

GROUNDPEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)

MANAGEMENT'S DISCUSSION & ANALYSIS

For the nine months ended November 30, 2022

(Unaudited - Expressed in Canadian Dollars)

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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 nine months ended November 30, 2022 and the audited consolidated financial statements for the year ended February 28, 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 January 27, 2023, 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. 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.

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

GROUNDPEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the nine months ended November 30, 2022

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. 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 November 4, 2022, the Company closed a non-brokered private placement of 347,222 units of the Company at a price of \$0.72 per unit for gross proceeds of \$250,000. Each unit is comprised of one common share and one warrant with each warrant entitling the holder to purchase an additional share at a price of \$0.90 with an expiry date of November 4, 2025. The Company issued 3,472 common shares with a fair value of \$3,125 for administrative services in connection with the private placement, recognized as share issuance costs.

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 warrant with each warrant entitling the holder to purchase an additional share at a price of \$0.50 with an expiry date of October 5, 2024. The Company issued 28,571 common shares with a fair value of \$10,000 for administrative services in connection with the private placement, recognized as share issuance costs.

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.

GROUNDPEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the nine months ended November 30, 2022

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 deems relevant.

Selected Quarterly Financial Information

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

For the Period Ending	Nov 30, 2022	Aug 31, 2022	May 31, 2022	Feb 28, 2022
Revenue	\$ 53,922	\$ 52,784	\$ 48,696	\$ 17,582
Net loss	\$ 285,547	\$ 468,928	\$ 443,044	\$ 318,151
Loss per share	\$ 0.02	\$ 0.03	\$ 0.02	\$ 0.02

For the Period Ending	Nov 30, 2021	Aug 31, 2021	May 31, 2021	Feb 28, 2021
Revenue	\$ -	\$ -	\$ -	\$ -
Net loss	\$ 124,833	\$ 408,618	\$ 22,633	\$ 41,976
Loss per share	\$ 0.01	\$ 0.03	\$ 0.00	\$ 0.00

GROUNDPEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the nine months ended November 30, 2022

Results of Operations

For the nine months ended November 30, 2022:

During the nine months ended November 30, 2022, the Company reported a net loss of \$1,197,519 as compared to a net loss of \$556,084 for the comparable period ended November 30, 2021. The net loss for the nine months ended November 30, 2022 includes \$109,000 of non-cash share-based compensation.

Total expenses for the nine months amounted to \$1,293,587 as compared to \$556,084 for the comparable period ended November 30, 2021, an increase of \$737,503, 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 \$648,312 from \$64,886 as the Company has engaged third party consultants for provision of marketing, advertising, promotions, and brand development activities.
- Professional fees have increased to \$153,205 from \$73,466, which can be attributed to fees paid to third party consultants for professional services, audit fees, and legal fees.

For the three months ended November 30, 2022:

During the three months ended November 30, 2022, the Company reported a net loss of \$285,547 as compared to a net loss of \$124,833 for the comparable period ended November 30, 2021.

Total expenses for the three months amounted to \$334,429 as compared to \$124,833 for the comparable period ended November 30, 2021, an increase of \$209,596. The increase in overall expenditures can be attributed to the following:

- Advertising and marketing expenses have increased to \$135,054 from \$62,783 as the Company has engaged third party consultants for provision of marketing, advertising, promotions, and brand development activities.
- Professional fees have increased to \$38,423 from \$17,350, which can be attributed to fees paid to third party consultants for professional services, audit fees, and legal fees.

Liquidity and Capital Resources

The Company's cash position as at November 30, 2022 was \$18,920 (February 28, 2022 - \$21,422) with a working capital of \$325,054 (February 28, 2022 - \$198,573). Total assets as at November 30, 2022 was \$489,319 (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.

GROUNDING PEOPLE APPAREL INC.
(Formerly Grounding Clothing Inc.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the nine months ended November 30, 2022

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 November 30, 2022, the Company has not achieved profitable operations, has an accumulated deficit of \$1,985,014 (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 ongoing 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.

GROUNDPEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the nine months ended November 30, 2022

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 nine months ended November 30, 2022.

As at November 30, 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.

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 November 30, 2022, the Company had a working capital of \$325,054 (February 28, 2022 - \$198,573).

GROUNDPEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the nine months ended November 30, 2022

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 November 30, 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 November 30, 2022, the Company had US \$5,440 in cash, US \$7,442 in accounts receivable and US \$21,025 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 \$4,600 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 January 13, 2023, the Company closed a non-brokered private placement of 4,464,286 units of the Company at a price of \$0.56 per unit for gross proceeds of \$2,500,000. Each unit is comprised of one common share and one warrant with each warrant entitling the holder to purchase an additional share at a price of \$0.70 with an expiry date of January 13, 2025. The Company issued 44,643 common shares with a fair value of \$26,786 for administrative services in connection with the private placement, recognized as share issuance costs.

Outstanding Share Data

The Company had the following securities issued and outstanding:

	November 30, 2022	January 27, 2023
Common shares	18,703,077	23,212,006
Stock options	1,501,000	1,501,000
Warrants	3,204,365	7,668,651
Common shares – fully diluted	23,408,442	32,381,657

Board Approval

The Board of Directors of the Company approved this MD&A on January 27, 2023.

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.

GROUNDPEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the nine months ended November 30, 2022

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.

GROUNDING PEOPLE APPAREL INC.
(Formerly Grounding Clothing Inc.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the nine months ended November 30, 2022

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.

GROUNDING PEOPLE APPAREL INC.
(Formerly Grounded Clothing Inc.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the nine months ended November 30, 2022

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).