

GROUNDPEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

GROUNDPEOPLE APPAREL INC.

(Formerly Grounded Clothing Inc.)

Condensed Interim Consolidated Financial Statements – Notice to Readers

(Unaudited - Expressed in Canadian Dollars)

Notice to Readers

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited, condensed interim consolidated financial statements of Grounded People Apparel Inc. (formerly: Grounded Clothing Inc.) have been prepared by and are the responsibility of the Company's management.

The condensed interim consolidated financial statements do not include all the information and notes required by International Financial Reporting Standards for annual financial statements and should be read in conjunction with the Company's annual financial statements and notes for the year ended February 28, 2022, which are available on SEDAR at www.sedar.com.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

GROUNDED PEOPLE APPAREL INC.

(Formerly Grounded Clothing Inc.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at August 31, 2022 and February 28, 2022

(Expressed in Canadian Dollars)

	August 31, 2022	February 28, 2022
	(Unaudited)	(Audited)
ASSETS		
Cash	\$ 73,965	\$ 21,422
Amounts receivable (Note 5)	35,188	14,657
Prepaid expense (Notes 6 and 12)	112,210	136,707
Inventory (Note 7)	270,295	103,344
	\$ 491,658	\$ 276,130
LIABILITIES		
Accounts payable and accrued liabilities	\$ 131,057	\$ 77,557
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	1,719,000	719,000
Reserves (Note 9)	351,728	414,000
Deficit	(1,710,127)	(934,427)
	360,601	198,573
	\$ 491,658	\$ 276,130

Going concern (Note 2)

Subsequent events (Note 14)

APPROVED ON BEHALF OF THE BOARD:

"Maximilian Justus"

Maximilian Justus

Director

"Geoff Balderson"

Geoff Balderson

Director

GROUNDED PEOPLE APPAREL INC.

(Formerly Grounded Clothing Inc.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the six months ended August 31, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

	Three months ended August 31,		Six months ended August 31,	
	2022	2021	2022	2021
Sales	\$ 52,784	\$ -	\$ 101,480	\$ -
Cost of goods sold (Note 7)	38,632	-	54,294	-
Gros Profit	14,152	-	47,186	-
EXPENSES				
Advertising and marketing	276,885	2,103	513,258	2,103
Consulting fees	15,291	-	32,291	-
Office and miscellaneous	104,201	18,435	157,002	34,068
Product samples	-	1,530	-	4,964
Professional fees	70,027	52,550	114,782	56,116
Selling expense	16,676	-	32,825	-
Share-based compensation	-	334,000	109,000	334,000
	(483,080)	(408,618)	(959,158)	(431,251)
Net loss and comprehensive loss for the period	\$ (468,928)	\$ (408,618)	\$ (911,972)	\$ (431,251)
Basic and diluted loss per share	\$ (0.03)	\$ (0.03)	\$ (0.05)	\$ (0.03)
Weighted average number of common shares outstanding	18,352,383	13,943,439	18,211,234	13,871,720

GROUNDING PEOPLE APPAREL INC.

(Formerly Grounded Clothing Inc.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended August 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
Issuance of special warrants	-	-	435,100	-	-	435,100
Issuance of warrants	-	-	35,000	-	-	35,000
Grant of stock options	-	-	334,000	-	-	334,000
Conversion of special warrants	216,333	64,900	(64,900)	-	-	-
Share subscriptions received	-	-	-	40,400	-	40,400
Net loss for the period	-	-	-	-	(431,251)	(431,251)
Balance, August 31, 2021	14,016,334	\$ 283,900	\$ 804,100	\$ -	\$ (491,443)	\$ 596,557
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	-	-	-	-	(911,972)	(911,972)
Balance, August 31, 2022	18,352,383	\$ 1,719,000	\$ 351,728	\$ -	\$ (1,710,127)	\$ 360,601

See accompanying notes to the condensed interim consolidated financial statements

GROUNDING PEOPLE APPAREL INC.

(Formerly Grounded Clothing Inc.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended August 31, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

	Six months ended August 31,	
	2022	2021
Operating Activities		
Net loss for the period	\$ (911,972)	\$ (431,251)
Items not involving cash:		
Share-based compensation	109,000	334,000
Changes in non-cash working capital items related to operations:		
Amounts receivable	(20,531)	(3,174)
Prepaid expense	24,497	(99,880)
Inventory	(166,951)	-
Accounts payable and accrued liabilities	18,500	69,621
Cash used in operating activities	(947,457)	(130,684)
Financing Activities		
Proceeds from private placement	1,000,000	-
Subscriptions received	-	40,400
Special warrants issued for cash	-	435,100
Warrants issued for cash	-	35,000
Cash provided by financing activities	1,000,000	510,500
Change in cash during the period	52,543	379,816
Cash, beginning of period	21,422	192,768
Cash, end of period	\$ 73,965	\$ 572,584
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

GROUNDED PEOPLE APPAREL INC.

(Formerly Grounded Clothing Inc.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended August 31, 2022

(Unaudited – Expressed in Canadian Dollars)

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. On October 5, 2022, the Company commenced trading under the trading symbol “SHOE” on the Canadian Securities Exchange (“CSE”).

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.

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 October 28, 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 August 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.

GROUNDED PEOPLE APPAREL INC.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended August 31, 2022

(Unaudited – Expressed in Canadian Dollars)

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 August 31, 2022, the Company has not achieved profitable operations, has an accumulated deficit of \$1,710,127 (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.

GROUNDPEOPLE APPAREL INC.

(Formerly Grounded Clothing Inc.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended August 31, 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

	August 31, 2022	February 28, 2022
Accounts receivable	\$ 16,017	\$ 3,716
GST receivable	19,171	10,941
	\$ 35,188	\$ 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.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended August 31, 2022

(Unaudited – Expressed in Canadian Dollars)

7. INVENTORY

Inventory is comprised of finished goods held on hand. During the six months ended August 31, 2022, the Company recognized \$37,290 (six months ended August 31, 2021 – \$Nil) of inventory as cost of goods sold. In addition, there was \$36,010 (six months ended August 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

During the six months ended August 31, 2022:

On March 10, 2022, the Company closed a non-brokered private placement of 2,857,143 units of the Company at a price of \$0.35 per unit for gross proceeds of \$1,000,000. Each unit is comprised of one common share and one common share purchase warrant with each warrant entitling the holder to purchase an additional 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, which is October 5, 2022. The Company issued 28,571 common shares for administrative services rendered in connection with the non-brokered private placement, recognized as share issuance costs.

During the year ended February 28, 2022:

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. The 1,450,335 special warrants were exercised on October 12, 2021.

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For the six months ended August 31, 2022

(Unaudited – Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)**(c) Warrants**

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

	Six months ended August 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 August 31, 2022:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding	Exercisable
October 5, 2024	2.10	\$ 0.50	2,857,143	2,857,143
	2.10		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:

	Six months ended August 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
Outstanding, end of period	1,501,000	\$ 0.31	1,700,000	\$ 0.30

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended August 31, 2022

(Unaudited – Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

(d) Stock Options (continued)

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

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding	Exercisable
June 28, 2026	3.83	\$ 0.30	888,000	888,000
December 1, 2026	4.25	\$ 0.30	200,000	200,000
May 19, 2027	4.72	\$ 0.35	413,000	413,000
	4.13		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 six months ended August 31, 2022, 413,000 (August 31, 2021 – Nil) stock options were issued with a fair value of \$109,000 (August 31, 2021 - \$Nil).

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

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

	Six months ended August 31, 2022	Six months ended August 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.

GROUNDING PEOPLE APPAREL INC.

(Formerly Grounding Clothing Inc.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(Unaudited – Expressed in Canadian Dollars)

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, policies 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 August 31, 2022, the Company had a working capital of \$360,601 (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 August 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 August 31, 2022, the Company had US \$31,585 in cash, US \$10,389 in accounts receivable and US \$16,377 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 \$8,000 change in the Company's net assets. The Company does not use any techniques to mitigate currency risk.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(Unaudited – Expressed in Canadian Dollars)

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 six months ended August 31, 2022 and six months ended August 31, 2021.

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

13. OPERATING SEGMENTS

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

During the six months ended August 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 six months ended August 31, 2022 and 2021 is as follows:

	Six months ended August 31, 2022	Six months ended August 31, 2021
United States of America	\$ 62,797	\$ -
Canada	38,536	-
Other	147	-
Total	\$ 101,480	\$ -

14. SUBSEQUENT EVENTS

On October 5, 2022, the Company commenced trading under the trading symbol "SHOE" on the CSE.