

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

Grounded People Apparel Inc.
800-1199 West Hastings Street
Vancouver, BC V6E 3T5

Item 2 Date of Material Change

December 27, 2023

Item 3 News Release

A news release was disseminated on December 27, 2023, through the facilities of Stockwatch and subsequently filed on SEDAR+.

Item 4 Summary of Material Change

On December 27, 2023, the Company announced it closed the first tranche (the "First Tranche") of its non-brokered private placement (the "Private Placement") through the issuance of 1,320,000 units (the "Units") at a price of \$0.38 per Unit for gross proceeds of \$501,600. Each Unit consists of one (1) share (each, a "Share") and one (1) transferable Share purchase warrant (each, a "Warrant"). Each Warrant entitles the holder thereof to purchase one (1) additional Share of the Company until December 27, 2028, at a price of \$0.50 per Warrant Share. The Company may close further tranches on or before January 26, 2024, to raise gross proceeds of up to \$1,000,000.

The net proceeds from the Private Placement will be used to support its existing operations, projects and for general working capital purposes.

In connection to the First Tranche closing, the Company has issued 26,400 Shares ("Administrative Shares") of the Company to Amalfi Corporate Services Ltd. ("Amalfi"), in consideration for administrative services rendered in connection with the Private Placement. Amalfi is a private company controlled by Geoff Balderson. Mr. Balderson serves as CFO, and a director of the Company.

No other finders' fees or commissions were paid in connection with completion of the First Tranche.

Item 5 Full Description of Material Change

See attached news release for full description of Material Change.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

This Report is not being filed on a confidential basis in reliance on subsection 7.1(2) or (3) of National Instrument 51-102.

Item 7 Omitted Information

No information has been omitted on the basis that it is confidential information.

Item 8**Executive Officer**

Maximilian Justus, CEO is knowledgeable about the material change and the Report and may be contacted at 236-521-0626.

Item 9**Date of Report**

December 27, 2023.



CSE: **SHOE**
W: groundedpeople.com
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T: 1-844-673-6753

Grounded People Apparel Closes First Tranche of Non-Brokered Private Placement

VANCOUVER, British Columbia, Canada – December 27, 2023 - **Grounded People Apparel Inc.** (“**Grounded**” or the “**Company**”) (CSE: **SHOE**), an ethical shoe apparel company based in Vancouver, British Columbia, Canada, dedicated to reducing the harmful impact of the global fashion industry on the environment, is pleased to announce closing of the first tranche (the “First Tranche”) of its non-brokered private placement (the “Private Placement”) through the issuance of 1,320,000 units (the “Units”) at a price of \$0.38 per Unit for gross proceeds of \$501,600. Each Unit consists of one (1) share (each, a “Share”) and one (1) transferable Share purchase warrant (each, a “Warrant”). Each Warrant entitles the holder thereof to purchase one (1) additional Share of the Company until December 27, 2028, at a price of \$0.50 per Warrant Share. The Company may close further tranches on or before January 26, 2024, to raise gross proceeds of up to \$1,000,000.

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Amalfi is a private company controlled by Geoff Balderson, CFO and a director of the Company, and an issuance of Administrative Shares to Amalfi is considered to be a “related party transaction” as defined under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”). The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, as the fair market value of the issuance of the Administrative Shares issued to Amalfi will not exceed twenty-five percent (25%) of the market capitalization of the Company, as determined in accordance with MI 61-101.

Pursuant to applicable securities laws, all securities issued under the First Tranche are subject to a statutory hold period until April 28, 2024.

The securities to be issued pursuant to the Private Placement have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons in the absence of U.S. registration or an applicable exemption from the U.S. registration requirements. This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in the United States or in any other jurisdiction in which such offer, solicitation or sale would be unlawful.



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ABOUT GROUNDED PEOPLE APPAREL

Grounded People Apparel Inc. is a Vancouver, British Columbia, Canada based innovative apparel company focused on delivering high quality products to its customers that are 100% PeTA – APPROVED vegan. The Company is primarily engaged in the business of fair trade, sustainable and earth-conscious fashion. The Company’s initial products, which launched in the fourth quarter of 2021, are its high-top and low-cut canvas sneakers, which are made from sustainable, ethically-sourced and produced materials, and are manufactured by fair-trade workers, in a 100% vegan manufacturing facility which is located in Brazil.

In addition to its commitment to a fashion industry that reduces waste and environmental impacts, the Company aims to create a meaningful positive impact on the world through its L.A.C.E.S. campaign. The L.A.C.E.S. campaign provides consumers an option to select a specific set of shoelaces to accompany their footwear purchase the colour of which is associated with one of the charities the Company has committed to support, whereby all profits from the sale of shoelaces will be donated correspondingly.

ON BEHALF OF THE BOARD OF DIRECTORS

“Maximilian Justus”

Maximilian Justus
Chief Executive Officer

For further information, please contact:
Email: investors@groundedpeople.com
Telephone: 1-844-673-6753

The CSE has neither approved nor disapproved the contents of this news release. Neither the CSE nor its Market Regulator (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.

CAUTIONARY DISCLAIMER STATEMENT

This news release includes certain “forward-looking statements” under applicable Canadian securities legislation, including the anticipated use of the proceeds of the Financing and the social and financial objectives of the Company. Forward-looking statements are necessarily based upon several estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward looking statements. Such factors include, but are not limited to general business, economic, competitive, political, and social uncertainties, and uncertain capital markets. Readers are cautioned that 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



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Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.