



IMPERIAL GINSENG PRODUCTS LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)

Three Months Ended September 30, 2022 and 2021

Unaudited Interim Financial Statements

In accordance with National Instrument 51-102, Part 4, subsection 4.3 (3)(a), the Company discloses that its auditors have not performed a review of these interim consolidated financial statements. The accompanying unaudited interim consolidated financial statements have been prepared by and are the responsibility of the Company's management.

Imperial Ginseng Products Ltd.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	Note	September 30 2022	(Audited) June 30 2022
ASSETS			
Current			
Cash and cash equivalents		\$ 10,824,799	\$ 10,613,287
Receivables and prepaids		116,229	55,581
Inventories	5	53,439	1,202,673
Biological assets	6	1,066,000	813,000
Total current assets		12,060,467	12,684,541
Property and equipment	7	3,079,195	3,336,034
Investment		10	10
Deferred tax assets		367,000	304,000
Right-of-use assets	8 (a)	-	14,049
Total Assets		\$ 15,506,672	\$ 16,338,634
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$ 538,240	\$ 656,421
Post-employment benefit obligation	9	689,767	555,148
Income tax payable		-	177,200
Lease liabilities	8 (b)	-	14,902
Total current liabilities		1,228,007	1,403,671
Post-employment benefit obligation	9	691,377	595,671
Total liabilities		1,919,384	1,999,342
SHAREHOLDERS' EQUITY			
Share capital	10	34,939,323	34,821,963
Contributed surplus		1,344,158	1,393,710
Deficit		(22,696,193)	(21,876,381)
Total shareholders' equity		13,587,288	14,339,292
Total Liabilities and Shareholders' Equity		\$ 15,506,672	\$ 16,338,634

Event after the reporting period (Note 17)

On Behalf of the Board

(signed) "Stephen McCoach"
Director

(signed) "Maurice Levesque"
Director

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Imperial Ginseng Products Ltd.
Consolidated Statements of Comprehensive Income (Loss)
(Expressed in Canadian Dollars)

For the three months ended September 30,	Note	2022	2021
Revenues		\$ 1,037,119	\$ 903,053
Cost of sales		1,131,356	834,702
Gross profit		(94,237)	68,351
Administrative expenses	11	(438,030)	(352,855)
Decrease in fair value of biological assets	6	(362,645)	(524,160)
Loss from operations before other items		(894,912)	(808,664)
Other items			
Finance income		55,933	2,898
Finance costs	8 & 9	(10,881)	(11,001)
Other income	4 (a)	19,200	15,800
Other expenses		(172,961)	(15,189)
Gain on disposition of property and equipment		120,809	26,260
Government program payments		-	2,744,138
Income (loss) before income taxes		(882,812)	1,954,242
Income tax recovery (expense)		63,000	(345,000)
Total comprehensive income (loss) for the period		\$ (819,812)	\$ 1,609,242
Earnings (loss) per share	12		
Basic		\$ (0.11)	\$ 0.22
Diluted		(0.11)	0.21

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Imperial Ginseng Products Ltd.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total shareholders' equity
Opening balance, July 1, 2021	\$ 34,821,963	\$ 1,393,710	\$ (66,767)	\$ (24,136,362)	\$ 12,012,544
Net income for the period	-	-	-	1,609,242	1,609,242
Balance, September 30, 2021	34,821,963	1,393,710	(66,767)	(22,527,120)	13,621,786
Changes from October 1, 2021 to June 30, 2022:					
Net income	-	-	-	708,317	708,317
Change in fair value of investment	-	-	9,189	-	9,189
Cumulative loss on equity investment transferred to deficit upon derecognition	-	-	57,578	(57,578)	-
Balance, June 30, 2022	34,821,963	1,393,710	-	(21,876,381)	14,339,292
Net loss for the period	-	-	-	(819,812)	(819,812)
Proceeds from stock options exercised	67,808	-	-	-	67,808
Cost of stock options exercised	49,552	(49,552)	-	-	-
Balance, September 30, 2022	\$ 34,939,323	\$ 1,344,158	\$ -	\$ (22,696,193)	\$ 13,587,288

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Imperial Ginseng Products Ltd.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the three months ended September 30,	2022	2021
Cash provided by (used in) operating activities:		
Net income (loss)	\$ (819,812)	\$ 1,609,242
Adjustments for items not involving cash:		
Depreciation	49,899	40,775
Decrease in fair value of biological assets	362,645	524,160
Finance income	(55,933)	(2,898)
Finance costs	10,881	11,001
Gain on disposition of property and equipment	(120,809)	(26,260)
Deferred taxes	(63,000)	345,000
Changes in non-cash working capital items:		
Crop costs, net of depreciation	7 (360,786)	(897,642)
Receivables and prepaids	(8,747)	(22,231)
Inventories	1,115,363	834,516
Accounts payable and accrued liabilities	(118,181)	(22,632)
Income tax payable	(177,200)	-
Post-employment benefit obligation	219,488	73,105
Net cash provided by operating activities	33,808	2,466,136
Cash provided by (used in) investing activities:		
Proceeds from disposition of property and equipment	120,809	64,654
Acquisitions of property and equipment	-	(11,212)
Net cash provided by investing activities	120,809	53,442
Cash provided by (used in) financing activities:		
Finance income received	4,034	2,898
Proceeds from stock options exercised	67,808	-
Principal payments of lease liabilities	(14,902)	(14,063)
Interest paid on lease liabilities	(45)	(614)
Net cash provided by (used in) financing activities	56,895	(11,779)
Increase in cash and cash equivalents	211,512	2,507,799
Cash and cash equivalents, beginning of the period	10,613,287	4,218,707
Cash and cash equivalents, end of the period	\$ 10,824,799	\$ 6,726,506
Supplemental disclosure of cash flow information:		
Income taxes paid	\$ 177,200	\$ -

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Imperial Ginseng Products Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the Three Months Ended September 30, 2022 and 2021 (Expressed in Canadian Dollars)

1. Nature of operations and going concern

Imperial Ginseng Products Ltd. (the “Company”) was incorporated under the laws of the province of British Columbia in 1989. The Company’s core business is cultivating and processing ginseng in the province of Ontario and selling the dried ginseng to wholesalers in China. The Company’s common shares (“Common Shares”) are listed on the TSX Venture Exchange (“TSXV”) under the stock symbol “IGP”.

The Company’s registered address and records office are located at 1200 – 200 Burrard Street, Vancouver, British Columbia V7X 1T2. The head office and principal address of the Company is Suite 732, 1055 Dunsmuir Street, Vancouver, British Columbia, Canada V7X 1L2.

As disclosed in the Company’s consolidated financial statements for the previous two years, the Company will cease its ginseng operations after the final harvest in the fall of 2022. It is expected that the wind up process will complete by June 30, 2023. At September 30, 2022, the Company had working capital of \$10.83 million, a majority of which was cash on hand. The Company believes that with its current cash position, it will meet all its liabilities and contractual obligations when they fall due.

These financial statements have been prepared on the assumption that the Company is a going concern. These consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, and the reported revenues and expenses, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations and that such adjustments could be material.

2. Basis of preparation

(a) Statement of compliance

These condensed interim consolidated financial statements, including the account of its wholly owned subsidiary, Canadian Imperial Ginseng Ontario Ltd. (“CIGO”), were prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards (IFRS) and IFRS interpretations issued by the International Accounting Standards Board (IASB).

These condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of application as those used in the most recently prepared audited annual consolidated financial statements, and those in effect for the year ended June 30, 2023. These condensed interim consolidated financial statements do not contain all the disclosures required by IFRS for annual financial statements. Accordingly, these financial statements should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended June 30, 2022.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 23, 2022.

(b) Basis of consolidation, presentation and measurement

These condensed interim consolidated financial statements include the accounts of the Company’s subsidiaries over which it has control, where control is defined as the power to govern the financial and operating policies. Control is achieved when the Company has power over its subsidiaries, has exposure or rights to variable returns from the subsidiaries and has the ability to use its power to affect the amount of the returns. The Company has two wholly owned subsidiaries, Canadian Imperial Ginseng Ontario Ltd. (“CIGO”) and Knightswood Holdings Ltd. (“Knightswood”). These consolidated financial statements do not include the accounts of Knightswood as the Company does not have control based on the definition of control under IFRS 10.

Imperial Ginseng Products Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the Three Months Ended September 30, 2022 and 2021 (Expressed in Canadian Dollars)

2. Basis of preparation (continued)

(b) Basis of consolidation, presentation and measurement (continued)

These condensed interim consolidated financial statements have been prepared on a historical cost basis with the exception of biological assets and investment which are measured at fair value.

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

3. Critical accounting estimates and judgments

The preparation of these condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are based on past experience and factors considered reasonable under the circumstances. Though these estimates and assumptions are reviewed on an ongoing basis, due to their uncertainty, material adjustments could be required in future periods. In preparing these condensed interim consolidated financial statements, the Company applied the same critical accounting estimates and judgments disclosed in the Company's audited consolidated financial statements for the year ended June 30, 2022.

4. Related party balances and transactions

Transactions with related parties are recorded at the amount agreed to by the related parties.

(a) Knightswood Holdings Ltd. and Business Management Agreement

The Company has a business management agreement with Elcyc Holdings Ltd. and Canterra Capital Corp. (collectively the "Operator") for the management of Knightswood Holdings Ltd., a wholly owned subsidiary of the Company (the "Knightswood Agreement"). Each Operator is owned and controlled by a director of the Company. The Knightswood Agreement has a term of five years expiring January 6, 2025 but may be terminated earlier either by mutual agreement or providing a 60-day written notice to the other party. Upon termination, the Company will transfer all the shares of Knightswood to the Operator for \$10.

Under the Knightswood Agreement, the Operator is solely responsible for managing the business operations and financial affairs, making decisions and setting out policies of Knightswood. In return, the Operator is entitled to all the cash surplus in Knightswood after paying a fixed annual fee of \$50,000 to the Company for holding the shares of Knightswood (the "Fixed Fee"). The Fixed Fee is due in four equal instalments at the end of each calendar quarter and paid by Knightswood directly to the Company. For the three months ended September 30, 2022, the Company reported \$12,500 in other income (September 30, 2021 - \$12,500). No amounts were outstanding from Knightswood at September 30, 2022 and June 30, 2022.

(b) Key management personnel compensation

The Company's key management personnel include members of the Board, executive officers and the president of CIGO. Short-term benefits consist of salaries, bonuses and medical benefits. Post-employment benefits are pre-determined lump-sum amounts payable at the end of the retention period (Note 9). The Company does not provide any other long-term employee benefits. No stock options were granted during the three-month periods ended September 30, 2022 and 2021. The table below summarizes the composition of key management personnel compensation for the three-month periods ended September 30, 2022 and 2021:

Imperial Ginseng Products Ltd.

Notes to Condensed Interim Consolidated Financial Statements
For the Three Months Ended September 30, 2022 and 2021
(Expressed in Canadian Dollars)

4. Related party balances and transactions (continued)

(b) Key management personnel compensation (continued)

For the three months ended September 30,	2022	2021
Short-term benefits	\$ 160,945	\$ 246,266
Post-employment benefits	150,174	59,777
	\$ 311,119	\$ 306,043

5. Inventories

At September 30, 2022, the Company's inventories consisted solely of chemicals of \$53,439 (June 30, 2022 – dried ginseng of \$1,131,356 and chemicals of \$71,317).

6. Biological assets

At September 30, 2022, the Company's biological assets consisted solely of mature ginseng crops, which are measured at their estimated fair value less expected costs to harvest and sell. Changes to the fair value of biological assets are summarized as follows:

As at	September 30 2022	(Audited) June 30 2022
Balance, beginning of the period	\$ 813,000	\$ 1,856,000
Crop expenses	615,645	2,889,370
Change in fair value	(362,645)	(882,370)
Fair value of harvested crops transferred to inventories	-	(3,050,000)
Balance, being all current, end of the period	\$ 1,066,000	\$ 813,000

Crop expenses include all costs associated with maintaining and harvesting the ginseng crops. Crop expenses are accumulated in biological assets until the crops are harvested. The components of crop expenses for the three-month periods ended September 30, 2022 and 2021 are as follows:

For the three months ended September 30,	2022	2021
Direct labour	\$ 165,943	\$ 539,593
Fertilizers and pesticides	53,126	183,762
Fuel and utilities	41,933	39,574
Operating and maintenance	99,784	134,713
Crop costs before depreciation	360,786	897,642
Depreciation – property and equipment	254,859	155,721
Depreciation – right-of-use assets	-	28,797
	\$ 615,645	\$ 1,082,160

Imperial Ginseng Products Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the Three Months Ended September 30, 2022 and 2021

(Expressed in Canadian Dollars)

7. Property and equipment

	Land	Buildings	Farming equipment	Office and laboratory equipment	Processing equipment	Shadehousing and irrigation	Total
Cost							
Balance, June 30, 2021	\$ 1,000,496	\$ 1,763,385	\$ 2,573,822	\$ 62,627	\$ 878,063	\$ 4,379,004	\$ 10,657,397
Acquired	-	-	-	12,688	-	-	12,688
Disposal	-	-	(86,943)	-	(2,200)	(624,222)	(713,365)
Balance, June 30, 2022	1,000,496	1,763,385	2,486,879	75,315	875,863	3,754,782	9,956,720
Acquired	-	-	-	-	-	-	-
Disposal	-	-	(30,398)	(25,787)	-	(110,499)	(166,684)
Balance, September 30, 2022	\$ 1,000,496	\$ 1,763,385	\$ 2,456,481	\$ 49,528	\$ 875,863	\$ 3,644,283	\$ 9,790,036
Accumulated depreciation							
Balance, June 30, 2021	\$ -	\$ 542,943	1,983,558	58,308	696,479	2,908,843	6,190,131
Depreciation	-	31,077	103,355	8,668	99,378	779,602	1,022,080
Disposal	-	-	(79,785)	-	(2,144)	(509,596)	(591,525)
Balance, June 30, 2022	-	574,020	\$ 2,007,128	\$ 66,976	\$ 793,713	\$ 3,178,849	\$ 6,620,686
Depreciation	-	12,948	25,443	2,190	-	216,258	256,839
Disposal	-	-	(30,398)	(25,787)	-	(110,499)	(166,684)
Balance, September 30, 2022	\$ -	\$ 586,968	\$ 2,002,173	\$ 43,379	\$ 793,713	\$ 3,284,608	\$ 6,710,841
Carrying amounts							
At June 30, 2022	\$ 1,000,496	\$ 1,189,365	\$ 479,751	\$ 8,339	\$ 82,150	\$ 575,933	\$ 3,336,034
At September 30, 2022	1,000,496	1,176,417	454,308	6,149	82,150	359,675	3,079,195

Imperial Ginseng Products Ltd.

Notes to Condensed Interim Consolidated Financial Statements
For the Three Months Ended September 30, 2022 and 2021
(Expressed in Canadian Dollars)

8. Leases

(a) Right-of-use assets

As at	September 30 2022	(Audited) June 30 2022
Balance, beginning of the period	\$ 14,049	\$ 127,844
Depreciation recognized in administrative expenses	(14,049)	(56,196)
Depreciation recognized in crop expenses	-	(57,599)
Balance, end of the period	\$ -	\$ 14,049

(b) Lease liabilities

As at	September 30 2022	(Audited) June 30 2022
Balance, beginning of the period	\$ 14,902	\$ 72,833
Interest accretion	45	1,588
Lease payments made	(14,947)	(59,519)
Balance, end of the period	\$ -	\$ 14,902

9. Post-employment benefits

In 2021, the Company entered into a retention agreement with certain key employees. Under the retention agreement, each employee will receive a pre-determined lump-sum amount (the "Retention Payment") at the end of the retention period. The Retention Payment is a fixed amount irrespective of the duration of the retention period and will not be paid on a pro-rated basis if the employee resigns during the retention period. The Retention Payment, which is approximately \$2.2 million in total (Note 14), is discounted at 2% and amortized over the expected retention period. Present value of the Retention Payment is reported as a post-employment benefit obligation in the consolidated statements of financial position, with the corresponding expenses in administrative expenses and finance cost in the consolidated statements of profit or loss. The table below summarizes the present value of the Company's post-employment benefit obligation as at September 30, 2022 and June 30, 2022:

As at	September 30 2022	(Audited) June 30 2022
Balance, beginning of the period	\$ 1,150,819	\$ 357,697
Additions in the period:		
Benefits (Note 11)	219,489	750,501
Interest	10,836	42,621
Balance, end of the period	\$ 1,381,144	\$ 1,150,819
Consist of:		
Current portion	\$ 689,767	\$ 555,148
Non-current portion	691,377	595,671

Imperial Ginseng Products Ltd.

Notes to Condensed Interim Consolidated Financial Statements
For the Three Months Ended September 30, 2022 and 2021
(Expressed in Canadian Dollars)

10. Share capital

(a) Authorized

- Unlimited number of common shares without par value
- Unlimited number of convertible preference shares without par value

(b) Issued and outstanding

	Number of Common Shares	Amount
Balance, June 30, 2021 and 2022	7,391,747	\$ 34,821,963
Common Shares issued upon exercise of stock options (c)	260,800	117,360
Balance, September 30, 2022	7,652,547	\$ 34,939,323

(c) Stock options

The Company has an amended and restated stock option plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire up to 720,000 Common Shares. During the three-month period ended September 30, 2022, all the outstanding stock options were exercised and 260,800 Common Shares were issued (September 30, 2021 – nil). No options were granted, forfeited or cancelled during the three-month periods ended September 30, 2022 and 2021. There were no outstanding stock options at September 30, 2022.

11. Administrative expenses

For the three months ended September 30,	2022	2021
Depreciation	\$ 16,029	\$ 15,966
Insurance	16,988	14,643
Office	16,298	7,554
Professional fees	19,068	19,202
Salaries ⁽¹⁾	369,647	295,490
	\$ 438,030	\$ 352,855

⁽¹⁾ Included in salaries for the three-month period ended September 30, 2022 was post-employment benefits of \$219,489 (2021 - \$62,718).

Imperial Ginseng Products Ltd.

Notes to Condensed Interim Consolidated Financial Statements
For the Three Months Ended September 30, 2022 and 2021
(Expressed in Canadian Dollars)

12. Basic and diluted earnings (loss) per share

For the three months ended September 30,	2022	2021
Net income (loss)	\$ (819,812)	\$ 1,609,242
Weighted average number of shares outstanding	7,453,404	7,391,747
Earnings (loss) per share, basic	\$ (0.11)	\$ 0.22
Weighted average number of shares outstanding	7,453,404	7,391,747
Effect of Common Share equivalents	-	138,088
	7,453,404	7,529,835
Earnings (loss) per share, diluted	\$ (0.11)	\$ 0.21

Included in the calculation of diluted earnings per share for the three-month period ended September 30, 2021 was 260,800 outstanding stock options as their weighted average exercise price was below the average share price in the reporting period.

13. Financial instruments

Financial instruments measured at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices in active markets for identical assets and liabilities;
- Level 2 - Inputs other than quoted prices from observable market transactions either directly or indirectly; and
- Level 3 - Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

The Company classifies and measures its cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities at amortized cost and their fair values approximate their carrying amounts due to their immediate or short-term nature.

14. Financial risk management

Credit risk

The Company's primary credit risk is its trade receivables. The carrying amount of trade receivables represents the Company's maximum exposure to credit risk. At September 30, 2022 and 2021, the Company did not have any trade receivables. Other receivables consist of input tax credit and interest on guaranteed investments, which credit risks are minimal.

The Company may also have credit risk relating to cash and cash equivalents, which it manages by dealing with Canadian chartered banks. To minimize its exposure to credit risk, the Company places all its cash and cash equivalents in accounts which can be drawn on demand. The Company's cash and cash equivalents carrying value as at September 30, 2022 totaled \$10,824,799, representing the maximum exposure to credit risk of these financial assets.

Currency risk

The Company's exposure to currency risk is minimal as the agreement with the Distributor provides that the Distributor will buy all the Company's harvest in a given year in Canadian dollars.

Imperial Ginseng Products Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the Three Months Ended September 30, 2022 and 2021

(Expressed in Canadian Dollars)

14. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its financial obligations when they come due. At September 30, 2022, the Company had a working capital surplus of approximately \$10.83 million, a majority of which was cash on hand. The Company believes that its exposure to liquidity risk is minimal.

The Company's contractual obligations include accounts payable and accrued liabilities and post-employment benefit obligation. The following table is a summary of contractual obligations and payments related to financial liabilities due as at September 30, 2022 and June 30, 2022. The amounts disclosed are contractual undiscounted cash flows.

As at	September 30 2022	(Audited) June 30 2022
Due within the next 12 months:		
Payables and accrued liabilities	\$ 538,240	\$ 501,421
Post-employment benefit obligation	894,000	870,000
	1,432,240	1,371,421
Due in more than 1 year but less than 2 years:		
Payables and accrued liabilities	-	155,000
Post-employment benefit obligation	1,324,200	1,348,200
	1,324,200	1,503,200
	\$ 2,756,440	\$ 2,874,621

15. Capital management

As the Company will be winding up its ginseng operations and liquidating the assets after the final harvest, its main objective in managing its capital is to safeguard its ability to continue operations until the final harvest and the sale of all ginseng is complete. There have been no changes in the Company's approach to capital management since the year ended June 30, 2022. At September 30, 2022, the Company's capital consisted solely of shareholders' equity of approximately \$13.59 million.

16. Segmented reporting

The Company operates principally in one single industry segment, being cultivating and selling ginseng. All the assets of the Company are located in Canada. The Company has an agreement with a distributor (the "Distributor") under which the Distributor buys all the Company's ginseng harvested in a given year at agreed market prices in return for an exclusive right to distribute the Company's ginseng in Asia and North America. As all the ginseng of the Company is sold to the Distributor who has an exclusive right to distribute the Company's ginseng, the end-buyers of the ginseng are not made known to the Company.

17. Event after the reporting period

In October 2022, the Company accepted an offer on the sale of its property in Milldale, Ontario (the principal operating site for the Company) for \$2.60 million. The transaction is expected to complete in April 2023.