

Q1 QUARTERLY REPORT

Richards Packaging Income Fund

Quarter ended March 31, 2021

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Richards Packaging Income Fund

REPORT TO UNITHOLDERS

March 31, 2021

Richards Packaging has been providing packaging solutions to small-and medium sized North American businesses since 1912. Over this period Richards Packaging has developed into the leading packaging distributor in Canada, and the third largest in North America, with one of the most diverse product and service offerings available to product marketers and healthcare providers.

Three factors have had a profound effect on our first quarter results. First, the dollar increased by U.S./Cdn. 5¢ on lower Richards US sales and second the unwinding of 60% of the sales due to healthcare related products associated with combatting the coronavirus. Fully offsetting these factors were the benefits from the Clarion acquisition. Earnings also were lower due to an unfavorable product mix and the lack of fixed cost savings on higher comparable volumes without any price increases.

First quarter total revenue was up 1% with 18% revenue growth from Clarion offsetting the \$11 million, or 10%, unwind of the coronavirus impact and the \$8 million, or 7%, currency translation loss as the dollar strengthened to U.S./Cdn. 79¢. Adjusted EBITDA¹ was down \$2 million, at 15.6% of sales, mainly due to the foreign currency impact of a weaker dollar somewhat muted by a 27% drop in Richards US sales. Net income decreased \$1 million, or 10¢ per Unit, due to decreased Adjusted EBITDA being partially offset by \$2 million lower income taxes.

April revenue was down approximately \$12 mil. due to the unwinding of 70% of the sales (\$11 mil.) of the coronavirus demand and \$6 mil. due to the exchange translation impact as the US/Cdn. strengthened by 8¢ to U.S./Cdn. 80¢, partially offset by \$5 mil. from Clarion.

The \$7 million of free cash flow² generated in the first quarter together with the \$8 million of cash on hand was utilized to pay \$17 million of payables, on lower inventory purchases in March, including \$5 million of bonuses and \$3 million of income taxes for 2020. The leverage at 0.3x is up 0.1x from the level at December 31, 2020.

The Fund paid monthly capital dividends of 11¢ per Unit, which represented an annualized yield of 1.9% on the March 31st closing price of \$69.56 per Unit. The payout ratio³ for the first quarter was 34% reflecting the lower Adjusted EBITDA.

We appreciate the support of our customers, suppliers, employees and investors and will continue to execute on our commitments with the highest degree of quality, care and integrity.

“Gerry Glynn”
Director and Trustee
Richards Packaging Income Fund
6095 Ordan Drive
Mississauga, Ontario
L4T 2M7

May 4, 2021

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 4, 2021

This management's discussion and analysis ("MD&A") of Richards Packaging Income Fund for the first quarter should be read in conjunction with the attached condensed interim financial statements dated March 31, 2021, the 2020 Annual Report and the 2020 Annual Information Form dated March 5, 2021, respectively. Results are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a consistent basis with the 2020 annual financial statements.

Description of the Business

Richards Packaging serves a wide customer base that is comprised of approximately 17,000 regional food, beverage, cosmetic, healthcare and other enterprises. The primary source of revenue is from the distribution of over 8,000 different types of packaging components sourced from over 900 suppliers and its four dedicated manufacturing facilities. Sales from these manufacturing facilities represent approximately 6% of the total revenues of Richards Packaging (2020 6%). As of April 26th, employees at one of the manufacturing facilities went on strike. The impact of the strike is not expected to have a significant impact on profitability.

Financial Highlights

This MD&A covers the three months ended March 31, 2021 (generally referred to in this MD&A as the "first quarter"). The following table sets out selected financial information:

(\$ thousands)	Qtr. 1	
	2021	2020
Income Statement Data:		
Revenue.....	109,873	108,891
Net income.....	14,097	14,966
<i>Diluted per Unit</i>	\$0.93	\$1.03
Financial Position Data:		
Assets.....	339,209	270,929
Long-term financial liabilities.....	62,322	51,143
<i>Leverage</i> ^{a)}	0.3	0.2
Cash Flow Statement Data:		
Distributions.....	3,860	3,859
<i>Diluted per Unit</i>	33.1¢	33.1¢
<i>Payout ratio</i> ³	34%	32%
Debt repayments.....	—	2,000

a) *Term debt/Adjusted EBITDA*¹

- Revenue was up \$1.0 mil., or 0.9%, as Clarion fully offset the unwinding of the coronavirus impact by \$11.0 mil. and \$7.7 mil. loss from currency translation as the U.S./Cdn. rate increased 5.2¢,
- Clarion acquisition in May 2020 added 18.2% to overall revenue at \$19.8 mil.,
- Adjusted EBITDA¹ decreased \$2.2 mil. at 15.6% of sales, on less fixed cost and product mix benefits at lower revenue levels and a drop of \$1.8 mil. currency translation gain,
- Income taxes were down \$1.7 mil. on lower taxable income,
- Net income decreased \$0.9 mil., or 10¢ per Unit, partially offset by a \$0.3 mil. higher mark-to-market gain on a \$7.29 reduction in unit price (2020 \$6.74),
- Assets increased by \$68.3 mil. and long-term financial liabilities by \$17.8 mil. mainly due to the Clarion acquisition,

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 4, 2021

- Non-cash working capital increased \$17.5 mil. mainly due to \$16.7 mil. lower payables, as supplier terms tightened, inventory purchases in March were curtailed and the \$4.6 mil. 2020 bonuses were paid,
- Free cash flow² of \$7.4 mil. and opening cash on hand of \$7.7 mil. was utilized to pay down the payables outstanding at year end,
- Leverage ratio at 0.3x up 0.1x from ratio at December 31, 2020,
- Distributable cash flow² down \$0.9 mil. at \$0.97 per Unit, yielding a 34% payout ratio³, and
- Monthly distribution of 11¢ per Unit represented a 1.9% annualized return on the March 31st closing price of \$69.56 per Unit. These distributions will represent taxable dividends to unitholders.

Review of Operations

Operations were approximately half in the United States ("Richards US") and half in Canada largely reflecting a pre-pandemic mix. Approximately 34% percent of sales were concentrated in Los Angeles, Reno and Portland and 46% in Toronto, Montreal, Winnipeg and Vancouver.

Revenue excluding Clarion decreased by \$18.8 mil., or 17.3%, mainly due to the unwinding of the coronavirus impact along with the lower translation gain of Richards US, with the Canadian dollar strengthening by U.S./Cdn. 5.2¢ to 79.0¢. Clarion revenues were 11.8% higher than the average monthly sales for 2019 despite slower sales associated with coronavirus impacts on clinics.

Cosmetics packaging decreased \$9.1 mil., excluding the impact of translation, mainly due to lower volumes related to the coronavirus.

Healthcare decreased \$0.9 mil. mainly due to decreased volume related to the coronavirus.

Clarion monthly revenues at \$6.6 mil. was higher than the 2019 monthly average due to pent up demand as clinics reopened early in the first quarter.

Food, beverage and other packaging decreased by \$1.2 mil., excluding the impact of translation, reflecting a \$2.6 mil. lost customer due to increased pricing caused by the US tariff on China.

Revenue trend	2021	2020
<i>(\$ thousands)</i>		
Prior year Qtr.1	108,891	81,899
Organic growth.....	(136)	2,400
	-0.1%	2.9%
Coronavirus.....	(11,000)	17,963
Clarion.....	19,782	
Foreign exchange.....	(7,664)	6,629
Current year Qtr.1	109,873	108,891
	0.9%	33.0%

Revenue growth	Qtr.1	
<i>(% change over p/y)</i>	2021	2020
Cosmetics.....	-27.1%	86.0%
Healthcare.....	-4.0%	15.4%
Clarion.....	18.2%	
Food, beverage & other.....	-3.4%	5.9%
Exchange translation.....	-7.0%	8.1%
Weighted average growth.....	0.9%	33.0%

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Cost of products sold (before amortization) increased by \$1.2 mil., or 1.5%, with gross margins down slightly. The volatility in the price of resins did not have a material impact on margins due to management's practice of passing through increases and decreases to customers.

Lease payments increased \$0.1 mil. and administrative expenses (before amortization) by \$1.9 mil. respectively mainly due to the addition of Clarion. The foreign currency loss resulted from exchange rate changes applied to our U.S. denominated working capital position within our Canadian operations.

(\$ thousands)	Qtr. 1	
	2021	2020
Revenue.....	109,873	108,891
Cost of sales.....	85,251	84,047
Lease payments.....	2,013	1,895
Gross profit.....	22,609	22,949
	20.6%	21.1%
Administrative expenses.....	5,274	3,482
Foreign currency loss.....	223	174
Adjusted EBITDA ¹	17,112	19,293
	15.6%	17.7%
Lease payments.....	(2,013)	(1,895)
Amortization.....	3,004	2,563
Financial expenses.....	1,410	1,055
Exchangeable shares.....	(3,222)	(2,968)
Share of income - Vision.....	(19)	(5)
Income tax expense.....	3,855	5,577
Net Income.....	14,097	14,966

Amortization was mainly comprised of \$1.8 mil. of lease depreciation and \$0.6 mil. intangible assets amortization, a charge for customer relationships, and depreciation for capital assets of \$0.6 mil.

Financial expenses were higher by \$0.4 mil. mainly due to credit card fees and the debt associated with the addition of Clarion.

Distributable Cash Flow²

Distributable cash flow² was \$0.9 mil. lower as the decrease in Adjusted EBITDA and increases in maintenance capital and interest were partially offset by lower income taxes.

Adjusted EBITDA¹ decreased by \$2.2 mil., or 2.1%. The impacts were felt in product mix for cosmetics and healthcare, the lower volumes resulting in lower fixed cost absorption and the stronger Canadian dollar as Richards US volume decreased 26.9%. Offsetting this was the absence of the 2020 sublease write off.

Adjusted EBITDA ¹ trend	2021	2020
(\$ thousands)		
Prior year Q1	19,293	11,773
	17.7%	14.4%
Organic growth.....	(34)	2,932
Product mix.....	(1,827)	3,457
Fixed cost.....	(1,219)	1,833
Lease A/R write down.....	2,690	(2,690)
Foreign exchange.....	(1,791)	1,988
Current year Q1	17,112	19,293
	15.6%	17.7%

Exchangeable shares mark-to-market gain reflects a unit price decrease of \$7.29 to \$69.56 per Unit. Exchangeable share distributions were flat at \$0.2 mil.

Income tax expense decreased \$1.7 mil. on lower taxable income and the lease write down in 2020.

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May 4, 2021

(\$ thousands)	Qtr. 1	
	2021	2020
Cash provided by		
operating activities	(1,202)	27,984
Lease payments and write down..	(1,885)	(4,585)
Changes in non-cash		
working capital.....	17,465	(5,939)
Income tax payments.....	2,734	1,833
Adjusted EBITDA¹	17,112	19,293
Interest ^{a)}	933	604
Current income tax.....	4,099	6,083
Maintenance capital.....	774	407
Distributable cash flow²	11,306	12,199
<i>Diluted per Unit</i>	<i>\$0.97</i>	<i>\$1.04</i>
Distributions	3,860	3,859
<i>Diluted per Unit</i>	<i>33.1¢</i>	<i>33.1¢</i>
<i>Payout ratio³</i>	<i>34%</i>	<i>32%</i>
Free cash flow²	7,446	8,340
Units outstanding (average)		
<i>Diluted basis 000's</i>	11,693	11,693

Non-cash working capital increased mainly due to \$16.7 mil. lower payables, as the \$1.4 mil. rise in prepaids and inventory was offset by \$0.6 mil. lower receivables.

Free cash flow² of \$7.4 mil. was utilized to pay down payables built up at December 31. The \$7.7 mil. cash on hand at December 31 was mainly utilized to pay \$2.7 mil. in income taxes owing and pay down \$4.6 mil. of 2020 bonuses.

The \$0.9 mil. negative cash represents \$2.5 mil. cash on hand net of \$3.4 mil. outstanding cheques.

Monthly distributions paid of 11¢ per Unit represent a payout ratio³ of 34% and an annual yield of 1.9% on a \$69.56 price per Unit at March 31, 2021. These distributions are taxable to unitholders and exchangeable shareholders.

a) Interest excludes interest on leases.

The distributable cash flow² definition excludes changes in working capital and expansionary capital expenditures, as they are necessary to drive organic growth and are expected to be funded by either a \$65.0 mil. revolving facility currently undrawn (2020 nil) or free cash flow².

Liquidity and Financing

Cash flows from operating activities

Cash flow from operating activities was down \$29.2 mil. mainly due to changes in non-cash working capital down \$23.4 mil., lower profit from operations by \$2.5 mil., higher income tax payments of \$0.9 mil. and the lease write down of \$2.6 mil. in the first quarter of 2020. During the first quarter, working capital decreased by \$17.5 million on lower payables of \$16.7 mil. and higher prepaids of \$1.2 mil. and higher inventories of \$0.2 mil. offset by lower receivables of \$0.6 mil. The \$1.2 mil. negative cash from operating activities was funded by the \$7.7 mil. cash on hand at December 31st to pay the income taxes and the bonuses owing for 2020.

Distributions paid were \$3.9 million from the \$7.7 mil. cash on hand at December 31st, with \$1.3 million declared for March which was paid April 14th.

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May 4, 2021

Normal Course Issuer Bid

On March 14, 2021, the Fund renewed the normal course issuer bid to purchase up to 500,000 Units prior to March 13, 2022. No units were purchased during the first quarter (2020 nil).

Current income taxes

The current income tax payments of \$2.7 mil. included \$0.9 mil for 2020.

Capital expenditures

Maintenance capital expenditures were \$0.8 mil. (2020 \$0.5 mil.) mainly comprised of \$0.3 mil. mould refurbishments for replacement packaging, \$0.2 mil. leasehold improvements and \$0.2 mil. computer equipment upgrades.

Financing activities and instruments

Credit facilities include a \$24.0 mil. term loan (2020 \$13.0 mil.) with maturity on May 31, 2024 and up to \$65.0 million in revolving debt to fund acquisitions and working capital expansion. The term loan facility bears interest at BA's plus a premium of 0.95% to 1.70% or at a prime rate plus a premium of 0% to 0.70%. No payments were made on the term loan (2020 \$2.0 mil.).

The credit facilities are subject to a number of covenants including the leverage ratio which was to maintain debt less than 2.75 times the trailing twelve months Adjusted EBITDA¹. As at March 31, 2021, our leverage ratio was 0.3 times (December 2020 0.2 times).

Outlook Sensitivities⁴

Management believes that the performance of Richards Packaging is on track to meet ongoing requirements for working capital, capital expenditures and to sustain monthly distributions to Unitholders at the current level through 2021.

April revenue was down approximately \$12 mil. due to the \$11 mil. impact of the coronavirus demand unwinding and \$6 mil. due to the exchange translation impact at U.S./Cdn. 80¢, which has strengthened 8¢, partially offset by \$5 mil. from Clarion. The current sensitivity for every 1¢ movement in exchange rates to revenue is \$0.6 million and to Adjusted EBITDA¹ is \$0.1 million.

Maintenance capital will continue to be funded by cash flow from operations at \$0.4 million per quarter with the additional \$1.5 million set aside for an IT system upgrade.

US Corporate taxes would increase by US\$ 0.9 mil. per quarter if President Biden's tax plan increases are adopted. Distributable cash flow sensitivity to foreign currency fluctuations is \$0.07 million for every U.S./Cdn. 1¢ movement. The second quarter surplus distributable cash is expected to be

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 4, 2021

deployed to pay down \$8.5 mil. associated with the holdback due to the previous Clarion shareholders and purchase units opportunistically under the normal course issuer bid.

Risks and Uncertainties

Investment in Units involves risks inherent in the ordinary course of business including: the impact of pandemics including the coronavirus, changes in China tariff rates, sustainability of customer and supplier relationships, financial stability of customers, lack of written customer and supplier distribution agreements, competition from other packaging companies, the extent and duration of an economic downturn, inventory obsolescence, trade risks, exchange rate fluctuations, interest rate volatility, income taxes and reliance on key personnel. For a detailed description of these and other risks and uncertainties facing investors in the Fund please refer to the 2020 Annual Information Form dated March 5, 2021. To management's knowledge, no significant changes to these risks and uncertainties have occurred in the first quarter of 2021.

Critical Accounting Estimates

Preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions which affect the amounts reported and disclosure for contingent amounts of assets and liabilities as at March 31, 2021 and revenue and expenses for the period then ended. There have not been any significant changes in critical accounting estimates during the first quarter of 2021, relative to December 31, 2020. For more information on critical accounting estimates, see the Management's Discussion and Analysis, the audited consolidated financial statements and the notes to the consolidated financial statements included in the Fund's 2020 Annual Report.

Disclosure Controls and Internal Controls over Financial Reporting

There have been no changes in the Fund's internal controls over financial reporting during the first quarter that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Cautionary Statement

Additional information relating to the Fund is available on Richards Packaging's website at www.richardspackaging.com, SEDAR at www.sedar.com or TSX at www.tmx.com

1 Management defines Adjusted EBITDA as net income before non-lease amortization, exceptional items, financial expenses, distributions and unrealized gains/losses and distributions on exchangeable shares, share of income - Vision and income tax expense. The reconciliation of Adjusted EBITDA to net income can be found on page 4. Our lenders use this measure as a starting point in the determination of earnings available for distribution to Unitholders and exchangeable shareholders. In addition, Adjusted EBITDA and Adjusted EBITDA as a percentage of sales are intended to provide additional information on the operating performance. This earnings measure should not be construed as an alternative to net income or as an

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 4, 2021

alternative to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. Adjusted EBITDA does not have a standardized meaning prescribed by IFRS and therefore the method of calculating Adjusted EBITDA may not be comparable to similar measures presented by other companies.

- 2 Management defines distributable cash flow, in accordance with Richards Packaging's credit agreement, as Adjusted EBITDA less non-lease interest, cash income tax expense, maintenance capital expenditures plus dividends from equity investments. The reconciliation to cash flow from operations can be found on page 5. Free cash flow is distributable cash flow less distributions. The objective of presenting this measure is to calculate the amount which is available for distribution to Unitholders or exchangeable shareholders and to determine the amount available to fund increases in working capital or expansion capital. Investors are cautioned that distributable cash flow should not be construed as an alternative to cash flow from operating, investing and financing activities as a measure of liquidity and cash flows. Distributable cash flow does not have a standardized meaning prescribed by IFRS and therefore the method of calculating distributable cash flow may not be comparable to similar measures presented by other companies.*
- 3 Management defines payout ratio as distributions declared over distributable cash flow². The objective of presenting this measure is to calculate the percentage of distributions compared to the amount available for distribution under our credit agreement. Payout ratio does not have a standardized meaning prescribed by IFRS. The method of calculating payout ratio may not be comparable to similar measures presented by other companies.*
- 4 The Report to Unitholders and this MD&A contains forward-looking information within the meaning of applicable securities laws. The forward-looking information reflects management's current beliefs and expectations regarding the future growth, results of operations, performance and business prospects and opportunities of the Fund and Richards Packaging. We use words such as "may", "expect", "believe", "estimate" and similar terminology to identify forward-looking information. It is based on assumptions, estimates and analysis made by us in light of our experience and our perception of trends, current conditions and expected developments, as well as other factors we believe to be reasonable and relevant in the circumstances. Forward-looking information involves significant known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from those predicted, expressed or implied by the forward-looking information. Readers should not place undue reliance on forward-looking information as a number of factors could cause actual events, results and prospects to differ materially from those expressed in or implied by the forward-looking information. The risks and uncertainties include, among other things, changes in China tariff rates, changes in customer and supplier relationships, competition in the industry, inventory obsolescence, trade risks in respect of foreign suppliers, fluctuations in foreign exchange and interest rates, liability claims, reliance on key personnel, changes to applicable tax laws, as well as other risks and uncertainties, as more fully described in other reports and filings made by us with securities regulatory authorities and available at www.sedar.com. While management believes the expectations expressed and the assumptions underlying same are reasonable, there can be no assurance that such expectations and assumptions will prove to be correct. In evaluating forward-looking information, readers should carefully consider the foregoing factors and various other factors which could cause actual results or events to differ materially from those indicated in the forward-looking information.*

<p style="text-align: center;">Notice to Unitholders</p>

<p style="text-align: center;">The attached consolidated financial statements have not been reviewed by the Fund's external auditors</p>
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Richards Packaging Income Fund

STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME

Unaudited

For the three months ended March 31

[Consolidated]

<i>Cdn.\$ thousands, unless otherwise noted</i>	Notes	2021	2020
Revenue	2	109,873	108,891
Cost of sales		88,221	86,582
Administrative expenses		5,308	3,510
Foreign currency loss		223	174
Profit from operations		16,121	18,625
Financial expenses		1,410	1,055
Exchangeable shares			
Mark-to-market gain	4	(3,375)	(3,121)
Distributions		153	153
Share of income - Vision		(19)	(5)
Income tax expense (income)			
Current taxes	3	4,099	6,083
Deferred taxes	3	(244)	(506)
		3,855	5,577
Net income for the period		14,097	14,966
Diluted income per Unit	4	\$0.93	\$1.03
Other comprehensive income (loss)			
<i>(subsequently recyclable to Net income)</i>			
Currency translation adjustment - Richards US		(1,217)	2,936
Comprehensive income for the period		12,880	17,902

See accompanying notes

“Susan Allen”
Chair – Audit Committee

“Enzio Di Gennaro”
CFO – Richards Packaging Inc.

Richards Packaging Income Fund

STATEMENTS OF FINANCIAL POSITION

Unaudited

As at March 31 and December 31

[Consolidated]

<i>Cdn\$ thousands</i>	Notes	Mar. 31		Dec. 31	
		2021	2020	2020	2019
ASSETS					
Current Assets					
Cash and cash equivalents		(938)	27,467	7,720	8,023
Accounts receivable		48,904	50,175	49,802	32,339
Inventory		87,769	44,997	88,251	58,692
Prepaid expenses and deposits		12,095	6,680	10,942	4,812
		147,830	129,319	156,715	103,866
Long-term Assets					
Leases		42,706	40,093	46,553	39,918
Plant and equipment		6,801	5,023	6,618	4,776
Leases receivable		—	—	—	2,215
Investment - Vision		686	642	667	637
Intangible assets		31,021	11,763	31,678	11,644
Goodwill		110,165	84,089	110,654	84,958
		191,379	141,610	196,170	144,148
		339,209	270,929	352,885	248,014
LIABILITIES & EQUITY					
Current Liabilities					
Accounts payable and accruals		54,802	50,477	71,690	41,438
Income tax payable	3	927	4,924	(438)	674
Distributions payable		1,286	1,286	1,286	1,286
Due to previous shareholder		10,353	1,118	10,366	1,024
Exchangeable shares	4	32,034	17,815	35,409	20,935
		99,402	75,620	118,313	65,357
Long-term Liabilities					
Term debt		23,592	12,968	23,559	14,962
Lease obligations		38,730	38,175	42,436	37,385
Deferred income taxes	3	7,741	3,240	8,006	3,580
		70,063	54,383	74,001	55,927
Equity					
Unitholders' capital	4	5,276	12,608	5,276	16,314
Retained earnings		154,464	112,683	144,074	97,717
Accumulated other comprehensive income		10,004	15,635	11,221	12,699
		169,744	140,926	160,571	126,730
		339,209	270,929	352,885	248,014

See accompanying notes

Richards Packaging Income Fund

STATEMENTS OF CHANGES IN EQUITY

Unaudited

For the three months ended March 31

[Consolidated]

<i>Cdn\$ thousands</i>	Unitholders' capital	Retained earnings	AOCI^{a)}	Equity
December 31, 2019	16,314	97,717	12,699	126,730
Comprehensive income		14,966	2,936	17,902
Distributions	(3,706)			(3,706)
March 31, 2020	12,608	112,683	15,635	140,926
December 31, 2020	5,276	144,074	11,221	160,571
Comprehensive income (loss)		14,097	(1,217)	12,880
Distributions		(3,707)		(3,707)
March 31, 2021	5,276	154,464	10,004	169,744

a) AOCI - Accumulated other comprehensive income (loss) reflects the foreign currency translation of the net investment in Richards US.

See accompanying notes

Richards Packaging Income Fund

STATEMENTS OF CASH FLOWS

Unaudited

For the three months ended March 31

[Consolidated]

<i>Cdn.\$ thousands</i>	Notes	2021	2020
OPERATING ACTIVITIES			
Profit from operations		16,121	18,625
Add items not involving cash			
Plant, equipment & lease depreciation		2,411	2,113
Lease write down		(128)	2,690
Intangible assets amortization		593	450
Income taxes payments	3	(2,734)	(1,833)
Changes in non-cash working capital	5	(17,465)	5,939
Cash provided by operating activities		(1,202)	27,984
INVESTING ACTIVITIES			
Additions to plant and equipment		(774)	(407)
Cash used in investing activities		(774)	(407)
FINANCING ACTIVITIES			
Repayment of term debt		—	(2,000)
Lease payments		(2,013)	(1,895)
Financial expenses paid (excluding leases)		(901)	(583)
Distributions paid to Exchangeable Shareholders		(153)	(153)
Distributions paid to Unitholders		(3,706)	(3,706)
Cash used in financing activities		(6,773)	(8,337)
Net cash flow for the period		(8,749)	19,240
Cash, beginning of period		7,720	8,023
Foreign exchange effect		91	204
Cash, end of period		(938)	27,467

See accompanying notes

Richards Packaging Income Fund

NOTES TO INTERIM FINANCIAL STATEMENTS

Unaudited

March 31, 2021

[Cdn\$ thousands]

1. BASIS OF PRESENTATION AND CORONAVIRUS IMPACT

These condensed interim financial statements of the Fund have been prepared in accordance with International Financial Reporting Standard [“IFRS”] IAS 34 *Interim Financial Reporting*. As such these statements do not contain all the explanatory notes, descriptions or accounting policies or other disclosures that can be found in the 2020 audited annual financial statements. The accounting policies used in the preparation of these condensed interim financial statements are consistent with the 2020 audited annual financial statements.

The coronavirus pandemic necessitated the shutdown of non-essential businesses within the jurisdictions of Richards Packaging locations. Due to the nature of our business, we were deemed essential serving the food and beverage and healthcare industries and therefore remained open. Employees were provided the option to work from home and most continued to safely perform services in the workplace.

2. REVENUE & SEGMENTED INFORMATION

	2021	2020
Revenue by geography		
Canada	58,190	38,228
US	51,683	70,663
	109,873	108,891

3. INCOME TAXES

	2021	2020
Profit from operations	16,121	18,625
Financial expenses	(1,410)	(1,055)
Income subject to income taxes	14,711	17,570
Statutory tax rate	26.6%	26.6%
Income tax expense at statutory tax rate	3,907	4,667
Deferred income tax	244	367
Current period adjustments		
Refundable dividend tax ^{a)}	(22)	76
Leases	—	698
Foreign rate differential	(2)	55
Other items	(28)	220
Current income taxes	4,099	6,083

a) future income tax recoveries from refundable dividend tax on hand of \$471 has not been recognized. Exchangeable share dividends paid gave rise to a \$22 recovery.

Richards Packaging Income Fund

NOTES TO INTERIM FINANCIAL STATEMENTS

Unaudited

March 31, 2021

[Cdn\$ thousands]

4. UNITS AND EXCHANGEABLE SHARES

<i>Number outstanding</i>	Units basic	Weighted average	Exchangeable Shares	Units diluted	Weighted average
December 31, 2019	11,230,007	11,021,566	463,006	11,693,013	11,693,013
March 31, 2020	11,230,007	11,230,007	463,006	11,693,013	11,693,013
December 31, 2020	11,230,007	11,230,007	463,006	11,693,013	11,693,013
March 31, 2021	11,230,007	11,230,007	463,006	11,693,013	11,693,013

Exchangeable shares mark-to-market gain reflects a unit price decrease during the three months ended March 31, 2021 of \$7.29 [2019 - \$6.74] to \$69.56 per Unit.

5. ADDITIONAL CASH FLOW INFORMATION

The net change in non-cash working capital consists of the following:

	2021	2020
Accounts receivable	649	(15,728)
Inventory	(199)	15,995
Prepaid expenses and deposits	(1,226)	(1,678)
Accounts payable and accruals	(16,689)	7,350
	(17,465)	5,939

Total foreign exchange translation impact excluded from the above was \$785 loss [2020 – \$3,185 gain].