, interruption, or increased costs in the supply of materials or manufacture of our products could have an adverse effect on our ability to meet customer demand for our products and result in lower net revenue and income from operations both in the short and long term.

The operations of our supplier, Ahimsa, are in Brazil and are subject to additional risks that are beyond our control and that could harm our business, financial condition, and results of operations.

Currently, the Company's only supplier is located in Brazil, and the Company is subject to risks associated with doing business abroad, including:

- political unrest, terrorism, labor disputes, and economic instability;
- the imposition of new laws and regulations, including those relating to labor conditions, quality, and safety standards, imports, duties, taxes, and other charges on imports, as well as trade restrictions and restrictions on currency exchange or the transfer of funds, particularly new or increased tariffs imposed by Canada or the United States;
- reduced protection for intellectual property rights, including trademark protection;
- disruptions in operations due to global, regional, or local public health crises or other emergencies or natural disasters, including, for example, disruptions due to the ongoing COVID-19 pandemic given the emergence of new variants and disparities in availability of vaccines in different parts of the world;
- disruptions or delays in shipments; and

- changes in local economic conditions in countries where our manufacturers, suppliers, or customers are located.

These and other factors beyond our control, particularly in light of the COVID-19 pandemic, could interrupt our supplier's production, influence the ability of our supplier to export our products cost-effectively or at all, and inhibit our supplier's ability to procure certain materials, any of which could harm our business, financial condition, and results of operations.

The fluctuating cost of raw materials could increase the Company's cost of revenue and cause its results of operations and financial condition to suffer.

Our supplier's costs for raw materials and commodities are affected by, among other things, weather, consumer demand, speculation on the commodities market, the relative valuations and fluctuations of the currencies of producer versus consumer countries, and other factors that are generally unpredictable and beyond our control. Increases in the cost of raw materials could have a material adverse effect on our cost of revenue, results of operations, financial condition, and cash flows.

The Company may fail to protect its intellectual property rights, its trademark and other proprietary rights may conflict with the rights of others, and the Company may not be able to acquire, use, or maintain its marks and domain names, any of which could harm the Company's brand, business, financial condition, and results of operations.

We have applied for trademarks for "GROUNDED PEOPLE" and our logo with the Canadian and U.S. Patent Office and are the registrant of the internet domain name for the website www.groundedpeople.com, as well as various related domain names. We have incurred, and as our business grows, may continue to incur material costs in connection with the registration, maintenance and protection of our marks.

Merchandise returns could harm our business.

We allow customers to return products under a return policy that we believe is more generous than the industry standard. For example, for footwear, we generally accept merchandise returns for full refund or exchange if returned within 30 days of the original purchase date. Our revenue is reported net of returns, discounts, and any taxes collected from customers and remitted to government authorities. We estimate an allowance for expected product returns based on historical return trends. Revenue is presented net of the sales return allowance, and the expected inventory right of recovery is presented as a reduction of cost of revenue. In addition, from time to time, our products may be damaged in transit, which can also increase return rates. Returned goods may also be damaged in transit as part of the return process which can impede our ability to resell the returned goods. Competitive pressures could cause us to alter our return policies or our shipping policies, which could result in an increase in damaged products and an increase in product returns.

Shipping and delivery are critical parts of our business and any changes in, or disruptions to, our shipping and delivery arrangements could adversely affect our business, financial condition, and results of operations.

We rely on ocean, air parcel, and "less than truckload" carriers to deliver the products we sell. If we are not able to negotiate acceptable pricing and other terms with these providers, or if these providers experience performance problems or other difficulties in processing our orders or delivering our products to customers, it could negatively impact our results of operations, financial condition, and our customers' experience. For example, changes to the terms of our shipping arrangements or the imposition of surcharges or surge pricing may adversely impact our margins and profitability. In addition, our ability to receive inbound inventory efficiently and ship merchandise to customers may be negatively affected by factors beyond our and these providers' control, including pandemic, weather, fire, flood, power loss, earthquakes, acts of war or terrorism, or other events specifically impacting other shipping providers, such as labor disputes, financial difficulties, system failures, and other disruptions to the operations of the shipping companies on which we rely. We have in the past experienced, and may in the future experience, shipping delays for reasons outside of our control. We are also subject to risks of damage or loss during delivery by our shipping vendors. If the products ordered by our customers are not delivered in a timely fashion, including to international customers, or are damaged or lost during the delivery process, our customers could become dissatisfied and cease buying products from us, which would adversely affect our business, financial condition, and results of operations.

If the technology-based systems that give our customers the ability to shop with us online do not function effectively, our results of operations, as well as our ability to grow our eCommerce business globally, could be materially adversely affected.

Our customers shop with us through our eCommerce websites. Increasingly, customers are using tablets and smart phones to shop online with us and with our competitors and to do comparison shopping. We are increasingly using social media to interact with our customers and as a means to enhance their shopping experience. Any failure on our part to provide attractive, effective, reliable, user-friendly eCommerce platforms that offer a wide assortment of merchandise with rapid delivery options and that continually meet the changing expectations of online shoppers could place us at a competitive disadvantage, result in the loss of eCommerce and other sales, harm our reputation with customers, have a material adverse impact on the growth of our eCommerce business globally and could have a material adverse impact on our business and results of operations. Our failure to successfully respond to these risks might adversely affect sales in our eCommerce business, as well as damage our reputation and brand. We are subject to risks related to online payment methods. We currently accept payments using a variety of methods, including credit cards.

If sensitive information about our customers is disclosed, or if we or our third-party providers are subject to real or perceived cyberattacks or misuse, our customers may curtail use of our website or mobile app, we may be exposed to liability and our reputation could suffer.

Operating our business involves the collection, storage and transmission of proprietary and confidential information, as well as the personal information of our employees and customers. Some of our third-party service providers, such as identity verification and payment processing providers, also regularly have access to customer data. In an effort to protect sensitive information, we rely on a variety of security measures, including encryption and authentication technology licensed from third parties. However, advances in computer capabilities, increasingly sophisticated tools and methods used by hackers and cyber terrorists, new discoveries in the field of cryptography, or other developments may result in our failure or inability to adequately protect sensitive information. Like other eCommerce companies, we are also vulnerable to hacking, malware, computer viruses, unauthorized access, phishing or social engineering attacks, ransomware attacks, credential stuffing attacks, denial-of-service attacks, exploitation of software vulnerabilities, and other real or perceived cyberattacks. Any of these incidents could lead to interruptions or shutdowns of our platform, loss or corruption of data or unauthorized access to, or disclosure of personal data or other sensitive information. Cyberattacks could also result in the theft of our intellectual property, damage to our IT systems or disruption of our ability to make financial reports, and other public disclosures required of public companies.

Advances in computer capabilities, new technological discoveries, or other developments may result in cyberattacks becoming more sophisticated and more difficult to detect. We and our third-party service providers may not have the resources or technical sophistication to anticipate or prevent all such cyberattacks. Moreover, techniques used to obtain unauthorized access to systems change frequently and may not be known until launched against us or our third-party service providers. We and our third-party service providers may experience cyberattacks aimed at disrupting our and their services. If we or our third-party service providers experience, or are believed to have experienced, security breaches that result in marketplace performance or availability problems or the loss or corruption of, or unauthorized access to or disclosure of, personal data or confidential information, consumers may become unwilling to provide us the information necessary to make purchases on our website. Existing customers may also decrease or stop their purchases altogether.

Furthermore, we may be required to disclose personal data pursuant to demands from individuals, privacy advocates, regulators, government agencies, and law enforcement agencies in various jurisdictions with conflicting privacy and security laws. Any disclosure or refusal to disclose personal data may result in a breach of privacy and data protection policies, notices, laws, rules, court orders, and regulations and could result in proceedings or actions

We may face exposure to foreign currency exchange rate fluctuations.

Certain of our revenue is denominated in currencies of the countries and territories where we sell our products. Similarly, certain of our foreign operating expenses are denominated in Brazilian currency. Accordingly, changes in the value of foreign currencies relative to the Canadian dollar can affect our net revenue and results of operations. As a result of such foreign currency exchange rate fluctuations, it could be more difficult to detect underlying trends in our business and results of operations. We do not currently maintain a program to hedge transactional exposures in foreign currencies.

The Company has a limited operating history and no history of earnings.

The Company has no history of earnings. There is no assurance that the Company will earn profits in the future, or that profitability will be sustained. There is no assurance that future revenues will be sufficient to generate the funds required to continue the Company’s business development and investment activities. If the Company does not have sufficient capital to fund its operations, it may be required to reduce its operations or cease operations entirely, in which case, the value of the Common Shares may decline significantly.

The Company has negative cash flow from operations and it may never have positive cash flow from operations.

Since incorporation the Company has had negative cash flow from operating activities. The Company does not expect to have positive cash flow from operating activities for the foreseeable future, if ever, and to the extent that the Company has negative cash flow in any future period, it will need to raise additional funds to cover this short-fall.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Need for Additional Financing and Possible Effects of Dilution

The Company may issue equity securities to finance its activities, including future acquisitions. If the Company were to issue additional Common Shares following the financing described in this Prospectus, existing holders of such Common Shares may experience dilution in their holdings. Moreover, when the

Company's intention to issue additional equity securities becomes publicly known, the Company's share price may be adversely affected.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for Common Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

Governmental Regulations and Risks

Government approvals and permits may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from conducting its business. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Changes to current laws and regulations may be unfavorable and have an adverse effect on the Company’s operations.

Competition

The Company will likely face intense competition from other companies, some of which have longer operating histories and more financial resources and marketing experience than the Company. Increased competition by larger and better-financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Company. The Company expects to face additional competition from new entrants. To remain competitive, the Company will require a continued investment in research and development, and technology to be able to compete on costs and functionality. The Company may not have sufficient resources to maintain marketing, sales and patient support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Liability for Actions of Employees, Contractors and Consultants

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against the Company.

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) manufacturing standards; (iii) fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to comply with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on its business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, the curtailment of the Company's operations or asset seizures, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Breach of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Company may disclose confidential information relating to the business, operations or affairs of the Company. Although confidentiality agreements are to be signed by third parties prior to the disclosure of any confidential information, a breach of such confidentiality agreements could put the Company at competitive risk and may cause significant damage to its business. The harm to the Company's business from a breach of confidentiality cannot presently be quantified but may be material and may not be compensable in damages. There can be no assurance that, in the event of a breach of confidentiality, the Company will be able to obtain equitable remedies, such as injunctive relief from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Inability to Protect Intellectual Property

The Company's success is heavily dependent upon its intangible property and technology. The Company relies upon copyrights, patents, trade secrets, unpatented proprietary know-how and continuing innovation to protect the intangible property, technology and information that are considered important to the development of the business. The Company relies on various methods to protect its proprietary rights, including confidentiality agreements with consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of confidential information. However, despite efforts to protect intangible property rights, unauthorized parties may attempt to copy or replicate intangible property, technology or processes. There can be no assurances that the steps taken by the Company to protect its intangible property, technology and information will be adequate to prevent misappropriation or independent third-party development of the Company's intangible property, technology or processes. It is likely that other companies can duplicate a production process similar to the Company's. To the extent that any of the above would occur, revenue could be negatively affected, and in the future, the Company may have to litigate to enforce its intangible property rights, which could result in substantial costs and divert management's attention and other resources.

The Company's ability to successfully implement its business plan depends in part on its ability to obtain, maintain and build brand recognition using its trademarks, service marks, trade dress, domain names and other intellectual property rights, including the Company's names and logos. If the Company's efforts to protect its intellectual property are unsuccessful or inadequate, or if any third party misappropriates or infringes on its intellectual property, the value of its brands may be harmed, which could have a material adverse effect on the Company's business and might prevent its brands from achieving or maintaining market acceptance.

The Company may be unable to obtain registrations for its intellectual property rights for various reasons, including refusal by regulatory authorities to register trademarks or other intellectual property protections, prior registrations of which it is not aware, or it may encounter claims from prior users of similar intellectual property in areas where it operates or intends to conduct operations. This could harm its image, brand or competitive position and cause the Company to incur significant penalties and costs.

Innovation and Ability to Attract New Customers

In the area of innovation, the Company must be able to develop new products that appeal to its customers. This depends, in part, on the technological and creative skills of its personnel and on its ability to protect its intellectual property rights. The Company may not be successful in the development, introduction, marketing, and sourcing of new products, that satisfy customer needs, achieve market acceptance, or generate satisfactory financial returns

Development of the Business of the Company

The development of the business of the Company and its ability to execute on its expansion opportunities described herein will depend, in part, upon the amount of additional financing available. Failure to obtain sufficient financing may result in delaying, scaling back, eliminating or indefinitely postponing expansion opportunities and the business of the Company's current or future operations. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be acceptable to the Company. In addition, there can be no assurance that future financing can be obtained without substantial dilution to existing shareholders.

Financial Projections

The financial projections contained in this Prospectus reflect management's best estimate to anticipated financial results. Actual results may differ from projected results.

Conflicts of Interest

Members of the Board of the Company may become directors of other reporting companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the Board may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Company and its Board will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the Board, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases the Company will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA. The provisions of the BCBCA require a director or officer of a corporation who has a material interest in a contract or listing of the corporation, or a director or officer of a corporation who is a director or officer of or has a material interest in a person who has a material interest in a contract or listing with the corporation, to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless permitted under the BCBCA, as the case may be. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

COVID-19

The Company's business, operations, and financial condition, and the market price of the Common Shares (following the Listing), could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in a number of countries. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. COVID-19's higher than average impact on the country of Brazil (the location of Ahimsa) may result in a supply chain challenges if the Company's production provider, Ahimsa, becomes subject to more severe government-imposed restrictions, including capacity or lockdown mandates. Additionally, the maritime supply chain from Brazil to the United States and Canada have been significantly impacted by COVID-19. To date, the Company has relied on air-freight in order to transport its products to North America at a greater expense than ocean-freight. If the Company is forced to continue to rely on air freight due to ocean shipping constraints, the increased cost could have a negative impact on the Company, which could be material. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted.

The potential impact will be partially dependent on the global supply of COVID-19 vaccines and the roll-out in each country, the effectiveness of and results of the vaccines, and the effect of the emergence of new variants of COVID-19. Such public health crises can result in volatility and disruptions in the supply and demand for eco-friendly fashion and footwear, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk, share prices and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak, increased labor and fuel costs, regulatory changes, political or economic instabilities or civil unrest. At this point, the extent to which COVID-19 will continue to impact the Company is uncertain, and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations, and financial condition and the market price of the Common Shares (following the Listing).

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

The Company encourages each security holder to consult with its own tax or professional advisor to under the tax considerations generally applicable with purchasing or owning Common Shares.

PROMOTERS

Mr. Maximilian Justus, CEO and a director of the Company may be considered a promoter of the Company within the meaning of applicable securities legislation in British Columbia. Information about Mr. Justus is disclosed elsewhere in this Prospectus in connection with his roles and an officer and director of the Company.

Mr. Justus holds directly and/or indirectly 1,000 Common Shares, representing less than one percent of the Company's current issued and outstanding Common Shares, and currently receives an annual salary of $48,000. In addition, the Company has agreed to provide a 0.5% royalty, in perpetuity, on the gross revenue of the Company to Mr. Justus, pursuant to the Gross Revenue Royalty Agreement. The royalty is to be paid quarterly in cash and in perpetuity. To date, no payments have been made under the Gross Royalty Revenue Agreement. See "*General Developments of the Business – History*".

Mr. Justus is also entitled to receive stock options under the Stock Option Plan.

Other than as disclosed elsewhere in this Prospectus, no person who was a promoter of the Company within the last two years:

- received anything of value directly or indirectly from the Company;
- sold or otherwise transferred any asset to the Company within the last two years;
- has been a director, chief executive officer or chief financial officer of any company that during the past 10 years was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets;
- has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority;
- has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision; or
- has within the past 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets.

See “*Directors and Executive Officers*” and “*Executive Compensation*” for further disclosure.

LEGAL PROCEEDINGS AND REGULATORY MATTERS

There are no pending legal proceedings to which the Company is or was a party to, or that any of its property is or was the subject of, since the beginning of the most recently completed financial year for which the Financial Statements are included in this Prospectus.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No person who is: (a) a director or executive officer of the Company; (b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of the Company’s outstanding voting securities; (c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b), has any material interest, direct or indirect, in any material transaction since incorporation or in any proposed transaction that has materially affected or will materially affect the Company.

AUDITOR, TRANSFER AGENT, AND REGISTRARS

The auditors of the Company are Crowe MacKay LLP, located at 1100 – 1177 West Hastings Street, Vancouver, BC V6E 4T5. They have advised the Company that they are independent of the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia.

The Company has appointed Endeavor Trust Corporation, located at 702-777 Hornby Street, Vancouver, BC V6Z 1S4, Canada as the registrar and transfer agent of the Company.

MATERIAL CONTRACTS

The Company has entered into the following material contracts, other than contracts entered into in the ordinary course of business:

- Escrow Agreement;
- Ahimsa MOU;
- Streamline Agreement;
- ESHIPPER+ Agreement;
- Gross Revenue Royalty Agreement; and
- the JConnelly Agreement.

Copies of all material contracts and reports referred to in this Prospectus may be inspected at the registered office of the Company located at 2200-885 West Georgia Street, Vancouver, British Columbia V6C 3E8 during normal business hours. No material agreements, apart from the Gross Royalty Revenue Agreement are with related parties.

EXPERTS

No person or company whose profession or business gives authority to a report, valuation, statement or opinion and who is named as having prepared or certified a part of this Prospectus or as having prepared or certified a report or valuation described or included in this Prospectus holds or is to hold any beneficial or registered interest, direct or indirect, in any securities or property of the Company or any Associate or affiliate of the Company.

The Financial Statements included in this Prospectus have been subject to audit by Crowe MacKay LLP and their un-signed audit report is included herein. Crowe MacKay LLP is independent in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

OTHER MATERIAL FACTS

To management's knowledge, there are no other material facts relating to the Company that are not otherwise disclosed in this Prospectus or are necessary for the Prospectus to contain full, true and plain disclosure of all material facts relating to the Company.

FINANCIAL STATEMENT AND MD&A DISCLOSURE

The following financial statements and management's discussions and analysis are included herein:

APPENDIX A	-	Audited Financial Statements for the year ended February 28, 2022 and unaudited condensed interim consolidated Financial Statements for the three-month period ending May 31, 2022.
APPENDIX B	-	Management's Discussion and Analysis for the year ended February 28, 2022 and for the three-month period ending May 31, 2022.

APPENDIX A
FINANCIAL STATEMENTS

(ATTACHED)

Crowe MacKay LLP
1100 - 1177 West Hastings Street
Vancouver, BC V6E 4T5
Main +1 (604) 687-4511
Fax +1 (604) 687-5805
www.crowemackay.ca

Independent Auditor's Report

To the Board of Directors of Grounded People Apparel Inc.

Opinion

We have audited the consolidated financial statements of Grounded People Apparel Inc. (the "Group"), which comprise the consolidated statements of financial position as at February 28, 2022 and February 28, 2021 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at February 28, 2022 and February 28, 2021, and its consolidated financial performance and its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 2 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group'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 consolidated 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 consolidated 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 consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group’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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group’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 Group’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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Chartered Professional Accountants
Vancouver, Canada

GROUNDED PEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended February 28, 2022

(Expressed in Canadian Dollars)

GROUNDED PEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at February 28, 2022 and February 28, 2021
(Expressed in Canadian Dollars)

		February 28, 2022		February 28, 2021
ASSETS				
Cash	$	21,422	$	192,768
Amounts receivable		14,657		1,167
Prepaid expense (Notes 5 and 10)		136,707		5,250
Inventory (Note 6)		103,344		-
	$	276,130	$	199,185
LIABILITIES				
Accounts payable and accrued liabilities	$	77,557	$	15,877
SHAREHOLDERS' EQUITY				
Share capital (Note 7)		719,000		219,000
Reserves (Note 7)		414,000		64,900
Subscription receivable (Note 7)		-		(40,400)
Deficit		(934,427)		(60,192)
		198,573		183,308
	$	276,130	$	199,185

Going concern (Note 2)
Subsequent events (Note 13)

APPROVED ON BEHALF OF THE BOARD:

"Maximilian Justus" Director
Maximilian Justus

"Geoff Balderson" Director
Geoff Balderson

See accompanying notes to the consolidated financial statements

GROUNDED PEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the year ended February 28, 2022 and period from April 20, 2020 (date of incorporation) to February 28, 2021
(Expressed in Canadian Dollars)

	Year ended February 28, 2022	April 20, 2020 (date of incorporation) to February 28, 2021
Sales	$ 17,582	$ -
Cost of goods sold (Note 6)	5,344	-
Gross Profit	12,238	-
EXPENSES		
Advertising and marketing	273,537	3,928
Consulting fees	17,500	-
Selling	7,025	-
General and administrative	96,020	26,141
Product samples	6,763	1,236
Professional fees	106,628	28,887
Share-based compensation (Note 7)	379,000	-
	(886,473)	(60,192)
Net loss and comprehensive loss for the period	$ (874,235)	$ (60,192)
Basic and diluted loss per share	**$ (0.06)**	**$ (0.01)**
Weighted average number of common shares outstanding	**14,499,726**	**5,293,632**

See accompanying notes to the consolidated financial statements

GROUNDED PEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended February 28, 2022 and period from April 20, 2020 (date of incorporation) to February 28, 2021
(Expressed in Canadian Dollars)

	Number of Shares	**Share Capital**	**Reserves**	**Subscriptions receivable**	**Deficit**	**Total Shareholders' Equity**
Balance, April 20, 2020	**1**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Private placement	3,800,000	19,000	-	-	-	19,000
Private placement	10,000,000	200,000	-	-	-	200,000
Issuance of special warrants	-	-	64,900	(40,400)	-	24,500
Net loss for the period	-	-	-	-	(60,192)	(60,192)
Balance, February 28, 2021	**13,800,001**	**219,000**	**64,900**	**(40,400)**	**(60,192)**	**183,308**
Issuance of special warrants	-	-	435,100	40,400	-	475,500
Issuance of warrants	-	-	35,000	-	-	35,000
Grant of stock options	-	-	379,000	-	-	379,000
Conversion of special warrants	1,666,668	500,000	(500,000)	-	-	-
Net loss for the year	-	-	-	-	(874,235)	(874,235)
Balance, February 28, 2022	**15,466,669**	**$ 719,000**	**$ 414,000**	**$ -**	**$ (934,427)**	**$ 198,573**

See accompanying notes to the consolidated financial statements

GROUNDED PEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the year ended February 28, 2022 and period from April 20, 2020 (date of incorporation) to February 28, 2021
(Expressed in Canadian Dollars)

	Year ended February 28, 2021	April 20, 2020 (date of incorporation) to February 28, 2021
Operating Activities		
Net loss for the period	$ (874,235)	$ (60,192)
Items not involving cash:		
Share-based compensation	379,000	-
Changes in non-cash working capital items related to operations:		
Amounts receivable	(13,490)	(1,167)
Prepaid expense	(131,457)	(5,250)
Inventory	(103,344)	-
Accounts payable and accrued liabilities	61,680	15,877
Cash used in operating activities	(681,846)	(50,732)
Financing Activities		
Proceeds from issuance of shares	-	219,000
Proceeds from issuance of special warrants	475,500	24,500
Proceeds from issuance of warrants	35,000	-
Cash provided by financing activities	510,500	243,500
Change in cash during the period	(171,346)	192,768
Cash, beginning of period	192,768	-
Cash, end of period	$ 21,422	$ 192,768
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period:		
Interest	$ -	$ -
Income taxes	$ -	$ -

See accompanying notes to the consolidated financial statements

1. CORPORATE INFORMATION

Grounded People Apparel Inc. (formerly Grounded Clothing Inc.) (the "Company") was incorporated on April 20, 2020 in British Columbia under the Business Corporations Act. The head office of the Company is located at 800 – 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5. The registered and records office of the Company is located at 2200 HSBC Building – 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8. On June 15, 2021, the Company changed its name from Grounded Clothing Inc. to Grounded People Apparel Inc.

The Company is primarily engaged in the business of fair trade, sustainable and earth-conscious fashion. The Company's initial focus is on the design and production of shoes, and more specifically, high-top and low-cut canvassed sneakers. The Company is planning an initial public offering ("IPO") of its shares and intends to list on the Canadian Securities Exchange ("CSE").

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

These consolidated financial statements were approved and authorized for issue by the Board of Directors on September 7, 2022.

(b) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The consolidated financial statements are presented in Canadian dollars, unless otherwise noted.

(c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary at the end of the reporting period:

	Incorporated	Nature	Ownership February 28, 2022	Ownership February 28, 2021
Grounded People Apparel (US) SPC	Washington, USA	Social Purpose Apparel	100%	-

The results of the wholly owned subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated upon consolidation.

2. BASIS OF PREPARATION (continued)

(d) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the parent company's functional currency. The functional currency of Grounded People Apparel (US) SPC is the US dollar, which is determined by the currency of the primary economic environment in which it operates.

(e) Going Concern

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At February 28, 2022, the Company has not achieved profitable operations, has an accumulated deficit of $934,427 (February 28, 2021 - $60,192) since inception and expects to incur further losses in the development of its business.

There was a global pandemic outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines, and a general reduction in consumer activity in Canada. The outbreak has caused companies and various governmental bodies to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts, of the pandemic and the conflict in the Ukraine, to the business to be limited, the indirect impacts on the economy and industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its operations, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future. These consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amount on its consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistent throughout by the Company for purposes of these consolidated financial statements.

a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with financial institutions, and other short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. As at February 28, 2022 and 2021, the Company held no cash equivalents.

b) Financial instruments

Financial Assets

All financial assets not classified at amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss (“FVTPL”). On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss; and
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets that meet the following conditions are measured at fair value through other comprehensive income (“FVTOCI”):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in net income (loss) for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method. The Company’s financial instruments are classified as follows:

Financial Assets / Liabilities	Classification and Measurement
Cash	FVTPL
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Financial instruments (continued)

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for assets or liabilities that are not based on observable market data.

Financial liabilities

Financial liabilities are designated as either: (i) FVTPL; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities are classified under other financial liabilities and carried on the consolidated statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss. The Company does not have any derivative financial assets and liabilities.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Foreign currency translation

Transactions in foreign currencies are translated using the exchange rate prevailing at the date of the transaction. At each reporting date, foreign currency denominated monetary assets and liabilities are translated at year-end exchange rates. Exchange differences arising from the transactions are recorded in profit or loss for the period.

Exchange differences arising from operating transactions are recorded in operating profit for the period; exchange differences related to financing transactions are recognized as finance costs or income, or in other comprehensive income.

The assets and liabilities of a foreign operation, including goodwill and fair value adjustments arising from the acquisition, are translated into Canadian dollars at year-end exchange rates. Income and expenses, and cash flows of a foreign operation are translated in Canadian dollars using average exchange rates. Differences resulting from translating foreign operations are reported as translation differences in equity. When a foreign operation is disposed of, the translation differences previously recognized in equity are reclassified to profit or loss.

d) Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity in which case the related income tax is recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the end of the reporting period and any adjustments to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non discounted basis using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that such assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

f) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, and warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Valuation of equity units issued in private placements

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the share-based payments reserve. The fair value of the common shares is based on the closing quoted bid price on the announcement date once the shares of the Company are listed.

Consideration received for the exercise of warrants is recorded in share capital and the related residual value in warrants reserve is transferred to share capital. For those warrants that expired, the recorded value is transferred to deficit.

g) Earnings (loss) per share

The Company presents basic earnings (loss) per share data for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

h) Share-based payments

The Company grants share options to acquire common shares of the Company to directors, officers, employees, and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Share-based payments (continued)

For both employees and non-employees, the fair value of share-based payments is recognized as an expense with a corresponding increase in share-based payments reserve. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based compensation in share-based payments reserve is transferred to share capital.

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.

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. The amounts recorded in reserves for unexercised share options are transferred from share-based payments reserve to deficit upon their expiry or cancellation.

i) Inventory and cost of sales

Inventory consists of third-party manufactured finished goods that are available for sale. Inventories are valued at the lower of cost or net realizable value. Cost is determined using the weighted average cost method and includes the cost of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of purchase include the purchase price, non-recoverable taxes, transport and other costs directly attributable to the acquisition of finished goods. Cost of sales includes the expenses incurred to acquire inventory for sale, as well as provisions for reserves related to obsolete inventory or lower of cost and net realizable value adjustments as required.

j) Revenue recognition

To determine whether to recognize revenue, the Company follows a 5-step process:

a. Identifying the contract with a customer.
b. Identifying the performance obligations.
c. Determining the transaction price.
d. Allocating the transaction price to the performance obligations.
e. Recognizing revenue when/as performance obligation(s) are satisfied.

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized at a point in time when the Company satisfies performance obligations by transferring the promised goods or services to its customers.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Revenue recognition (continued)

The Company generates its revenue primarily from the sale of shoes. The Company recognizes revenues from its product sales when delivery has occurred and there is no unfulfilled obligation that could affect the customer’s acceptance. These criteria are generally met at the time the products are provided or delivered and the customer takes possession of the goods, at which time control has passed to the customer.

The Company measured its revenue based on the price specified in the invoice provided to the customer, adjusted for expected returns, which are estimated based on historical data by specific products and adjusted as needed to estimate returns. The Company collects payment upon a customer placing an order and funds are received from the sales platform following the order, which typically occurs within 30 days following a purchase.

The Company offers a 30-day return policy for unworn and unused products in its original packaging. No product warranties are provided for footwear.

k) Revenue royalty

Pursuant to a gross revenue royalty agreement, the Company has a 0.5% royalty each with the CEO and a business advisor, in perpetuity, on the gross revenue generated by the Company. The royalty is calculated and accrued on a quarterly basis and payable within sixty days after the quarter-end.

l) New accounting standards issued but not yet effective

A number of new standards, and amendments to standards and interpretations, are not effective for the year ended February 28, 2022, and have not been early adopted in preparing these consolidated financial statements. These new and amended standards are not expected to have a material impact on the Company’s consolidated financial statements. The following accounting standards and amendments are effective for future periods:

i. Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). These amendments are effective for reporting periods beginning on or after January 1, 2022.

ii. Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgments

Management has made critical judgments in the process of applying accounting policies. The one has the most significant effect on the amounts recognized in the consolidated financial statements include:

i. The assessment of the Company's ability to continue as a going concern and its ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 2(e).

Significant estimates

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

i. The Company determines its allowance for inventory obsolescence based upon expected inventory turnover, inventory aging, and current and future expectations with respect to product sales. Assumptions underlying the allowance for inventory obsolescence include future sales trends, marketing strategy and others. These estimates could materially change from period to period due to changes in various factors.

5. PREPAID EXPENSE

Prepaid expenses relate to prepayments rendered to third-party vendors for services to be incurred related to advertising and marketing expenditures and for prepayments for inventory purchases.

6. INVENTORY

Inventory is comprised of finished goods held on hand. During the year ended February 28, 2022, the Company recognized $5,344 (period ended February 28, 2021 – $Nil) of inventory as cost of goods sold. In addition, there was $8,863 (period ended February 28, 2021 – $Nil) of inventory given out for promotion, which is recognized as advertising and marketing expenditures.

As at February 28, 2022, all of the inventory is comprised of finished goods.

7. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

<u>During the year ended February 28, 2022:</u>

On October 12, 2021, the Company issued 1,450,335 common shares upon the automatic exercise of 1,450,335 special warrants granted on June 11, 2021.

On July 2, 2021, the Company issued 216,333 common shares upon the automatic exercise of 216,333 special warrants granted on February 28, 2021.

On June 11, 2021, the Company issued 1,450,335 special warrants at $0.30 per special warrant for total proceeds of $435,100. Each warrant will entitle the holder to receive, upon voluntary exercise prior to, or deemed exercise on, the automatic exercise date and without payment or additional consideration, one common share of the Company. The automatic exercise date is the earlier of the date upon which the receipt has been obtained for the filing of final long form prospectus and October 12, 2021.

<u>During the period from April 20, 2020 (date of incorporation) to February 28, 2021:</u>

On February 28, 2021, the Company issued 216,333 special warrants at $0.30 per special warrant for total proceeds of $64,900. $40,400 of the total proceeds was received subsequent to February 28, 2021. Each warrant will entitle the holder to receive, upon voluntary exercise prior to, or deemed exercise on, the automatic exercise date and without payment or additional consideration, one common share of the Company. The automatic exercise date is the earlier of the date upon which the receipt has been obtained for the filing of final long form prospectus and July 2, 2021.

On December 7, 2020, the Company issued 10,000,000 common shares at $0.02 per share for total proceed of $200,000.

On July 24, 2020, the Company issued 3,800,000 common shares at $0.005 per share for total proceeds of $19,000.

On April 20, 2020, the Company issued 1 incorporator share.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

(c) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Year Ended February 28, 2022		**Period Ended February 28, 2021**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	-	$ -	-	$ -
Issued	7,000,000	1.30	-	-
Outstanding, end of period	7,000,000	$ 1.30	-	$ -

The following warrants were outstanding and exercisable at February 28, 2022:

Expiry Date	Exercise Price	Outstanding	Exercisable
Two years from the Company's listing date on a qualifying exchange	$ 1.30	7,000,000	7,000,000
		7,000,000	7,000,000

(d) Stock Options

The Company has a stock option plan (the "Plan") to grant incentive stock options to directors, officers, employees, and consultants. Under the Plan, the aggregate number of common shares that may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date. Options granted may not exceed a term of 10 years. All options vest when granted unless they are otherwise specified by the Board of Directors or if they are granted for investor relations activities. Options granted for investor relations activities vest over a twelve-month period with no more than 25% of the options vesting in any three-month period.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Year Ended February 28, 2022		**Period Ended February 28, 2021**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	-	$ -	-	$ -
Issued	1,700,000	0.30	-	-
Outstanding, end of period	1,700,000	$ 0.30	-	$ -

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

(d) Stock Options (continued)

The following stock options were outstanding and exercisable at February 28, 2022:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding	Exercisable
June 28, 2026	4.33	$ 0.30	1,500,000	1,500,000
December 1, 2026	4.76	$ 0.30	200,000	200,000
	4.38		1,700,000	1,700,000

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. During the year ended February 28, 2022, 1,700,000 (period from April 20, 2020 (date of incorporation) to February 28, 2021 - NIL) stock options were granted with a fair value of $379,000 (period from April 20, 2020 (date of incorporation) to February 28, 2021 - $NIL).

The fair value of stock options issued was calculated using the following weighted average assumptions:

	Year Ended February 28, 2022	**Period Ended February 28, 2021**
Expected life (years)	5	N/A
Risk-free interest rate	1.02%	N/A
Annualized volatility*	100%	N/A
Dividend yield	0.00%	N/A
Stock price at issue date	$0.30	N/A
Exercise price	$0.30	N/A
Weighted average issue date fair value	$0.22	N/A

* The annualized volatility was determined using the average of three comparable entities' historical volatility in share price.

8. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject to. Capital of the Company comprises of cash and shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

There were no changes to the Company's approach to capital management during the period.

9. FINANCIAL INSTRUMENTS AND RISKS

The company is exposed through its operations to the following financial risks:

- Liquidity risk
- Market risk
- Credit risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them unless otherwise stated in the note.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections.

The Company monitors its cash flows to meet the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at February 28, 2022, the Company had a working capital of $198,573 (February 28, 2021 - $183,308).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's operations, income, or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns. The Company is exposed to market risk as follows:

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk due to the short-term to maturity of its financial instruments. As at February 28, 2022, the Company has no interest-bearing financial liabilities and considers interest rate risk to be negligible.

(ii) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates. As at February 28, 2022, the Company had US $7,831 in cash, US $1,878 in accounts receivable and US $8,400 in accounts payable in US dollars and considers foreign currency risk to be negligible. A fluctuation in the exchange rates between the Canadian and US dollars of 10% would result in a $200 change in the Company's net assets. The Company does not use any techniques to mitigate currency risk.

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS AND RISKS (continued)

Credit Risk

Financial instruments that potentially expose the Company to credit risk include cash and accounts receivable. The carrying amount of these financial assets represent the maximum credit exposure. The Company holds cash at a major Canadian financial institution, and management believes the exposure to credit risk with respect to these institutions is not significant. Accounts receivable has been subsequently collected.

Fair Values

The Company's financial instruments include cash, accounts receivable, and accounts payable and accrued liabilities. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature. It is impractical to determine the fair value of these financial instruments with sufficient reliability due to the nature of these financial instruments, the absence of secondary market and the significant cost of obtaining external appraisals. The fair value of these financial instruments approximates their carrying value under the effective interest method.

10. RELATED PARTY TRANSACTIONS

Key management personnel are those having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, and include the Company's executive officers and members of the Board of Directors.

There are no related party transactions during the year ended February 28, 2022 and period from April 20, 2020 (date of incorporation) to February 28, 2021 other than expense reimbursements.

As at February 28, 2022, there are $Nil (February 28, 2021 - $Nil) balances owing to related parties and the Company had $14,759 (February 28, 2021 - $Nil) in prepayments to related parties.

11. OPERATING SEGMENTS

As at February 28, 2022, the company is operating its business in one reportable segment: the sale of shoes.

During the year ended February 28, 2022, the Company did not have any customers who accounted for more than 10% of revenues from operations.

The Company's revenues allocated by geography for the year ended February 28, 2022 is as follows:

		2022
United States of America	$	11,735
Canada		5,624
Other		223
Total	$	17,582

(Expressed in Canadian Dollars)

12. INCOME TAXES

The difference between tax expense for the period and the expected income taxes based on the statutory tax rates arises as follows:

	2022	2021
Loss before tax	$ (874,235)	$ (60,192)
Income tax recovery at local statutory rates – 27%	$ (236,000)	$ (16,000)
Non-deductible items	102,000	-
Change in unrecognized tax benefits not recognized	134,000	16,000
	$ -	$ -

The nature and tax effect of the taxable temporary differences giving rise to deferred tax assets are summarized as follows:

	2022	2021
Non-capital losses	$ 150,000	$ 16,000
Unrecognized deferred tax assets	(150,000)	(16,000)
	$ -	$ -

As at February 28, 2022, the Company has estimated non-capital losses of $555,000 for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years, and if not utilized the non-capital loss will commence expiry in 2041.

13. SUBSEQUENT EVENTS

On March 10, 2022, the Company closed a non-brokered private placement of 2,857,143 units of the Company (the “Units”) at a price of $0.35 per Unit for gross proceeds of $1,000,000. Each Unit is comprised of one (1) common share (a “Share”) and one (1) common share purchase warrant (Each a “Warrant”) with each Warrant entitling the holder to purchase an additional Share (the “Warrant Share”) at a price of $0.50 for a period of twenty-four (24) months from the date of which the Company’s shares are listed on a qualifying exchange. The Company issued 28,571 Common Shares at a deemed price of $0.35 to Winchester Advisory Ltd., an arm’s-length third-party, for administrative services rendered in connection with the non-brokered private placement.

On May 17, 2022, 7,000,000 warrants that were initially issued on June 28, 2021 for total proceeds of $35,000 were cancelled and $35,000 will be returned to the former warrant holders

On May 19, 2022, the Company granted 413,000 stock options to consultants. The stock options have an exercise price of $0.35 per share and vests immediately upon grant.

In March and May 2022, 612,000 stock options were forfeited.

GROUNDED PEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended May 31, 2022

(Unaudited - Expressed in Canadian Dollars)

GROUNDED PEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at May 31, 2022 and February 28, 2022
(Expressed in Canadian Dollars)

		May 31, 2022		**February 28, 2022**
		(Unaudited)		(Audited)
ASSETS				
Cash	$	467,350	$	21,422
Amounts receivable (Note 5)		24,293		14,657
Prepaid expense (Notes 6 and 12)		87,511		136,707
Inventory (Note 7)		312,618		103,344
	$	891,772	$	276,130
LIABILITIES				
Accounts payable and accrued liabilities	$	62,243	$	77,557
SHAREHOLDERS' EQUITY				
Share capital (Note 9)		1,719,000		719,000
Reserves (Note 9)		351,728		414,000
Deficit		(1,241,199)		(934,427)
		829,529		198,573
	$	891,772	$	276,130

Going concern (Note 2)

APPROVED ON BEHALF OF THE BOARD:

"Maximilian Justus"	Director	*"Geoff Balderson"*	Director
Maximilian Justus		Geoff Balderson	

See accompanying notes to the condensed interim consolidated financial statements

GROUNDED PEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the three months ended May 31, 2022 and 2021
(Unaudited - Expressed in Canadian Dollars)

	For the three months ended May 31, 2022	For the three months ended May 31, 2021
Sales	$ 48,696	$ -
Cost of goods sold (Note 7)	15,662	-
Gross Profit	33,034	-
EXPENSES		
Advertising and marketing	236,373	-
Consulting fees	17,000	-
General and administrative	52,801	15,633
Product samples	-	3,434
Professional fees	44,755	3,566
Selling expense	16,149	-
Share-based compensation (Note 9)	109,000	-
	(476,078)	(22,633)
Net loss and comprehensive loss for the period	$ (443,044)	$ (22,633)
Basic and diluted loss per share	**$ (0.02)**	**$ (0.00)**
Weighted average number of common shares outstanding	**18,070,085**	**13,800,001**

See accompanying notes to the condensed interim consolidated financial statements

GROUNDED PEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the three months ended May 31, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserves	Subscriptions receivable	Deficit	Total Shareholders' Equity
Balance, February 28, 2021	**13,800,001**	**$ 219,000**	**$ 64,900**	**$ (40,400)**	**$ (60,192)**	**$ 183,308**
Share subscriptions received	-	-	-	40,082	-	40,082
Net loss for the period	-	-	-	-	(22,633)	(22,633)
Balance, May 31, 2021	**13,800,001**	**$ 219,000**	**$ 64,900**	**$ (318)**	**$ (82,825)**	**$ 200,757**
Balance, February 28, 2022	**15,466,669**	**$ 719,000**	**$ 414,000**	**$ -**	**$ (934,427)**	**$ 198,573**
Private placement, net of share issue costs	2,885,714	1,000,000	-	-	-	1,000,000
Forfeiture of stock options and warrants	-	-	(171,272)	-	136,272	(35,000)
Share-based compensation	-	-	109,000	-	-	109,000
Net loss for the period	-	-	-	-	(443,044)	(443,044)
Balance, May 31, 2022	**18,352,383**	**$ 1,719,000**	**$ 351,728**	**$ -**	**$ (1,241,199)**	**$ 829,529**

See accompanying notes to the condensed interim consolidated financial statements

GROUNDED PEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended May 31, 2022 and 2021
(Unaudited - Expressed in Canadian Dollars)

	Three months ended May 31, 2022	2021
Operating Activities		
Net loss for the period	$ (443,044)	$ (22,633)
Items not involving cash:		
Share-based compensation	109,000	-
Changes in non-cash working capital items related to operations:		
Amounts receivable	(9,636)	(1,028)
Prepaid expense	49,196	(20,000)
Inventory	(209,274)	-
Accounts payable and accrued liabilities	(50,314)	(3,947)
Cash used in operating activities	(554,072)	(47,608)
Financing Activities		
Proceeds from private placement	1,000,000	-
Subscriptions received	-	40,082
Cash provided by financing activities	1,000,000	40,082
Change in cash during the period	(445,928)	(7,526)
Cash, beginning of period	21,422	192,768
Cash, end of period	$ 467,350	$ 185,242
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period:		
Interest	$ -	$ -
Income taxes	$ -	$ -

See accompanying notes to the condensed interim consolidated financial statements

1. CORPORATE INFORMATION

Grounded People Apparel Inc. (formerly Grounded Clothing Inc.) (the "Company") was incorporated on April 20, 2020 in British Columbia under the Business Corporations Act. The head office of the Company is located at 800 – 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5. The registered and records office of the Company is located at 2200 HSBC Building – 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8. On June 15, 2021, the Company changed its name from Grounded Clothing Inc. to Grounded People Apparel Inc.

The Company is primarily engaged in the business of fair trade, sustainable and earth-conscious fashion. The Company's initial focus is on the design and production of shoes, and more specifically, high-top and low-cut canvassed sneakers. The Company is planning an initial public offering ("IPO") of its shares and intends to list on the Canadian Securities Exchange ("CSE").

2. BASIS OF PREPARATION

(a) Statement of Compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), and in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on September 7, 2022.

(b) Basis of Measurement

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted.

(c) Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary at the end of the reporting period:

	Incorporated	Nature	Ownership May 31, 2022	Ownership February 28, 2022
Grounded People Apparel (US) SPC	Washington, USA	Social Purpose Apparel	100%	100%

The results of the wholly owned subsidiary will continue to be included in the condensed interim consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated upon consolidation.

2. BASIS OF PREPARATION (continued)

(d) Functional and Presentation Currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the parent company's functional currency. The functional currency of Grounded People Apparel (US) SPC is the US dollar, which is determined by the currency of the primary economic environment in which it operates.

(e) Going Concern

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At May 31, 2022, the Company has not achieved profitable operations, has an accumulated deficit of $1,241,199 (February 28, 2022 - $934,427) since inception and expects to incur further losses in the development of its business.

There was a global pandemic outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines, and a general reduction in consumer activity in Canada. The outbreak has caused companies and various governmental bodies to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts, of the pandemic and the conflict in the Ukraine, to the business to be limited, the indirect impacts on the economy and industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its operations, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future. These condensed interim consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amount on its condensed interim consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited consolidated financial statements for the year ended February 28, 2022. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended February 28, 2022.

(Unaudited – Expressed in Canadian Dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgments

Management has made critical judgments in the process of applying accounting policies. The one has the most significant effect on the amounts recognized in the condensed interim consolidated financial statements include:

i. The assessment of the Company's ability to continue as a going concern and its ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 2(e).

Significant estimates

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

i. The Company determines its allowance for inventory obsolescence based upon expected inventory turnover, inventory aging, and current and future expectations with respect to product sales. Assumptions underlying the allowance for inventory obsolescence include future sales trends, marketing strategy and others. These estimates could materially change from period to period due to changes in various factors.

5. AMOUNTS RECEIVABLE

	May 31, 2022	February 28, 2022
Accounts receivable	$ 7,778	$ 3,716
GST receivable	16,515	10,941
	$ 24,293	$ 14,657

6. PREPAID EXPENSE

Prepaid expenses relate to prepayments rendered to third-party vendors for services to be incurred related to advertising and marketing expenditures and for prepayments for inventory purchases.

7. INVENTORY

Inventory is comprised of finished goods held on hand. During the three months ended May 31, 2022, the Company recognized $15,662 (period ended May 31, 2021 – $Nil) of inventory as cost of goods sold. In addition, there was $5,477 (May 31, 2021 – $Nil) of inventory given out for promotion, which is recognized as advertising and marketing expenditures.

8. REVENUE ROYALTIES

On January 27, 2022, the Company entered into a gross revenue royalty agreement for a 0.5% royalty each with the CEO and a business advisor, in perpetuity, on the gross revenue generated by the Company. The royalty is calculated and accrued on a quarterly basis and payable within sixty days after the quarter-end.

9. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

<u>During the three months ended May 31, 2022:</u>

On March 10, 2022, the Company closed a non-brokered private placement of 2,857,143 units of the Company (the “Units”) at a price of $0.35 per Unit for gross proceeds of $1,000,000. Each Unit is comprised of one (1) common share (a “Share”) and one (1) common share purchase warrant (each a “Warrant”) with each Warrant entitling the holder to purchase an additional Share (the “Warrant Share”) at a price of $0.50 for a period of twenty-four (24) months from the date of which the Company’s shares are listed on a qualifying exchange. The Company issued 28,571 common shares to Winchester Advisory Ltd., an arm’s-length third-party, for administrative services rendered in connection with the non-brokered private placement, recognized as share issuance costs.

<u>During the year ended February 28, 2022:</u>

On October 12, 2021, the Company issued 1,450,335 common shares upon the automatic exercise of 1,450,335 special warrants granted on June 11, 2021.

On July 2, 2021, the Company issued 216,333 common shares upon the automatic exercise of 216,333 special warrants granted on February 28, 2021.

On June 11, 2021, the Company issued 1,450,335 special warrants at $0.30 per special warrant for total proceeds of $435,100. Each warrant will entitle the holder to receive, upon voluntary exercise prior to, or deemed exercise on, the automatic exercise date and without payment or additional consideration, one common share of the Company. The automatic exercise date is the earlier of the date upon which the receipt has been obtained for the filing of final long form prospectus and October 12, 2021.

(Unaudited – Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

(c) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Three months ended May 31, 2022		**Year Ended February 28, 2022**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	7,000,000	$ 1.30	-	$ -
Cancelled	(7,000,000)	1.30	-	-
Issued	2,857,143	0.50	7,000,000	1.30
Outstanding, end of period	2,857,143	$ 0.50	7,000,000	$ 1.30

The following warrants were outstanding and exercisable at May 31, 2022:

Expiry Date	Exercise Price	Outstanding	Exercisable
Two years from the Company's listing date on a qualifying exchange	$ 0.50	2,857,143	2,857,143
		2,857,143	2,857,143

On May 17, 2022, 7,000,000 warrants which were initially issued on June 28, 2021 for total proceeds of $35,000 were cancelled and $35,000 will be returned to the former warrant holders, which is included in accounts payable and accrued liabilities on the condensed interim consolidated statements of financial position.

(d) Stock Options

The Company has a stock option plan (the "Plan") to grant incentive stock options to directors, officers, employees and consultants. Under the Plan, the aggregate number of common shares that may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date. Options granted may not exceed a term of 10 years. All options vest when granted unless they are otherwise specified by the Board of Directors or if they are granted for investor relations activities. Options granted for investor relations activities vest over a twelve-month period with no more than 25% of the options vesting in any three-month period.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Three months ended May 31, 2022		**Year Ended February 28, 2022**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	1,700,000	$ 0.30	-	$ -
Forfeited	(612,000)	0.30	-	-
Issued	413,000	0.35	1,700,000	0.30

(Unaudited – Expressed in Canadian Dollars)

Outstanding, end of period	1,501,000	$ 0.31	1,700,000	$ 0.30

9. SHARE CAPITAL (continued)

(d) Stock Options (continued)

The following stock options were outstanding and exercisable at May 31, 2022:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding	Exercisable
June 28, 2026	4.08	$ 0.30	888,000	888,000
December 1, 2026	4.51	$ 0.30	200,000	200,000
May 19, 2027	4.97	$ 0.35	413,000	413,000
	4.38		1,501,000	1,501,000

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. During the three months ended May 31, 2022, 413,000 (May 31, 2021 – Nil) stock options were issued with a fair value of $109,000 (May 31, 2021 - $Nil).

During the three months ended May 31, 2022, 612,000 (May 31, 2021 – NIL) stock options were forfeited with a fair value of $136,272 (May 31, 2021 - $NIL).

The fair value of stock options issued was calculated using the following weighted average assumptions:

	Three months ended May 31, 2022	**Three months ended May 31, 2021**
Expected life (years)	5	N/A
Risk-free interest rate	2.75%	N/A
Annualized volatility*	100%	N/A
Dividend yield	0.00%	N/A
Stock price at issue date	$0.35	N/A
Exercise price	$0.35	N/A
Weighted average issue date fair value	$0.26	N/A

* The annualized volatility was determined using the average of three comparable entities' historical volatility in share price.

10. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject to. Capital of the Company comprises of cash and shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations. There were no changes to the Company's approach to capital management during the period.

11. FINANCIAL INSTRUMENTS AND RISKS

The company is exposed through its operations to the following financial risks:

- Liquidity risk
- Market risk
- Credit risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these condensed interim consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them unless otherwise stated in the note.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections.

The Company monitors its cash flows to meet the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at May 31, 2022, the Company had a working capital of $829,529 (February 28, 2022 - $198,573).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's operations, income, or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns. The Company is exposed to market risk as follows:

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk due to the short-term to maturity of its financial instruments. As at May 31, 2022, the Company has no interest-bearing financial liabilities and considers interest rate risk to be negligible.

(ii) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates. As at May 31, 2022, the Company had US$7,831 in cash, US $4,155 in accounts receivable and US $275 in accounts payable in US dollars and considers foreign currency risk to be negligible. A fluctuation in the exchange rates between the Canadian and US dollars of 10% would result in a $3,000 change in the Company's net assets. The Company does not use any techniques to mitigate currency risk.

11. FINANCIAL INSTRUMENTS AND RISKS (continued)

Credit Risk

Financial instruments that potentially expose the Company to credit risk include cash and accounts receivable. The carrying amount of these financial assets represent the maximum credit exposure. The Company holds cash at a major Canadian financial institution, and management believes the exposure to credit risk with respect to these institutions is not significant. Accounts receivable has been subsequently collected.

Fair Values

The Company's financial instruments include cash, accounts receivable, and accounts payable and accrued liabilities. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature. It is impractical to determine the fair value of these financial instruments with sufficient reliability due to the nature of these financial instruments, the absence of secondary market and the significant cost of obtaining external appraisals. The fair value of these financial instruments approximates their carrying value under the effective interest method.

12. RELATED PARTY TRANSACTIONS

Key management personnel are those having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, and include the Company's executive officers and members of the Board of Directors.

There are no related party transactions during the three months ended May 31, 2022 and three months ended May 31, 2021.

As at May 31, 2022, there are $Nil (February 28, 2022 - $Nil) balances owing to related parties and the Company had $14,759 (February 28, 2022 - $14,759) in prepayments to related parties.

13. OPERATING SEGMENTS

As at May 31, 2022, the company is operating its business in one reportable segment: the sale of shoes.

During the three months ended May 31, 2022, the Company did not have any customers who accounted for more than 10% of revenues from operations.

The Company's revenues allocated by geography for the three months ended May 31, 2022 and 2021 is as follows:

	Three months ended May 31, 2022	Three months ended May 31, 2021
United States of America	$ 31,048	$ -

Canada		17,501		-
Other		147		-
Total	$	48,696	$	-

<u>APPENDIX B</u>

MANAGEMENT'S DISCUSSION & ANALYSIS

(ATTACHED)

GROUNDED PEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)

MANAGEMENT'S DISCUSSION & ANALYSIS

For the year ended February 28, 2022

(Expressed in Canadian Dollars)

This Management's Discussion and Analysis ("MD&A") of Grounded People Apparel Inc. (formerly Grounded Clothing Inc.) (the "Company") should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended February 28, 2022. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Information contained herein is presented as of September ●, 2022, unless otherwise indicated.

Unless otherwise indicated, all amounts discussed herein are denominated in Canadian dollars ($), which is the functional and reporting currency of the Company. The Company's year-end is February 28.

Forward-Looking Statements

Certain information included in this MD&A may constitute 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.

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 that the assumptions underlying such information or statements 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, as a result of numerous risks, uncertainties, and other factors such as those described above and in "Business and Industry Risks" below.

Description of Business

Grounded People Apparel Inc. (formerly Grounded Clothing Inc.) (the "Company") was incorporated on April 20, 2020 in British Columbia under the Business Corporations Act. The head office of the Company is located at 800 – 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5. The registered and records office of the Company is located at 2200 HSBC Building – 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8. On June 15, 2021, the Company changed its name from Grounded Clothing Inc. to Grounded People Apparel Inc.

The Company is primarily engaged in the business of fair trade, sustainable and earth-conscious fashion. The Company's initial focus is on the design and production of shoes, and more specifically, high-top, and low-cut canvassed sneakers. The Company is planning an initial public offering ("IPO") of its shares and intends to list on the Canadian Securities Exchange ("CSE").

On September 15, 2021, the Company incorporated "Grounded People Apparel (US) SPC" in the state of Washington to facilitate future operations in the US.

The Company's main products are high-top and low-cut canvas shoes, made from sustainable, ethically sourced and produced materials and manufactured by fair-trade workers. Furthermore, the Company aims to create a lasting and meaningful positive impact on the world through its L.A.C.E.S. campaign, whereby consumers have the option to select a color of lace specific to the charity they would like to donate to.

The Company has formed numerous strategic partnerships to provide logistics, fulfillment, distribution, and production capacity.

The Company's shoe collections feature organic cotton, linen, and natural rubber. The products are made using traditional artisan skills such as hand weaving, hand knitting, hand embroidery and hand block printing. Notably, every product the Company produces is made to the highest ethical and environmental standards from start to finish. The contemporary, versatile designs create stylish and innovative fashion while respecting people and the planet.

L.A.C.E.S.

The Company launched a charitable initiative termed L.A.C.E.S. which stands for "Learn to Achieve and Create Everlasting Sustainability." The goal is to help to make a positive impact on the world through the donation of funds to charities that the Company supports.

At the time of each purchase, the customer will have the option to select a color of laces to go with their shoe, with each lace color corresponding to a specific charity which the customer would like to donate to. The Company will contribute 100% of the profits from the laces to the charity of choice.

Financings

On March 10, 2022, the Company closed a non-brokered private placement of 2,857,143 units of the Company (the "Units") at a price of $0.35 per Unit for gross proceeds of $1,000,000. Each Unit is comprised of one (1) common share (a "Share") and one (1) common share purchase warrant (Each a "Warrant") with each Warrant entitling the holder to purchase an additional Share (the "Warrant Share") at a price of $0.50 for a period of twenty-four (24) months from the date of which the Company's shares are listed on a qualifying exchange.

On June 28, 2021, the Company issued 7,000,000 warrants at $0.005 per warrant for total proceeds of $35,000. Each warrant will entitle the holder to purchase 1 common share at a price of $1.30 for a period of 2 years after the date that the Company becomes listed on a qualified stock exchange. On May 17, 2022, 7,000,000 warrants that were initially issued on June 28, 2021 for total proceeds of $35,000 were cancelled.

On June 11, 2021, the Company issued 1,450,335 special warrants at $0.30 per special warrant for total proceeds of $435,100. Each warrant will entitle the holder to receive, upon voluntary exercise prior to, or deemed exercise on, the automatic exercise date and without payment or additional consideration, one common share of the Company. The automatic exercise date is the earlier of the date upon which the receipt has been obtained for the filing of final long form prospectus and October 12, 2021. On October 12, 2021, the Company issued 1,450,335 common shares upon the automatic exercise of 1,450,335 special warrants

On February 28, 2021, the Company issued 216,333 special warrants at $0.30 per special warrant for total proceeds of $64,900. $40,400 of the total proceeds was received subsequent to February 28, 2021. Each warrant will entitle the holder to receive, upon voluntary exercise prior to, or deemed exercise on, the automatic exercise date and without payment or additional consideration, one common share of the Company. The automatic exercise date is the earlier of the date upon which the receipt has been obtained for the filing of final long form prospectus and July 2, 2021. On July 2, 2021, the Company issued 216,333 common shares upon the automatic exercise of 216,333 special warrants.

On December 7, 2020, the Company issued 10,000,000 common shares at $0.02 per share for total proceeds of $200,000.

On July 24, 2020, the Company issued 3,800,000 common shares at $0.005 per share for total proceeds of $19,000.

Selected Annual Financial Information

The table below sets out certain selected financial information regarding the operations of the Company for the period indicated. The selected financial information has been prepared in accordance with IFRS and should be read in conjunction with the Company's consolidated financial statements and related notes.

	Year ended February 28, 2022	Period from April 20, 2020 to February 28, 2021
Revenue	$ 17,582	$ -
Net loss and comprehensive loss	$ 874,235	$ 60,192
Loss per share	$ 0.06	$ 0.01
Total assets	$ 276,130	$ 199,185

The Company was incorporated on April 20, 2020 and February 28, 2021 was the Company's first fiscal year end. The Company recorded $17,582 (2021 - $Nil) revenues in the period ended February 28, 2022 and incurred a net loss of $874,235 (2021 - $60,192). The net loss of $874,235 in the period is largely attributed to professional fees, share-based compensation, and advertising and marketing expenditures. The Company's total assets for the period ended February 28, 2022 were $276,130 (2021 - $199,185), which is mainly comprised of prepaid expenses and inventory.

The Company has not declared any dividends since its incorporation and does not anticipate paying cash dividends in the foreseeable future on its common shares and intends to retain any future earnings to finance internal growth, acquisitions, and development of its business. Any future determination to pay cash dividends will be at the discretion of the board of directors of the Company and will depend upon the Company's financial condition, results of operations, capital requirements and such other factors as the board of directors of deems relevant.

Selected Quarterly Financial Information

A summary of results for the eight most recently completed quarters are as follows:

For the Period Ending	Feb 28, 2022	Nov 30, 2021	Aug 31, 2021	May 31, 2021
Revenue	$ 17,582	$ -	$ -	$ -
Net loss	$ 318,151	$ 124,833	$ 408,618	$ 22,633
Loss per share	$ 0.02	$ 0.01	$ 0.03	$ 0.00

For the Period Ending	Feb 28, 2021	Nov 30, 2020	Aug 31, 2020	May 31, 2020*
Revenue	$ -	$ -	$ -	$ -
Net loss	$ 41,976	$ 14,570	$ 3,591	$ 55
Loss per share	$ 0.00	$ 0.00	$ 0.00	$ 55

*Period from incorporation (April 20, 2020) to May 31, 2020

Results of Operations

For the year ended February 28, 2022:
During the year ended February 28, 2022, the Company reported a net loss of $874,235 as compared to a net loss of $60,192 for the comparable period ended February 28, 2021. The net loss for the year ended February 28, 2022 includes $379,000 of non-cash share-based compensation.

Total expenses for the year amounted to $886,473 as compared to $60,192 for the comparable period ended February 28, 2021, an increase of $826,281, which includes non-cash expenditures of $379,000 for share-based compensation. The increase in overall expenditures can be attributed to the following:

- Advertising and marketing expenses have increased to $273,537 from $3,928 as the Company has engaged third party consultants for provision of marketing, advertising, promotions, and brand development activities.
- Professional fees have increased to $106,628 from $28,887, which can be attributed to fees paid to third party consultants for professional services, audit fees, and legal fees.
- Share-based compensation has increased to $379,000 from $Nil for the issuance of stock options to consultants of the Company.

For the three months ended February 28, 2022:
During the three months ended February 28, 2022, the Company reported a net loss of $318,151 as compared to a net loss of $41,976 for the comparable period ended February 28, 2021. The net loss for the year ended February 28, 2022 includes $45,000 of non-cash share-based compensation.

Total expenses for the three months amounted to $330,389 as compared to $41,976 for the comparable period ended February 28, 2021, an increase of $288,413, which includes non-cash expenditures of $45,000 for share-based compensation. The increase in overall expenditures can be attributed to the following:

- Advertising and marketing expenses have increased to $208,651 from $93 as the Company has engaged third party consultants for provision of marketing, advertising, promotions, and brand development activities.
- Professional fees have increased to $33,162 from $25,191, which can be attributed to fees paid to third party consultants for professional services, audit fees, and legal fees.
- Share-based compensation has increased to $45,000 from $Nil for the issuance of stock options to consultants of the Company.

Liquidity and Capital Resources

The Company's cash position as at February 28, 2022 was $21,422 (February 28, 2021 - $192,768) with a working capital of $198,573 (February 28, 2021 - $183,308). Total assets as at February 28, 2022 was $276,130 (February 28, 2021 - $199,185).

The Company's budget is its working capital and management believes that the current capital resources is not sufficient to pay overhead expenses and fund its operation for the next twelve months. The Company continues to raise additional funding to fund its operations, marketing, general working capital and potential expansions, if such opportunities arise. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

Since the Company may not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the issuance of shares or the exercise of options and warrants to fund ongoing operations and investment. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

Going Concern

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At February 28, 2022, the Company has not achieved profitable operations, has an accumulated deficit of $934,427 (February 28, 2021 - $60,192) since inception and expects to incur further losses in the development of its business.

There was a global pandemic outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines, and a general reduction in consumer activity in Canada. The outbreak has caused companies and various governmental bodies to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts, of the pandemic and the conflict in the Ukraine, to the business to be limited, the indirect impacts on the economy and industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position, and cash flows in the future.

The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its operations, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future. These financial statements do not include any adjustments that might result from the outcome of this uncertainty. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amount on its statement of financial position.

Capital Management

The Company's objectives when managing capital are to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject to. Capital of the Company comprises of cash and shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

There were no changes to the Company's approach to capital management during the period.

Off-Balance Sheet Arrangements

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

Proposed Transactions

None to report.

Related Party Transactions and Key Management Compensation

Key management personnel are those having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, and include the Company's executive officers and members of the Board of Directors.

There are no related party transactions during the year ended February 28, 2022 and period from April 20, 2020 (date of incorporation) to February 28, 2021 other than expense reimbursements.

As at February 28, 2022, there are $Nil (February 28, 2021 - $Nil) balances owing to related parties and the Company had $14,759 (February 28, 2021 - $Nil) in prepayments to related parties.

Critical Accounting Policies and 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are disclosed in Note 4 of the consolidated financial statements.

Financial Instruments

The Company's risk exposures and impacts on the Company's financial statements are summarized below:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections.

The Company monitors its cash flows to meet the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at February 28, 2022, the Company had a working capital of $198,573 (February 28, 2021 - $183,308).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's operations, income, or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns. The Company is exposed to market risk as follows:

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk due to the short-term to maturity of its financial instruments. As at February 28, 2022, the Company has no interest-bearing financial liabilities and considers interest rate risk to be negligible.

(ii) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates. As at February 28, 2022, the Company had US$7,831 in cash, US$1,878 in accounts receivable and US$8,400 in accounts payable in US dollars and considers foreign currency risk to be negligible. A fluctuation in the exchange rates between the Canadian and US dollars of 10% would result in a $200 change in the Company's net assets. The Company does not use any techniques to mitigate currency risk.

Credit risk

Financial instruments that potentially expose the Company to credit risk include cash and accounts receivable. The carrying amount of these financial assets represent the maximum credit exposure. The Company holds cash at a major Canadian financial institution, and management believes the exposure to credit risk with respect to these institutions is not significant. Accounts receivable has been subsequently collected.

Subsequent Events

On March 10, 2022, the Company closed a non-brokered private placement of 2,857,143 units of the Company (the "Units") at a price of $0.35 per Unit for gross proceeds of $1,000,000. Each Unit is comprised of one (1) common share (a "Share") and one (1) common share purchase warrant (Each a "Warrant") with each Warrant entitling the holder to purchase an additional Share (the "Warrant Share") at a price of $0.50 for a period of twenty-four (24) months from the date of which the Company's shares are listed on a qualifying exchange. The Company issued 28,571 Common Shares at a deemed price of $0.35 to Winchester Advisory Ltd., an arm's-length third-party, for administrative services rendered in connection with the non-brokered private placement.

On May 17, 2022, 7,000,000 warrants that were initially issued on June 28, 2021 for total proceeds of $35,000 were cancelled and $35,000 will be returned to the former warrant holders.

On May 19, 2022, the Company granted 413,000 stock options to consultants. The stock options have an exercise price of $0.35 per share and vests immediately upon grant.

In March and May 2022, 612,000 stock options were forfeited.

Outstanding Share Data

The Company had the following securities issued and outstanding:

	February 28, 2022	September ●, 2022
Common shares	15,466,669	18,352,383
Warrants	7,000,000	2,857,143
Stock Options	1,700,000	1,501,000
Common shares – fully diluted	24,166,669	22,710,526

Board Approval

The Board of Directors of the Company approved this MD&A on September 7, 2022.

Business and Industry Risks

There are a number of risk factors that could cause future results to differ materially from those described herein. Additional risks and uncertainties, including those that the Company does not know about or that it currently deems immaterial, could also adversely impact the Company's business and results of operations. The following sets out the principal risks faced by the Company:

Reliance on Management

One risk associated with the Company's business is the loss of important staff members. The Company is currently in good standing with all high-level employees and believes that with well managed practices it will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results, or financial condition.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability. Although the Company maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Need for Additional Financing and Possible Effects of Dilution

The Company may issue equity securities to finance its activities, including future acquisitions. If the Company were to issue additional common shares following the Proposed Financing, existing holders of such common shares may experience dilution in their holdings. Moreover, when the Company's intention to issue additional equity securities becomes publicly known, the Company's share price may be adversely affected.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for common shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

Governmental Regulations and Risks

Government approvals and permits may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from conducting its business. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Changes to current laws and regulations may be unfavorable and have an adverse effect on the Company's operations.

Competition

The Company will likely face intense competition from other companies, some of which have longer operating histories and more financial resources and marketing experience than the Company. Increased competition by larger and better-financed competitors could materially and adversely affect the proposed business, financial condition, and results of operations of the Company. The Company expects to face additional competition from new entrants. To remain competitive, the Company will require a continued investment in product development to be able to compete on costs and functionality. The Company may not have sufficient resources to maintain marketing, sales and patient support efforts on a competitive basis which could materially and adversely affect the business, financial condition, and results of operations of the Company.

Liability for Actions of Employees, Contractors, and Consultants

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against the Company.

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) manufacturing standards; (iii) fraud and abuse laws and regulations; or (iv) laws that require the true, complete, and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on its business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, the curtailment of the Company's operations or asset seizures, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Breach of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Company may disclose confidential information relating to the business, operations or affairs of the Company. Although confidentiality agreements are to be signed by third parties prior to the disclosure of any confidential information, a breach of such confidentiality agreement could put the Company at competitive risk and may cause significant damage to its business. The harm to the Company's business from a breach of confidentiality cannot presently be quantified but may be material and may not be compensable in damages. There can be no assurance that, in the event of a breach of confidentiality, the Company will be able to obtain equitable remedies, such as injunctive relief from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

If the Company is Unable to Continually Innovate and Increase Efficiencies, its Ability to Attract New Customers May be Adversely Affected

In the area of innovation, the Company must be able to develop new products that appeal to its customers. This depends, in part, on the technological and creative skills of its personnel and on its ability to protect its intellectual property rights. The Company may not be successful in the development, introduction, marketing, and sourcing of new products, that satisfy customer needs, achieve market acceptance, or generate satisfactory financial returns.

Development of the Business of the Company

The development of the business of the Company and its ability to execute on its expansion opportunities described herein will depend, in part, upon the amount of additional financing available. Failure to obtain sufficient financing may result in delaying, scaling back, eliminating or indefinitely postponing expansion opportunities and the business of the Company's current or future operations. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be acceptable to the Company. In addition, there can be no assurance that future financing can be obtained without substantial dilution to existing shareholders.

Financial Projections

The financial projections contained in this Prospectus reflect management's best estimate to anticipated financial results. Actual results may differ from projected results.

Conflicts of Interest

Members of the Board of the Company may become directors of other reporting companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the Board may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Company and its Board will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the Company's Board, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases the Company will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. Conflicts, if any, will be subject to the procedures and remedies as provided under the British Columbia Business Corporations Act ("BCBCA"). The provisions of the BCBCA require a director or officer of a corporation who has a material interest in a contract or listing of the corporation, or a director or officer of a corporation who is a director or officer of or has a material interest in a person who has a material interest in a contract or listing with the corporation, to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless permitted under the BCBCA, as the case may be. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

COVID-19 Risks

The Company's business, operations, and financial condition, and the market price of the Common Shares (following the Listing), could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines, and a general reduction in consumer activity in a number of countries. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Such public health crises can result in volatility and disruptions in the supply and demand for eco-friendly fashion and footwear, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk, share prices and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or

temporary suspension of operations in geographic locations impacted by an outbreak, increased labor and fuel costs, regulatory changes, political or economic instabilities or civil unrest. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations, and financial condition and the market price of the Common Shares (following the Listing).

GROUNDED PEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)

MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months ended May 31, 2022

(Unaudited - Expressed in Canadian Dollars)

This Management's Discussion and Analysis ("MD&A") of Grounded People Apparel Inc. (formerly Grounded Clothing Inc.) (the "Company") should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes for the three months ended May 31, 2022. The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), and in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting.

Information contained herein is presented as of September ●, 2022, unless otherwise indicated.

Unless otherwise indicated, all amounts discussed herein are denominated in Canadian dollars ($), which is the functional and reporting currency of the parent Company. The functional currency of Grounded People Apparel (US) SPC, the Company's wholly owned subsidiary, is the US dollar, which is determined by the currency of the primary economic environment in which it operates. The Company's year-end is February 28.

Forward-Looking Statements

Certain information included in this MD&A may constitute 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.

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 that the assumptions underlying such information or statements 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, as a result of numerous risks, uncertainties and other factors such as those described above and in "Business and Industry Risks" below.

Description of Business

Grounded People Apparel Inc. (formerly Grounded Clothing Inc.) (the "Company") was incorporated on April 20, 2020 in British Columbia under the Business Corporations Act. The head office of the Company is located at 800 – 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5. The registered and records office of the Company is located at 2200 HSBC Building – 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8. On June 15, 2021, the Company changed its name from Grounded Clothing Inc. to Grounded People Apparel Inc.

The Company is primarily engaged in the business of fair trade, sustainable and earth-conscious fashion. The Company's initial focus is on the design and production of shoes, and more specifically, high-top and low-cut canvassed sneakers. The Company is planning an initial public offering ("IPO") of its shares and intends to list on the Canadian Securities Exchange ("CSE").

On September 15, 2021, the Company incorporated "Grounded People Apparel (US) SPC" in the state of Washington to facilitate future operations in the US.

The Company's main products are high-top and low-cut canvas shoes, made from sustainable, ethically sourced and produced materials and manufactured by fair-trade workers. Furthermore, the Company aims to create a lasting and meaningful positive impact on the world through its L.A.C.E.S. campaign, whereby consumers have the option to select a color of lace specific to the charity they would like to donate to.

The Company has formed numerous strategic partnerships to provide logistics, fulfillment, distribution, and production capacity.

The Company's shoe collections feature organic cotton, linen, and natural rubber. The products are made using traditional artisan skills such as hand weaving, hand knitting, hand embroidery and hand block printing. Notably, every product the Company produces is made to the highest ethical and environmental standards from start to finish. The contemporary, versatile designs create stylish and innovative fashion while respecting people and the planet.

L.A.C.E.S.

The Company launched a charitable initiative termed L.A.C.E.S. which stands for "Learn to Achieve and Create Everlasting Sustainability." The goal is to help to make a positive impact on the world through the donation of funds to charities that the Company supports.

At the time of each purchase, the customer will have the option to select a color of laces to go with their shoe, with each lace color corresponding to a specific charity which the customer would like to donate to. The Company will contribute 100% of the profits from the laces to the charity of choice.

Financings

On March 10, 2022, the Company closed a non-brokered private placement of 2,857,143 units of the Company (the "Units") at a price of $0.35 per Unit for gross proceeds of $1,000,000. Each Unit is comprised of one (1) common share (a "Share") and one (1) common share purchase warrant (Each a "Warrant") with each Warrant entitling the holder to purchase an additional Share (the "Warrant Share") at a price of $0.50 for a period of twenty-four (24) months from the date of which the Company's shares are listed on a qualifying exchange.

On June 28, 2021, the Company issued 7,000,000 warrants at $0.005 per warrant for total proceeds of $35,000. Each warrant will entitle the holder to purchase 1 common share at a price of $1.30 for a period of 2 years after the date that the Company becomes listed on a qualified stock exchange. On May 17, 2022, 7,000,000 warrants that were initially issued on June 28, 2021 for total proceeds of $35,000 were cancelled and $35,000 will be returned to the former warrant holders.

On June 11, 2021, the Company issued 1,450,335 special warrants at $0.30 per special warrant for total proceeds of $435,100. Each warrant will entitle the holder to receive, upon voluntary exercise prior to, or deemed exercise on, the automatic exercise date and without payment or additional consideration, one common share of the Company. The automatic exercise date is the earlier of the date upon which the receipt has been obtained for the filing of final long form prospectus and October 12, 2021. On October 12, 2021, the Company issued 1,450,335 common shares upon the automatic exercise of 1,450,335 special warrants.

On February 28, 2021, the Company issued 216,333 special warrants at $0.30 per special warrant for total proceeds of $64,900. $40,400 of the total proceeds was received subsequent to February 28, 2021. Each warrant will entitle the holder to receive, upon voluntary exercise prior to, or deemed exercise on, the automatic exercise date and without payment or additional consideration, one common share of the Company. The automatic exercise date is the earlier of the date upon which the receipt has been obtained for the filing of final long form prospectus and July 2, 2021. On July 2, 2021, the Company issued 216,333 common shares upon the automatic exercise of 216,333 special warrants.

On December 7, 2020, the Company issued 10,000,000 common shares at $0.02 per share for total proceeds of $200,000.

On July 24, 2020, the Company issued 3,800,000 common shares at $0.005 per share for total proceeds of $19,000.

Selected Annual Financial Information

The table below sets out certain selected financial information regarding the operations of the Company for the period indicated. The selected financial information has been prepared in accordance with IFRS and should be read in conjunction with the Company's consolidated financial statements and related notes.

	Year ended February 28, 2022	Period from April 20, 2020 to February 28, 2021
Revenue	$ 17,582	$ -
Net loss and comprehensive loss	$ 874,235	$ 60,192
Loss per share	$ 0.06	$ 0.01
Total assets	$ 276,130	$ 199,185

The Company was incorporated on April 20, 2020 and February 28, 2021 was the Company's first fiscal year end. The Company recorded $17,582 (2021 - $Nil) revenues in the year ended February 28, 2022 and incurred a net loss of $874,235 (2021 - $60,192). The net loss of $874,235 in the period is largely attributed to professional fees, share-based compensation, and advertising and marketing expenditures. The Company's total assets for the period ended February 28, 2022 were $276,130 (2021 - $199,185), which is mainly comprised of prepaid expenses and inventory.

The Company has not declared any dividends since its incorporation and does not anticipate paying cash dividends in the foreseeable future on its common shares and intends to retain any future earnings to finance internal growth, acquisitions and development of its business. Any future determination to pay cash dividends will be at the discretion of the board of directors of the Company and will depend upon the Company's financial condition, results of operations, capital requirements and such other factors as the board of directors of deems relevant.

Selected Quarterly Financial Information

A summary of results for the eight most recently completed quarters are as follows:

For the Period Ending	May 31, 2022	Feb 28, 2022	Nov 30, 2021	Aug 31, 2021
Revenue	$ 48,696	$ 17,582	$ -	$ -
Net loss	$ 443,044	$ 318,151	$ 124,833	$ 408,618
Loss per share	$ 0.02	$ 0.02	$ 0.01	$ 0.03

For the Period Ending	May 31, 2021	Feb 28, 2021	Nov 30, 2020	Aug 31, 2020
Revenue	$ -	$ -	$ -	$ -
Net loss	$ 22,633	$ 41,976	$ 14,570	$ 3,591
Loss per share	$ 0.00	$ 0.00	$ 0.00	$ 0.00

Results of Operations

For the three months ended May 31, 2022:

During the three months ended May 31, 2022, the Company reported a net loss of $443,044 as compared to a net loss of $22,633 for the comparable period ended May 31, 2021. The net loss for the three months ended May 31, 2022 includes $109,000 of non-cash share-based compensation.

Total expenses for the three months amounted to $476,078 as compared to $22,633 for the comparable period ended May 31, 2021, an increase of $453,445, which includes non-cash expenditures of $109,000 for share-based compensation. The increase in overall expenditures can be attributed to the following:

- Advertising and marketing expenses have increased to $236,373 from $Nil as the Company has engaged third party consultants for provision of marketing, advertising, promotions, and brand development activities.

- Professional fees have increased to $44,755 from $3,566, which can be attributed to fees paid to third party consultants for professional services, audit fees, and legal fees.

- Share-based compensation has increased to $109,000 from $Nil for the issuance of stock options to consultants.

Liquidity and Capital Resources

The Company's cash position as at May 31, 2022 was $467,350 (February 28, 2022 - $21,422) with a working capital of $829,529 (February 28, 2022 - $198,573). Total assets as at May 31, 2022 was $891,772 (February 28, 2022- $276,130).

The Company's budget is its working capital and management believes that the current capital resources is not sufficient to pay overhead expenses and fund its operation for the next twelve months. The Company continues to raise additional funding to fund its operations, marketing, general working capital and potential expansions, if such opportunities arise. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

Since the Company may not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the issuance of shares or the exercise of options and warrants to fund ongoing operations and investment. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

Going Concern

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At May 31, 2022, the Company has not achieved profitable operations, has an accumulated deficit of $1,241,199 (February 28, 2022 - $934,427) since inception and expects to incur further losses in the development of its business.

There was a global pandemic outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada. The outbreak has caused companies and various governmental bodies to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts, of the pandemic and the conflict in the Ukraine, to the business to be limited, the indirect impacts on the economy and industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its operations, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future. These condensed interim consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amount on its statement of financial position.

Capital Management

The Company's objectives when managing capital are to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject to. Capital of the Company comprises of cash and shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

There were no changes to the Company's approach to capital management during the period.

Off-Balance Sheet Arrangements

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

Proposed Transactions

None to report.

Related Party Transactions and Key Management Compensation

Key management personnel are those having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, and include the Company's executive officers and members of the Board of Directors.

There are no related party transactions during the three months ended May 31, 2022 and three months ended May 31, 2021.

As at May 31, 2022, there are $Nil (February 28, 2022 - $Nil) balances owing to related parties and the Company had $14,759 (February 28, 2022 - $14,759) in prepayments to related parties.

Critical Accounting Policies and Estimates

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are disclosed in Note 4 of the condensed interim consolidated financial statements.

Financial Instruments

The Company's risk exposures and impacts on the Company's condensed interim consolidated financial statements are summarized below:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections.

The Company monitors its cash flows to meet the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at May 31, 2022, the Company had a working capital of $829,529 (February 28, 2022 - $198,573).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's operations, income or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns. The Company is exposed to market risk as follows:

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk due to the short-term to maturity of its financial instruments. As at May 31, 2022, the Company has no interest-bearing financial liabilities and considers interest rate risk to be negligible.

(ii) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates. As at May 31, 2022, the Company had US$7,831 in cash, US $4,155 in accounts receivable and US $275 in accounts payable in US dollars and considers foreign currency risk to be negligible. A fluctuation in the exchange rates between the Canadian and US dollars of 10% would result in a $3,000 change in the Company's net assets. The Company does not use any techniques to mitigate currency risk.

Credit risk

Financial instruments that potentially expose the Company to credit risk include cash and accounts receivable. The carrying amount of these financial assets represent the maximum credit exposure. The Company holds cash at a major Canadian financial institution, and management believes the exposure to credit risk with respect to these institutions is not significant. Accounts receivable has been subsequently collected.

Subsequent Events

None to disclose.

Outstanding Share Data

The Company had the following securities issued and outstanding:

	May 31, 2022	**September ●, 2022**
Common shares	18,352,383	18,352,383
Warrants	2,857,143	2,857,143
Stock Options	1,501,000	1,501,000
Common shares – fully diluted	22,710,526	22,710,526

Board Approval

The Board of Directors of the Company approved this MD&A on September 7, 2022

Business and Industry Risks

There are a number of risk factors that could cause future results to differ materially from those described herein. Additional risks and uncertainties, including those that the Company does not know about or that it currently deems immaterial, could also adversely impact the Company's business and results of operations. The following sets out the principal risks faced by the Company:

Reliance on Management

One risk associated with the Company's business is the loss of important staff members. The Company is currently in good standing with all high-level employees and believes that with well managed practices it will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability. Although the Company maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Need for Additional Financing and Possible Effects of Dilution

The Company may issue equity securities to finance its activities, including future acquisitions. If the Company were to issue additional common shares following the Proposed Financing, existing holders of such common shares may experience dilution in their holdings. Moreover, when the Company's intention to issue additional equity securities becomes publicly known, the Company's share price may be adversely affected.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for common shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

Governmental Regulations and Risks

Government approvals and permits may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from conducting its business. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Changes to current laws and regulations may be unfavorable and have an adverse effect on the Company's operations.

Competition

The Company will likely face intense competition from other companies, some of which have longer operating histories and more financial resources and marketing experience than the Company. Increased competition by larger and better-financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Company. The Company expects to face additional competition from new entrants. To remain competitive, the Company will require a continued investment in product development to be able to compete on costs and functionality. The Company may not have sufficient resources to maintain marketing, sales and patient support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Liability for Actions of Employees, Contractors and Consultants

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against the Company.

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) manufacturing standards; (iii) fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on its business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, the curtailment of the Company's operations or asset seizures, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Breach of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Company may disclose confidential information relating to the business, operations or affairs of the Company. Although confidentiality agreements are to be signed by third parties prior to the disclosure of any confidential information, a breach of such confidentiality agreement could put the Company at competitive risk and may cause significant damage to its business. The harm to the Company's business from a breach of confidentiality cannot presently be quantified but may be material and may not be compensable in damages. There can be no assurance that, in the event of a breach of confidentiality, the Company will be able to obtain equitable remedies, such as injunctive relief from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

If the Company is Unable to Continually Innovate and Increase Efficiencies, its Ability to Attract New Customers May be Adversely Affected

In the area of innovation, the Company must be able to develop new products that appeal to its customers. This depends, in part, on the technological and creative skills of its personnel and on its ability to protect its intellectual property rights. The Company may not be successful in the development, introduction, marketing, and sourcing of new products, that satisfy customer needs, achieve market acceptance, or generate satisfactory financial returns.

Development of the Business of the Company

The development of the business of the Company and its ability to execute on its expansion opportunities described herein will depend, in part, upon the amount of additional financing available. Failure to obtain sufficient financing may result in delaying, scaling back, eliminating or indefinitely postponing expansion opportunities and the business of the Company's current or future operations. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be acceptable to the Company. In addition, there can be no assurance that future financing can be obtained without substantial dilution to existing shareholders.

Financial Projections

The financial projections contained in this Prospectus reflect management's best estimate to anticipated financial results. Actual results may differ from projected results.

Conflicts of Interest

Members of the Board of the Company may become directors of other reporting companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the Board may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Company and its Board will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the Company's Board, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases the Company will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. Conflicts, if any, will be subject to the procedures and remedies as provided under the British Columbia Business Corporations Act ("BCBCA"). The provisions of the BCBCA require a director or officer of a corporation who has a material interest in a contract or listing of the corporation, or a director or officer of a corporation who is a director or officer of or has a material interest in a person who has a material interest in a contract or listing with the corporation, to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless permitted under the BCBCA, as the case may be. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

COVID-19 Risks

The Company's business, operations, and financial condition, and the market price of the Common Shares (following the Listing), could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines, and a general reduction in consumer activity in a number of countries. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Such public health crises can result in volatility and disruptions in the supply and demand for eco-friendly fashion and footwear, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk, share prices and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak, increased labor and fuel costs, regulatory changes, political or economic instabilities or civil unrest. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations, and financial condition and the market price of the Common Shares (following the Listing).

APPENDIX C
AUDIT COMMITTEE CHARTER

(ATTACHED)

Appendix "C"

Definitions from National Instrument 52-110 Audit Committees

Section 1.4 Meaning of Independence

(1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.

(2) For the purposes of subsection (1), a "material relationship" is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgement.

(3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:

- (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
- (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
- (c) an individual who:
  - (i) is a partner of a firm that is the issuer's internal or external auditor,
  - (ii) is an employee of that firm, or
  - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
- (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
  - (i) is a partner of a firm that is the issuer's internal or external auditor,
  - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
  - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
- (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and
- (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than $75,000 in direct compensation from the issuer during any 12 month period within the last three years.

(4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because

(a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or

(b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.

(5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

(6) For the purposes of clause (3)(f), direct compensation does not include:

(a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and

(b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

(7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member

(a) has previously acted as an interim chief executive officer of the issuer, or

(b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.

(8) For the purpose of Section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

Section 1.5 Additional Independence Requirements

(1) Despite any determination made under Section 1.4, an individual who

(a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or

(b) is an affiliated entity of the issuer or any of its subsidiary entities, is considered to have a material relationship with the issuer.

(2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by

(a) an individual’s spouse, minor child or stepchild, or a child or stepchild who shares the individual’s home; or

(b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

(3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

Section 1.6 Meaning of Financial Literacy

For the purposes of this Instrument, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.

APPENDIX D
STOCK OPTION PLAN

(ATTACHED)

STOCK OPTION PLAN

Grounded People Apparel Inc.

STOCK OPTION PLAN

1. Purpose

The purpose of the stock option plan (the "**Plan**") of **GROUNDED PEOPLE APPAREL INC.**, a corporation existing under the *Business Corporations Act* (British Columbia) (the "**Company**") is to advance the interests of the Company by encouraging the directors, officers, employees and consultants of the Company, and of its subsidiaries and affiliates, if any, to acquire common shares of the Company ("**Shares**"), thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs.

2. Administration

The Plan shall be administered by the Board of Directors of the Company or by a special committee of the directors appointed from time to time by the Board of Directors of the Company pursuant to rules of procedure fixed by the Board of Directors (such committee or, if no such committee is appointed, the Board of Directors of the Company, is hereinafter referred to as the "**Board**"). A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the directors.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

Each option granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Company and by the optionee, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

3. Stock Exchange Rules

All options granted pursuant to this Plan shall be subject to the rules and policies of any stock exchange or exchanges on which the Shares are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the "**Exchange**").

4. Shares Subject to Plan

Subject to adjustment as provided in Section 16 hereof, the securities to be offered under the Plan shall consist of Shares of the Company's authorized but unissued common shares. The aggregate number of Shares issuable upon the exercise of all options granted under the Plan shall not exceed ten (10%) percent of the issued and outstanding Shares at any given time. If any option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan.

5. Maintenance of Sufficient Capital

The Company shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

6. Eligibility and Participation

Directors, officers, consultants, and employees of the Company or its subsidiaries, and employees of a person or company which provides management services to the Company or its subsidiaries ("**Management Company Employees**") shall be eligible for selection to participate in the Plan (such persons hereinafter collectively referred to as "**Participants**"). Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of Shares to be subject to each option. In the case of employees or consultants of the Company or Management Company Employees, the option agreements to which they are party must contain a representation of the Company that such employee, consultant or Management Company Employee, as the case may be, is a bona fide employee, consultant or Management Company Employee of the Company or its subsidiaries. A Participant who has been granted an option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional option or options if the Board shall so determine.

7. Withholding Taxes

The Company shall have the authority to take steps for the deduction and withholding, or for the advance payment or reimbursement by the Participant to the Company, of any taxes or other required source deductions which the Company is required by law or regulation of any governmental authority whatsoever to remit in connection with this Plan, or any issuance of Shares. Without limiting the generality of the foregoing, the Company may, in its sole discretion:

(a) deduct and withhold additional amounts from other amounts payable to a Participant;

(b) require, as a condition of the issuance of Shares to a Participant that the Participant make a cash payment to the Company equal to the amount, in the Company's opinion, required to be withheld and remitted by the Company for the account of the Participant to the appropriate governmental authority and the Company, in its discretion, may withhold the issuance or delivery of Shares until the Participant makes such payment; or

(c) sell, on behalf of the Participant, all or any portion of Shares otherwise deliverable to the Participant until the net proceeds of sale equal or exceed the amount which, in the Company's opinion, would satisfy any and all withholding taxes and other source deductions for the account of the Participant.

8. Exercise Price

(a) The exercise price of the Shares subject to each option shall be determined by the Board, subject to applicable Exchange approval, at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange.

(b) Once the exercise price has been determined by the Board, accepted by the Exchange, if necessary, and the option has been granted, the exercise price of an option may be reduced upon receipt of Board approval, subject to any requirements of the Exchange.

9. Number of Optioned Shares

(a) The aggregate number of Shares that may be issued pursuant to the exercise of Options awarded under the Plan and all other security based compensation arrangements of the Company shall not exceed ten (10%) percent of the issued and outstanding Shares at any given time, subject to the following additional limitations:

  (i) the aggregate number of options granted to any one person under the Plan within a twelve (12) month period, together with all other security based compensation arrangements of the Company, must not exceed five (5%) percent of the then outstanding number of Shares, in the aggregate (on a non-diluted basis);

  (ii) Options shall not be granted if the exercise thereof would result in the issuance of more than two (2%) percent of the issued Shares, in the aggregate, in any twelve (12) month period to any one consultant of the Company (or any of its subsidiaries); and

  (iii) Options shall not be granted if the exercise thereof would result in the issuance of more than two (2%) percent of the issued Shares, in the aggregate, in any 12 month period to persons employed to provide investor relations activities. Options granted to Consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least twelve (12) months with no more than one-quarter of the options vesting in any three (3) month period.

(b) The number of Shares subject to an option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an option which exceeds the maximum number permitted by the Exchange.

10. Duration of Option

Each option and all rights thereunder shall be expressed to expire on the date set out in the option agreement and shall be subject to earlier termination as provided in Sections 12 and 13, provided that in no circumstances shall the duration of an option exceed the maximum term permitted by the Exchange. For greater certainty, in no circumstances shall the maximum term exceed ten (10) years.

Should the expiry date of an Option fall within a Black Out Period or within nine business days following the expiration of a Black Out Period, such expiry date of the Option shall be automatically extended without any further act or formality to that date which is the tenth business day after the end of the Black Out Period, such tenth business day to be considered the expiry date for such

Option for all purposes under the Plan. The ten business day period referred to in this paragraph may not be extended by the Board.

"**Black Out Period**" means the period during which the relevant Participant is prohibited from exercising an Option due to trading restrictions imposed by the Company pursuant to any policy of the Company respecting restrictions on trading that is in effect at that time.

11. Option Period, Consideration and Payment

(a) The option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the option period shall be reduced with respect to any option as provided in Sections 12 and 13 covering cessation as a director, officer, consultant, employee or Management Company Employee of the Company or its subsidiaries, or death of the Participant.

(b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.

(c) Subject to any vesting restrictions imposed by the Board, options may be exercised in whole or in part at any time and from time to time during the option period. To the extent required by the Exchange, no options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Company.

(d) Except as set forth in Sections 12 and 13, no option may be exercised unless the Participant is at the time of such exercise a director, officer, consultant, or employee of the Company or any of its subsidiaries, or a Management Company Employee of the Company or any of its subsidiaries.

(e) Subject to Section 7, the exercise of any option will be contingent upon receipt by the Company at its head office of a written notice of exercise, specifying the number of Shares with respect to which the option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the option is exercised. No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Shares of the Company unless and until the certificates for Shares issuable pursuant to options under the Plan are issued to him or them under the terms of the Plan.

12. Ceasing To Be a Director, Officer, Consultant or Employee

If a Participant shall cease to be a director, officer, consultant, employee of the Company, or its subsidiaries, or ceases to be a Management Company Employee, for any reason (other than death), such Participant may exercise his option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days, subject to adjustment at the discretion of the Board, after the Participant ceases to be a director, officer, consultant, employee or a Management Company Employee, unless such Participant was engaged in investor relations activities, in which case such exercise must occur within 30 days after the cessation of the Participant's services to the Company.

Nothing contained in the Plan, nor in any option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, consultant, employee or Management Company Employee of the Company or of any of its subsidiaries or affiliates.

13. Death of Participant

Notwithstanding section 12, in the event of the death of a Participant, the option previously granted to him shall be exercisable only within the one (1) year after such death and then only:

(a) by the person or persons to whom the Participant's rights under the option shall pass by the Participant's will or the laws of descent and distribution; and

(b) if and to the extent that such Participant was entitled to exercise the Option at the date of his death.

14. Rights of Optionee

No person entitled to exercise any option granted under the Plan shall have any of the rights or privileges of a shareholder of the Company in respect of any Shares issuable upon exercise of such option until certificates representing such Shares shall have been issued and delivered.

15. Proceeds from Sale of Shares

The proceeds from the sale of Shares issued upon the exercise of options shall be added to the general funds of the Company and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

16. Adjustments

If the outstanding shares of the Company are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Company or another corporation or entity through a reorganization, amalgamation, arrangement, merger, re-capitalization, re-classification, stock dividend, subdivision, consolidation or similar transaction, or in case of any transfer of all or substantially all of the assets or undertaking of the Company to another entity (any of which being, a "**Reorganization**") any adjustments relating to the Shares subject to Options or issued on exercise of Options and the exercise price per Share shall be adjusted by the Board, in its sole and absolute discretion, under this Section, provided that a Participant shall be thereafter entitled to receive the amount of securities or property (including cash) to which such Participant would have been entitled to receive as a result of such Reorganization if, on the effective date thereof, he had been the holder of the number of Shares to which he was entitled upon exercise of his Option(s).

Adjustments under this Section shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Share shall be required to be issued under the Plan on any such adjustment.

17. Transferability

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or the extent, if any, permitted by the Exchange. During the lifetime of a Participant any benefits, rights and options may only be exercised by the Participant.

18. Amendment and Termination of Plan

The Board may terminate or discontinue the Plan at any time without the consent of the Participants provided that such termination or discontinuance shall not alter or impair any Option previously granted under the Plan.

The Board may by resolution amend this Plan and any Options granted under it without shareholder approval, however, the Board will not be entitled, in the absence of shareholder and Exchange approval, to:

(a) amend the persons eligible to be granted options under the plan;

(b) amend the method for determining the exercise price of options;

(c) reduce the exercise price of an Option held by an Insider of the Company;

(d) extend the expiry date of an Option held by an Insider of the Company (subject to such date being extended by virtue of paragraph 10 above);

(e) increase the maximum number of Shares issuable pursuant to this Plan; or

(f) amend the expiry, termination or amendment provisions of this Plan or applicable Options under this Article 18.

19. Necessary Approvals

The ability of a Participant to exercise options and the obligation of the Company to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Company and any regulatory authority or stock exchange having jurisdiction over the securities of the Company. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Company to issue such Shares shall terminate and any option exercise price paid to the Company will be returned to the Participant.

20. Effective Date of Plan

The Plan shall effective immediately upon adoption by the Board of the Company subject to the approval of the Exchange, if applicable.

21. Interpretation

The Plan will be governed by and construed in accordance with the laws of the Province of British Columbia.

CERTIFICATE OF THE COMPANY

Dated: September 7, 2022

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Company as required by the securities legislation of the Province of British Columbia.

s/ "Maximilian Justus"
Maximilian Justus
Chief Executive Officer and Director

s/ "Geoff Balderson"
Geoff Balderson
Chief Financial Officer and Director

ON BEHALF OF THE BOARD OF DIRECTORS

s/ "Joel Shacker"
Joel Shacker
Director

s/ "Patrick Morris"
Patrick Morris
Director

CERTIFICATE OF PROMOTER

Dated: September 7, 2022

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Company as required by the securities legislation of the Province of British Columbia.

s/ "Maximilian Justus"
Maximilian Justus
Promoter