

Q1 QUARTERLY REPORT

Richards Packaging Income Fund

Quarter ended March 31, 2022

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Richards Packaging Income Fund

REPORT TO UNITHOLDERS

March 31, 2022

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.

March fully recovered the 5% January and February losses driven mainly by healthcare equipment sales and strong food and beverage packaging sales. The mix shifted as cosmetics dropped 7%, healthcare rose 3% and food and beverage increased 4%. Also, inventory reductions have been curtailed as logistics problems persist, additional inventory reserves were taken and higher freight costs were recovered without any additional margin which lowered the margin percent.

First quarter total revenue was flat with 7% organic growth offsetting a \$7 million unwind of the coronavirus impact and the \$1 million currency translation loss with the dollar steady at US/Cdn. 79¢ on \$6 million lower Richards US sales. Adjusted EBITDA¹ was down \$0.7 million, at 15% of sales, due mainly to an adverse shift in product mix and \$0.5 million of additional inventory reserves taken. Net income decreased \$1 million, or 18¢ per Unit, mainly due to decreased Adjusted EBITDA as the increase in contingent consideration was offset by the gain on exchangeable shares.

April revenue was down approximately 3%, due to the unwinding of the revenue associated with the coronavirus.

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 \$8 million of payables, on lower inventory purchases in March, including \$4 million of bonuses and \$1 million of income taxes for 2021. The leverage at 1.0x is up 0.7x from the level at December 31, 2021 reflecting the \$53 million draw on the revolving debt to fund the payment of the Clarion contingent consideration and the special dividend.

The Fund paid monthly dividends of 11¢ per Unit, which represented an annualized yield of 2.6% on the March 31st closing price of \$50.82 per Unit along with a special dividend of 69¢ funded by its opening cash balance. The payout ratio³ for the first quarter on the regular dividend was 34% and 50% for 2021 when the special dividend is included.

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 5, 2022

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 5, 2022

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, 2022, the 2021 Annual Report and the 2021 Annual Information Form dated March 8, 2022, 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 2021 annual financial statements.

Description of the Business

Richards Packaging serves a wide customer base that is comprised of approximately 18,000 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 (2021 6%).

Financial Highlights

This MD&A covers the three months ended March 31, 2022 (generally referred to in this MD&A as the "first quarter"). The following table sets out selected financial information:

(\$ thousands)	Qtr. 1	
	2022	2021
Income Statement Data:		
Revenue.....	109,981	109,873
Net income.....	13,165	14,097
<i>Diluted per Unit</i>	\$0.75	\$0.93
Financial Position Data:		
Assets.....	348,047	339,209
Long-term financial liabilities.....	108,165	62,322
<i>Leverage</i> ^{a)}	1.0	0.3
Cash Flow Statement Data:		
Distributions.....	11,649	3,860
<i>Diluted per Unit</i>	102.1¢	33.1¢
<i>Payout ratio</i> ³	105%	34%
Debt borrowings.....	53,000	—

a) *Term debt/Adjusted EBITDA*¹

- Working capital increased \$8.8 mil. mainly due to \$7.7 mil. lower payables, as supplier terms tightened, inventory purchases in March were curtailed and the \$4.4 mil. 2021 bonuses were paid,

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 5, 2022

- Free cash flow² of \$7.3 mil. and opening cash on hand of \$8.4 mil. were utilized to pay the special dividend and pay down the payables outstanding at year end,
- Leverage ratio at 1.0x up 0.7x from ratio at December 31, 2021 mainly due to payment for the Clarion acquisition,
- Distributable cash flow² down \$0.2 mil. at \$0.97 per Unit, yielding a 34% payout ratio³ on the regular dividend, and
- Monthly distribution of 11¢ per Unit represented a 2.6% annualized return on the March 31st closing price of \$50.82 per Unit. A special dividend of 69¢ (\$7.9 mil.) related to 2021 was also paid in the quarter. These distributions will represent taxable dividends to unitholders.

Review of Operations

Operations were approximately 40% in the United States ("Richards US") and 60% in Canada largely reflecting a pre-pandemic mix. Approximately 29% percent of sales were concentrated in Los Angeles, Reno and Portland and 54% in Toronto, Montreal, Winnipeg and Vancouver.

Revenue was essentially flat as the unwinding of the coronavirus impact along with the lower translation gain of Richards US, with the Canadian dollar flat at 79.0¢, was fully offset by 7.3% organic growth.

Cosmetics packaging decreased \$5.4 mil., excluding the impact of translation, mainly due to lower volumes related to the coronavirus.

Healthcare increased \$1.5 mil. mainly due to higher capital volume and improvements in vision and aesthetics lines.

Food, beverage and other packaging increased by \$3.1 mil., excluding the impact of translation, reflecting strong demand in Canada.

GDP was up 1.4% in Canada and down 1.4% in the US in the first quarter.

Revenue trend	Qtr.1
<i>(\$ thousands)</i>	2022
Prior year	109,873
Organic growth.....	8,028
Coronavirus.....	(6,668)
Foreign exchange.....	(1,252)
Current year	109,981

Revenue disaggregation	Qtr.1	
<i>(% change)</i>	2022	2021
Cosmetics.....	-22.1%	-27.1%
Healthcare.....	8.9%	15.4%
Food, beverage & other.....	9.3%	-3.4%
Exchange translation.....	-1.1%	-7.0%
Weighted average growth.....	0.1%	0.9%

Cost of products sold (before amortization) increased by \$0.8 mil., or 0.9%, with gross margins down slightly on higher capital sales. The volatility in the price of resins and natural gas did not have a material impact on margins due to management's practice of passing through increases and decreases to customers.

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 5, 2022

Lease payments increased \$0.1 mil. and administrative expenses (before amortization) by \$0.2 mil. respectively mainly due to inflation. 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		Adjusted EBITDA ¹ decreased by \$0.7 mil., or 3.7%. The impacts were felt in product mix for cosmetics, the lower volumes resulting in a muted foreign exchange impact as Richards US volume decreased 11.6%. Also an additional reserve for inventory of \$0.5 mil. was taken.
	2022	2021	
Revenue	109,981	109,873	Adjusted EBITDA¹ trend
Cost of sales ^{a)}	88,032	87,264	
Gross profit	21,949	22,609	
	20.0%	20.6%	
Administrative expenses.....	5,433	5,274	Qtr. 1
Foreign currency loss.....	59	223	2022
Adjusted EBITDA¹	16,457	17,112	2021
	15.0%	15.6%	
Lease payments.....	(2,123)	(2,013)	Prior year
Amortization.....	3,082	3,004	17,112
Contingent consideration.....	1,631	—	(% of revenue)
Financial expenses.....	1,327	1,410	15.6%
Exchangeable shares.....	(4,593)	(3,222)	17.7%
Share of income - Vision.....	(2)	(19)	Organic growth.....
Income tax expense.....	3,970	3,855	2,007
Net Income	13,165	14,097	(34)
<i>a) includes lease payments</i>			Product mix.....
			(2,105)
			Fixed cost.....
			—
			Lease A/R write down.....
			—
			Foreign exchange.....
			(557)
			Current year
			16,457
			17,112
			(% of revenue)
			15.0%
			15.6%

Amortization was mainly comprised of \$1.9 mil. of lease depreciation and \$0.7 mil. intangible assets amortization, a charge for customer relationships, and depreciation for capital assets of \$0.5 mil.

Financial expenses were lower by \$0.1 mil. mainly due to lower lease interest.

Exchangeable shares mark-to-market gain reflects a unit price decrease of \$10.94 to \$50.82 per Unit. Exchangeable share regular distributions were flat at \$0.2 mil. and a special distribution of \$0.3 mil. was paid in the first quarter.

Income tax expense increased \$0.1 mil. on foreign rate differential.

Distributable Cash Flow²

Distributable cash flow² was \$0.2 mil. lower as the decrease in Adjusted EBITDA and increases in income taxes were partially offset by lower maintenance capital and interest.

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 5, 2022

<i>(\$ thousands)</i>	Qtr. 1		
	2022	2021	
Cash provided by			Working capital increased mainly due to \$7.7 mil. lower payables, as the \$1.7 mil. rise in receivables was offset by \$0.6 mil. lower inventory.
operating activities	6,303	(1,202)	
Leases.....	(2,123)	(1,885)	
Working capital ⁵	8,812	17,465	
Income tax payments.....	3,465	2,734	Free cash flow ² of \$7.3 mil. was utilized to pay down payables built up at December 31. The \$8.4 mil. cash on hand at December 31 was mainly utilized to pay the special distribution on Units and exchangeable shares.
Adjusted EBITDA¹	16,457	17,112	
Interest ^{a)}	913	933	
Current income tax.....	4,176	4,099	
Maintenance capital.....	310	774	
Distributable cash flow²	11,058	11,306	The \$3.3 mil. cash represents \$5.1 mil. cash on hand net of \$1.8 mil. outstanding cheques.
<i>Diluted per Unit</i>	<i>\$0.97</i>	<i>\$0.97</i>	
Regular distributions	3,771	3,860	Monthly regular distributions paid of 11¢ per Unit represent a payout ratio ³ of 34% and an annual yield of 2.6% on a \$50.82 price per Unit at March 31, 2022. A special distribution of 69¢ was also paid in the first quarter related to 2021 performance bringing the total payout ratio to 50% for that year. These distributions are taxable to unitholders and exchangeable shareholders.
<i>Diluted per Unit</i>	<i>33.1¢</i>	<i>33.1¢</i>	
<i>Regular Payout ratio</i> ³	<i>34%</i>	<i>34%</i>	
Free cash flow²	7,287	7,446	
Special distribution	7,878	—	
<i>Diluted per Unit</i>	<i>69.0¢</i>	—	
<i>Total Payout ratio</i> ³	<i>105%</i>	—	
Units outstanding (average)			
<i>Diluted basis 000's</i>	11,418	11,693	

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 the remaining \$12.0 mil. revolving facility or free cash flow².

Liquidity and Financing

Cash flows from operating activities

Cash flow from operating activities was up \$7.5 mil. mainly due to changes in working capital up \$8.7 mil., and contingent consideration settlement of \$1.6 mil. offset by lower profit from operations by \$2.3 mil., and higher income tax payments of \$0.7 mil.. During the first quarter, working capital decreased by \$8.8 million on lower payables of \$7.7 mil. and higher receivables of \$1.7 mil. offset by lower inventories of \$0.5 mil.

Distributions paid were \$11.6 mil. comprised of the \$3.7 mil. regular dividend and the \$7.9 mil. special dividend paid from free cash flow and the \$8.4 mil. cash on hand at December 31st, with \$1.2 million declared for March which was paid April 14th.

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 5, 2022

Normal Course Issuer Bid

Due to the lack of Unitholder capital, the Normal Course Issuer Bid has not been renewed therefore no units were purchased during the first quarter (2021 nil).

Current income taxes

The current income tax payments of \$3.5 mil. included \$0.9 mil for 2021.

Capital expenditures

Maintenance capital expenditures were \$0.3 mil. (2021 \$0.8 mil.) mainly comprised of \$0.2 mil. computer equipment upgrades and \$0.1 mil. mould refurbishments for replacement packaging.

Financing activities and instruments

Credit facilities include a \$23.0 mil. term loan (2021 \$24.0 mil.) and up to \$65.0 million in revolving debt with maturity on May 31, 2024. The revolving credit is available to fund acquisitions and working capital expansion of which \$53.0 million is drawn. 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%. The \$53.0 million was drawn at the end of the first quarter primarily to fund the \$49.5 mil. payment due to previous shareholders in connection with the Clarion acquisition.

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, 2022, our leverage ratio was 1.0 times (December 2021 0.3 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 2022.

April revenue was down approximately 3%, due to the unwinding of the revenue associated with the coronavirus. The current sensitivity for every 1¢ movement in exchange rates to revenue is \$0.6 million and to Adjusted EBITDA¹ is \$0.07 million. At the current price of \$46/Unit, the mark-to-market gain on exchangeable units would be \$2.5 million. The sensitivity for every \$1 movement in unit price is \$0.46 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. Interest expense is expected to climb \$0.3 million in Q2 with added borrowing of \$53.0 million and a 0.60% increase in interest rates. Distributable cash flow sensitivity to foreign currency fluctuations is \$0.05 million for every U.S./Cdn. 1¢ movement. The second quarter surplus distributable cash is expected to be deployed to pay down revolving debt.

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 5, 2022

Risks and Uncertainties

Investment in Units involves risks inherent in the ordinary course of business including: changes in China tariff rates, the impact of pandemics including the coronavirus, logistics disruptions, 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, resin price and 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 2021 Annual Information Form dated March 8, 2022. To management's knowledge, no significant changes to these risks and uncertainties have occurred in the first quarter of 2022.

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, 2022 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 2022, relative to December 31, 2021. 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 2021 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 amortization excluding leases, contingent consideration, exceptional items, financial expenses, 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 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.

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 5, 2022

- 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.*
- 5 *Management defines working capital to be current assets (less cash) less current liabilities (less income tax payable, due to previous shareholders and exchangeable shares). The objective of utilizing this definition is to improve the understanding of activities within the cash flow statement.*

<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	2022	2021
Revenue	3	109,981	109,873
Cost of sales		89,011	88,444
Gross profit		20,970	21,429
Administrative expenses		5,472	5,308
Contingent consideration revaluation	2	1,631	—
Profit from operations		13,867	16,121
Financial expenses		1,327	1,410
Exchangeable shares	5		
Mark-to-market gain		(5,065)	(3,375)
Distributions		472	153
Share of income - Vision		(2)	(19)
Income tax expense (income)	4		
Current taxes		4,176	4,099
Deferred taxes		(206)	(244)
		3,970	3,855
Net income for the period		13,165	14,097
Basic income per Unit	5	\$1.20	\$1.33
Diluted income per Unit	5	\$0.75	\$0.93
Other comprehensive income (loss) <i>(subsequently recyclable to Net income)</i>			
Currency translation adjustment - Richards US		(1,338)	(1,217)
Comprehensive income for the period		11,827	12,880

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	
		2022	2021	2021	2020
ASSETS					
Current Assets					
Cash		3,291	(938)	8,420	7,720
Accounts receivable		51,652	48,904	50,259	49,802
Inventory		99,447	87,769	100,724	88,251
Prepaid expenses and deposits		12,687	12,095	12,784	10,942
		167,077	147,830	172,187	156,715
Long-term Assets					
Leases		35,864	42,706	38,056	46,553
Plant and equipment		5,608	6,801	5,993	6,618
Investment - Vision		690	686	688	667
Intangible assets		28,890	31,021	29,489	31,678
Goodwill		109,918	110,165	110,485	110,654
		180,970	191,379	184,711	196,170
		348,047	339,209	356,898	352,885
LIABILITIES & EQUITY					
Current Liabilities					
Accounts payable and accruals		74,362	54,802	82,312	71,690
Income tax payable		1,608	927	897	(438)
Distributions payable		1,256	1,286	1,256	1,286
Due to previous shareholders	2	985	10,353	48,934	10,366
Exchangeable shares	5	23,357	32,034	28,422	35,409
		101,568	99,402	161,821	118,313
Long-term Liabilities					
Revolving and term debt	2	75,721	23,592	22,688	23,559
Lease obligations		32,444	38,730	34,505	42,436
Deferred income taxes	4	6,831	7,741	7,051	8,006
		114,996	70,063	64,244	74,001
Equity					
Unitholders' capital	5	—	5,276	—	5,276
Retained earnings		121,871	154,464	119,883	144,074
Accumulated other comprehensive income		9,612	10,004	10,950	11,221
		131,483	169,744	130,833	160,571
		348,047	339,209	356,898	352,885

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, 2020	5,276	144,074	11,221	160,571
Comprehensive income		14,097	(1,217)	12,880
Distributions paid to Unitholders		(3,707)		(3,707)
March 31, 2021	5,276	154,464	10,004	169,744
December 31, 2021	—	119,883	10,950	130,833
Comprehensive income (loss)		13,165	(1,338)	11,827
Distributions paid to Unitholders		(11,177)		(11,177)
March 31, 2022	—	121,871	9,612	131,483

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	2022	2021
OPERATING ACTIVITIES			
Profit from operations		13,867	16,121
Add items not involving cash			
Plant, equipment & lease depreciation		2,405	2,411
Lease write down		—	(128)
Intangible assets amortization		677	593
Contingent consideration revaluation	2	1,631	—
Income taxes payments		(3,465)	(2,734)
Changes in working capital	6	(8,812)	(17,465)
Cash provided by operating activities		6,303	(1,202)
INVESTING ACTIVITIES			
Due to previous shareholders	2	(49,533)	—
Additions to plant and equipment		(170)	(774)
Additions to computer software		(140)	—
Cash used in investing activities		(49,843)	(774)
FINANCING ACTIVITIES			
Proceeds from revolving debt	2	53,000	—
Lease payments		(2,123)	(2,013)
Financial expenses paid (excluding leases)		(880)	(901)
Distributions paid to Exchangeable Shareholders	5	(472)	(153)
Distributions paid to Unitholders	5	(11,174)	(3,706)
Cash used in financing activities		38,351	(6,773)
Net cash flow		(5,189)	(8,749)
Cash, beginning of period		8,420	7,720
Foreign exchange effect		60	91
Cash, end of period		3,291	(938)

See accompanying notes

Richards Packaging Income Fund

NOTES TO INTERIM FINANCIAL STATEMENTS

Unaudited

March 31, 2022

[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 2021 audited annual financial statements. The accounting policies used in the preparation of these condensed interim financial statements are consistent with the 2021 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. ACQUISITION & DUE TO PREVIOUS SHAREHOLDERS

On March 31, 2022, the final payment of \$49,533 for contingent consideration, based on a multiple of 2021 earnings after adjustments of \$1,631 included in the statement of net income, was paid to the Clarion former shareholders and funded by a draw on the revolving debt credit facility.

3. REVENUE & SEGMENTED INFORMATION

	2022	2021
Revenue by geography		
Canada	64,311	58,190
US	45,670	51,683
	109,981	109,873
Revenue by end user		
Cosmetics	23,715	30,731
Healthcare	44,488	40,798
Food, beverage & other	41,778	38,344
	109,981	109,873

Richards Packaging Income Fund

NOTES TO INTERIM FINANCIAL STATEMENTS

Unaudited

March 31, 2022

[Cdn\$ thousands]

4. INCOME TAXES

	2022	2021
Profit from operations	13,867	16,121
Financial expenses	(1,327)	(1,410)
Contingent consideration revaluation	1,631	—
Income subject to income taxes	14,171	14,711
Statutory tax rate	26.3%	26.6%
Income tax expense at statutory tax rate	3,728	3,907
Deferred income tax	206	244
Current period adjustments		
Refundable dividend tax	—	(22)
Foreign rate differential	189	(2)
Other items	53	(28)
Current income taxes	4,176	4,099

5. UNITS AND EXCHANGEABLE SHARES

<i>Number outstanding</i>	Units basic	Weighted average	Exchangeable Shares	Units diluted	Weighted average
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
December 31, 2021	10,955,007	11,165,774	463,006	11,418,013	11,628,780
March 31, 2022	10,955,007	10,955,007	463,006	11,418,013	11,418,013

Exchangeable shares mark-to-market gain reflects a unit price decrease during the three months ended March 31, 2022 of \$10.94 [2021 - \$7.29] to \$50.82 per Unit.

On March 18, 2022, a special dividend of 69¢ per Unit and exchangeable share was paid to unitholders and shareholders of record on March 16, 2022.

Richards Packaging Income Fund

NOTES TO INTERIM FINANCIAL STATEMENTS

Unaudited

March 31, 2022

[Cdn\$ thousands]

6. ADDITIONAL CASH FLOW INFORMATION

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

	2022	2021
Accounts receivable	(1,672)	649
Inventory	520	(199)
Prepaid expenses and deposits	22	(1,226)
Accounts payable and accruals	(7,682)	(16,689)
	(8,812)	(17,465)

Total foreign exchange translation impact excluded from the above was \$849 loss [2021 – \$784].