



IMPERIAL GINSENG PRODUCTS LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)

Three Months Ended September 30, 2023 and 2022

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 June 30	Note	September 30 2023	(Audited) June 30 2023
ASSETS			
Current			
Cash and cash equivalents		\$ 17,856,191	\$ 16,641,401
Receivables		241,553	550,936
Income tax recoverable		18,426	-
Total current assets before assets held for sale		18,116,170	17,192,337
Non-current assets classified as held for sale		-	1,283,718
Total current assets		18,116,170	18,476,055
Investment	5	10	10
Total Assets		\$ 18,116,180	\$ 18,476,065
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$ 89,328	\$ 644,156
Income tax payable		-	129,037
Post-employment benefit obligation	6	462,500	367,161
Total liabilities		551,828	1,140,354
SHAREHOLDERS' EQUITY			
Share capital	7	34,939,323	34,939,323
Contributed surplus		1,344,158	1,344,158
Deficit		(18,719,129)	(18,947,770)
Total shareholders' equity		17,564,352	17,335,711
Total Liabilities and Shareholders' Equity		\$ 18,116,180	\$ 18,476,065

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 Loss
(Expressed in Canadian Dollars)

For the three months ended September 30,	Note	2023	2022
Revenues		\$ -	\$ 1,037,119
Cost of sales		-	1,131,356
Gross loss		-	(94,237)
Administrative expenses	8	(402,625)	(438,030)
Decrease in fair value of biological assets		-	(362,645)
Loss from operations before other items		(402,625)	(894,912)
Other items			
Finance income		211,760	55,933
Finance costs		(5,360)	(10,881)
Other income	4 (a)	12,500	19,200
Gain on disposition of held for sale assets / property and equipment		140,274	120,809
Windup expenses		-	(172,961)
Loss before income taxes		(43,451)	(882,812)
Income tax expense		72,537	63,000
Net loss and total comprehensive loss for the period		\$ (115,988)	\$ (819,812)
Weighted average number of shares outstanding		7,652,547	7,453,404
Loss per share, basic and diluted		\$ (0.02)	\$ (0.11)

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	Deficit	Total shareholders' equity
Opening balance, July 1, 2022	\$ 34,821,963	\$ 1,393,710	\$ (21,876,381)	\$ 14,339,292
Net loss for the period ending September 30, 2022	-	-	(819,813)	(819,813)
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	(22,696,194)	13,587,287
Changes from October 1, 2022 to June 30, 2023				
Net income	-	-	3,737,029	3,737,029
Prior year adjustment	-	-	11,395	11,395
Balance, June 30, 2023	34,939,323	1,344,158	(18,947,770)	17,335,711
Net loss for the period ending September 30, 2023	-	-	(115,988)	(115,988)
Adjustment for cost of assets distributed from subsidiary at cost	-	-	344,629	344,629
Balance, September 30, 2023	\$ 34,939,323	\$ 1,344,158	\$ (18,719,129)	\$ 17,564,352

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	2023	2022
Cash provided by (used in) operating activities:		
Net loss	\$ (115,988)	\$ (819,813)
Adjustments for items not involving cash:		
Depreciation	-	49,899
Decrease in fair value of biological assets	-	362,645
Finance income	(211,760)	(55,933)
Finance costs	5,360	10,881
Gain on disposition of assets held for sale / property and equipment	(140,274)	(120,809)
Deferred taxes	-	(63,000)
Changes in non-cash working capital items:		
Crop costs, net of depreciation	-	(360,786)
Receivables	312,626	(8,748)
Inventories	-	1,115,363
Accounts payable and accrued liabilities	(554,829)	(118,181)
Income tax payable	(147,463)	(177,200)
Post-employment benefit obligation	89,979	219,488
Net cash provided by (used in) operating activities	(762,349)	33,808
Cash provided by investing activities:		
Proceeds from disposition of held for sale assets / property and equipment	1,768,620	120,809
Cash provided by (used in) financing activities:		
Finance income received	208,518	4,034
Principal payments of lease liabilities	-	(14,902)
Interest paid on lease liabilities	-	(45)
Proceeds from stock options exercised	-	67,808
Net cash provided by financing activities	208,518	56,895
Increase in cash and cash equivalents	1,214,789	211,512
Cash and cash equivalents, beginning of the period	16,641,402	10,613,287
Cash and cash equivalents, end of the period	\$ 17,856,191	\$ 10,824,799
Supplemental disclosure of cash flow information:		
Income taxes paid	\$ 220,000	\$ 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 Financial Statements
For the Three Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

1. Nature of operations, future plan 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 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 702, 1030 West Georgia Street, Vancouver, British Columbia, Canada V6E 2Y3.

Until the year ended June 30, 2023, the Company’s principal business was cultivating and processing North American ginseng in Ontario and selling the dried ginseng to wholesalers in China. As disclosed in the audited annual financial statements for the prior year, after the Company completed the final harvest in the fall of 2022, it proceeded with the wind up of its farm operation, which was approved by shareholders at a special meeting held on August 15, 2023. As at September 30, 2023, the Company has liquidated all its non-cash assets. The Company is currently seeking the TSXV’s approval of a cash distribution to shareholders.

With the completion of winding up the farm operation, the directors of the Company have decided that rather than dissolving the Company, they will preserve the value of the Company as a publicly traded corporation by maintaining it until a viable business alternative is identified. The Board is currently in the process of considering alternative business propositions and opportunities in hopes of securing new business lines, a potential reverse takeover or acquisition candidates looking for a publicly listed company. Accordingly, these financial statements have been prepared on the assumption that the Company is a going concern as the Company will continue to operate for at least 12 months after the reporting period. The comparative financial statements were prepared on a basis other than that of a going concern and were not restated.

2. Basis of preparation

(a) Statement of compliance

These condensed interim financial statements 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 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 financial statements of the Company for the years ended June 30, 2023 and 2022.

These interim financial statements were approved and authorized for issuance by the Board of Directors on November 24, 2023.

(b) Basis of consolidation, presentation and measurement

The Company has one wholly owned subsidiary, Knightswood Holdings Ltd. (“Knightswood”). These interim financial statements do not include the accounts of Knightswood as the Company does not have control over Knightswood based on the definition of control under IFRS 10 (Note 4).

These interim financial statements have been prepared on a historical cost basis except for investment which is measured at fair value. These interim financial statements are presented in Canadian dollars, which is the functional currency of the Company.

Imperial Ginseng Products Ltd.
Notes to Condensed Interim Financial Statements
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3. Critical accounting estimates and judgments

The preparation of these interim 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 financial statements, the Company applied the same critical accounting estimates and judgments disclosed in the Company's audited financial statements for the year ended June 30, 2023.

4. Related party balances and transactions

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

(a) Business Management Agreement for Knightswood

The Company has an agreement with Elcyc Holdings Ltd. and Canterra Capital Corp. (collectively the "Operator") for the sole management of Knightswood (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, 2023, the Company reported \$12,500 in other income (2022 - \$12,500). No amounts were outstanding from Knightswood at September 30, 2023 and June 30, 2023.

(b) Key management personnel compensation

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company. Key management personnel include members of the Board, executive officers and the president of its former subsidiary until June 30, 2023. Short-term benefits for key management personnel compensation consist of salaries, bonuses and medical benefits. Post-employment benefits are pre-determined lump-sum amounts payable at the end of the retention period. The Company does not provide any other long-term employee benefits. No stock options were granted during the three-month periods ended September 30, 2023 and 2022.

The table below summarizes the composition of key management personnel compensation for the three-month periods ended September 30, 2023 and 2022:

For the three months ended September 30,	2023		2022	
Short-term benefits	\$	130,328	\$	160,945
Post-employment benefits		95,339		150,174
	\$	225,667	\$	311,119

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5. Investment

In 2020, the Company acquired all the issued and outstanding shares of Knightswood Holdings Ltd. (“Knightswood”) from an unrelated party for \$10. Knightswood is in the business of providing its subsidiaries a qualified investment, as defined in the *Income Tax Act* (Canada), for their debentures or debt securities.

The Company has engaged the Operator for the sole management and finances of Knightswood (Note 4 (a)). Under the Knightswood Agreement, the Company will not commit its management or resources and is under no obligation to advance funds to or cover the expenses of Knightswood. On the other hand, the Company does not have any right to any variable financial returns from the activities of Knightswood other than the Fixed Fee. The Company also has no rights, power, ability or obligation to direct the activities of Knightswood or be involved in any of the daily affairs, decision making, management or activities of Knightswood. As such, the financial results and position of Knightswood are not consolidated with the financial statements of the Company pursuant to the definition of control under IFRS.

6. 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, which was approximately \$2.2 million in total, is discounted at 2% and amortized over the expected retention period. The present value of the Retention Payment is reported as a post-employment benefit obligation in the statements of financial position, with the corresponding expenses in administrative expenses and finance cost in the statements of profit or loss. The table below summarizes the present value of the Company’s post-employment benefit obligation at September 30, 2023 and June 30, 2023.

As at	September 30 2023	(Audited) June 30 2023
Balance, beginning of the period	\$ 367,161	\$ 1,150,819
Additions in the year:		
Benefits	89,979	933,603
Interest	5,360	38,439
	462,500	2,122,861
Less payments	-	(1,755,700)
Balance, being all current, end of the period	\$ 462,500	\$ 367,161

7. Share capital

- (a) Authorized
- Unlimited number of common shares without par value
 - Unlimited number of convertible preference shares without par value

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7. Share capital (continued)

(b) Issued and outstanding

	Number of Common Shares	Amount
Balance, June 30, 2022	7,391,747	\$ 34,821,963
Shares issued upon exercise of stock options	260,800	117,360
Balance, June 30, 2023 and September 30, 2023	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. No stock options were granted, forfeited or cancelled during the three-month period ended September 30, 2023 and the year ended June 30, 2023. During the year ended June 30, 2023, all the outstanding stock options were exercised and 260,800 Common Shares were issued. There were no outstanding stock options at September 30, 2023 and June 30, 2023.

8. Administrative expenses

For the three months ended September 30,	2023	2022
Depreciation	\$ -	\$ 16,029
Operating expenses	71,881	33,286
Professional fees	88,498	19,068
Salaries ⁽¹⁾	242,246	369,647
	\$ 402,625	\$ 438,030

⁽¹⁾ Included in salaries for the three-month period ended September 30, 2023 was post-employment benefits of \$89,979 (2022 - \$219,489).

9. 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, 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.

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10. Financial risk management

Credit risk

The Company's primary credit risk is its receivables. The carrying amount of receivables represents the Company's maximum exposure to credit risk. At September 30, 2023 and 2022, the Company's receivables consisted of accrued interest on guaranteed investments and input tax credit, 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, 2023 totaled \$17,856,191, representing the maximum exposure to credit risk of these financial assets.