Q1 QUARTERLY REPORT

Richards Packaging Income Fund

Quarter ended March 31, 2023

Report Contents

REPORT TO UNITHOLDERS

For The Quarter Ended March 31, 2023

Richards Packaging has been providing packaging solutions to small-to-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.

The first quarter financial performance was in line with the trend set in the back half of 2022. March revenue was very soft driven mainly by weak food and beverage packaging sales as the oversupply of inventory continued with both customers and suppliers. Inventory was reduced $8 million which was largely deployed to pay down debt.

First quarter total revenue was down 2.9% with a $3 million impact of oversupply in each of food, beverage & other packaging and pumps and sprayers offset by organic growth of $2 million and the $1 million currency translation gain with the dollar down 5¢ at US/Cdn. 74¢, on $6 million lower Richards US sales. Adjusted EBITDA[1] was down $2 million, at 13% of sales, due mainly to an adverse shift in product mix. Net income decreased $3 million, or 1¢ per Unit, mainly due to decreased Adjusted EBITDA as the absence of contingent consideration was offset by the lower gain on exchangeable shares.

April revenue was down approximately 9% due to a reduction in healthcare capital sales and continued pressure on Food, beverage & other revenue.

The $5 million of free cash flow[2] generated in the first quarter together with the $5 million of cash on hand and $10 million generated from working capital was utilized to repay $7 million of debt, $2 million of income taxes for 2022 and pay the special distribution of $4 million leaving $7 million of cash on the balance sheet. The leverage at 0.8x is down 0.1x from the level at December 31, 2022 reflected the $7 million paydown on the term debt.

The Fund paid monthly dividends of 11¢ per Unit, which represented an annualized yield of 3.3% on the March 31st closing price of $39.74 per Unit along with a special dividend of 38¢ funded by its opening cash balance. The payout ratio[3] for the first quarter on the regular dividend was 45% and 46% for 2022 when the special dividend is considered.

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

May 4, 2023

MANAGEMENT DISCUSSION & ANALYSIS

May 4, 2023

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, 2023, the 2022 Annual Report and the 2022 Annual Information Form dated March 7, 2023, 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 2022 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 and healthcare supplies sourced from over 900 suppliers and its three dedicated manufacturing facilities. Sales from these manufacturing facilities represent approximately 3% of the total revenues of Richards Packaging (2022 6%) as on December 31, 2022, Richards Canada sold the Rexplas manufacturing facility to a strategic supplier for $0.2 mil. who will continue to produce bottles for our needs.

FINANCIAL HIGHLIGHTS

This MD&A covers the three months ended March 31, 2023 (generally referred to in this MD&A as the "first quarter"). The following table sets out selected financial information:

($ thousands)	Qtr. 1 2023	Qtr. 1 2022
Income Statement Data:		
Revenue	**106,833**	109,981
Net income	**9,797**	13,165
Diluted per Unit	***$0.74***	*$0.75*
Financial Position Data:		
Assets	**340,555**	348,047
Long-term financial liabilities	**85,705**	108,165
Leverage [a)]	***0.8***	*1.0*
Cash Flow Statement Data:		
Distributions	**8,108**	11,649
Diluted per Unit	***71.1¢***	*102.1¢*
Payout ratio [3]	***97%***	*105%*
Debt proceeds (repayments)	**(7,000)**	53,000

a) Term debt/Adjusted EBITDA[1]

- Revenue was down $3.1 mil., or 2.9%, as organic growth of 1.8% was fully offset by losses in food & beverage customers of 2.4% along with oversupply in the pumps and sprayers of 3.0%. This impact was slightly offset by the $0.7 mil. gain from currency translation as the U.S./Cdn. rate dropped 5¢ to $0.74 on a drop of $6.1 mil. Richards US sales,
- Adjusted EBITDA[1] decreased $2.1 mil., at 13.4% of sales, consistent with the back half of 2022, on lower volumes and a shift in product mix,
- Income taxes were down $0.8 mil. on lower income subject to taxes,
- Net income decreased $3.4 mil., or 1¢ per Unit, on a $3.4 mil. lower mark-to-market gain reflecting a $3.66 reduction in unit price (2022 10.94) as lower adjusted EBITDA was partially offset by the absence of a $1.6 mil. contingent consideration revaluation,
- Assets decreased by $7.5 mil. and long-term financial liabilities by $22.5 mil. mainly due lower inventories and debt repayments,
- Working capital decreased $9.8 mil. mainly due to $8.1 mil. lower inventory and lower receivables as March revenues softened,

- Free cash flow[2] of $4.5 mil., opening cash on hand of $5.4 mil. and the reduction in working capital were utilized to pay down debt, pay the special dividend, and pay taxes outstanding at year end,
- Leverage ratio at 0.8x down 0.1x from ratio at December 31, 2022, mainly due to debt repayments,
- Distributable cash flow[2] down $2.7 mil. at $0.73 per Unit, yielded a 45% payout ratio[3] on the regular dividend, and
- Monthly distribution of 11¢ per Unit represented a 3.3% annualized return on the March 31st closing price of $39.74 per Unit. A special dividend of 38¢ ($4.3 mil.) related to 2022 was also paid in the quarter reflecting a 46% payout ratio. These distributions will represent taxable dividends to unitholders.

REVIEW OF OPERATIONS

Operations were approximately 37% in the United States ("Richards US") and 63% in Canada. Approximately 33% percent of sales were concentrated in Los Angeles, Sacramento, Memphis, Reno and Portland and 54% in Toronto, Montreal, Winnipeg and Vancouver.

- Revenue was down as the 3% impact of oversupply in pumps and sprayers along with 2.3% contraction from food & beverage exceeded the 1.8% organic growth, This was partially offset by the translation gain in Richards US, with the U.S./Cdn. down at 74.0¢.
- Cosmetics packaging decreased $3.8 mil. at half the pace of the fourth quarter, excluding the impact of translation, mainly due to lower volumes related to the oversupply of pumps and sprayers.
- Healthcare increased $5.7 mil. mainly due to higher volumes in vision and aesthetics lines overcoming softer capital sales as some of the lower growth in the fourth quarter was recovered.
- Food, beverage and other packaging decreased by $5.3 mil., excluding the impact of translation, reflecting customer overstocking in the US and Canada and a continuation of the trend reflected in the 8.6% fourth quarter reduction.
- GDP was up 1.1% in Canada and the US in the first quarter.

Revenue trend	**Qtr.1**	
($ thousands)	**2023**	**2022**
Prior year	109,981	109,873
Organic growth………….......	1,987	8,028
Food & beverage lost….........	(1,709)	—
Food & beverage inventory…	(840)	—
Coronavirus…......................	—	(6,668)
Pumps & Sprayers…............	(3,277)	—
Foreign exchange…...............	690	(1,252)
Current year	**106,833**	**109,981**

Revenue disaggregation	**Qtr.1**	
(% change)	**2023**	**2022**
Cosmetics…………………..	**-20.1%**	-22.1%
Heathcare…………………..	**12.9%**	8.9%
Food, beverage & other…….	**-15.5%**	9.3%
Exchange translation……….	**0.6%**	-1.1%
Weighted average growth…..	**-2.9%**	0.1%

May 4, 2023

- Cost of products sold (before amortization) decreased by $1.3 mil., or 1.5%, with gross margins down slightly on lower volumes. 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.
- Administrative expenses (before amortization) increased by $0.3 mil. mainly due to inflation. The foreign currency gain resulted from exchange rate changes applied to our U.S. denominated working capital position within our Canadian operations.
- Amortization was mainly comprised of $1.9 mil. of lease depreciation and $0.5 mil. intangible assets amortization, a charge for customer relationships, and depreciation for capital assets of $0.5 mil.
- Financial expenses were higher by $0.7 mil. mainly due to the borrowing for the Clarion acquisition and higher interest rates.
- Adjusted EBITDA[1] decreased by $2.1 mil., or 12.9%. The impacts were felt in product mix for cosmetics, the lower volumes resulting in a muted foreign exchange impact as Richards US volume decreased 13.4%.
- Exchangeable shares mark-to-market gain reflects a unit price decrease of $3.66 to $39.74 per Unit. Exchangeable share regular distributions were flat at $0.1 mil. and a special distribution of $4.3 mil. was paid in the first quarter.
- Income tax expense decreased $0.8 mil. on lower income subject to taxes.
- Net income decreased $0.8 mil., or 1¢ per Unit, as a result of the factors outlined above.

($ thousands)	Qtr. 1 2023	Qtr. 1 2022
Revenue	**106,833**	109,981
Cost of sales[a)]	**86,717**	88,032
Gross profit	**20,116**	21,949
	18.8%	*20.0%*
Administrative expenses	**5,782**	5,433
Foreign currency loss (gain)	**(5)**	59
Adjusted EBITDA[1]	**14,339**	16,457
	13.4%	*15.0%*
Lease payments	**(2,156)**	(2,123)
Amortization	**2,892**	3,082
Contingent consideration	**—**	1,631
Financial expenses	**2,065**	1,327
Exchangeable shares	**(1,366)**	(4,593)
Share of income - Vision	**(19)**	(2)
Income tax expense	**3,126**	3,970
Net Income	**9,797**	13,165

a) includes lease payments

Adjusted EBITDA[1] trend *($ thousands)*	Qtr. 1 2023	Qtr. 1 2022
Prior year	16,457	17,112
(% of revenue)	*15.0%*	*15.6%*
Organic growth	497	2,007
Product mix	(2,023)	(2,105)
Fixed cost	(504)	—
Foreign exchange	(87)	(557)
Current year	**14,339**	**16,457**
(% of revenue)	*13.4%*	*15.0%*

DISTRIBUTABLE CASH FLOW[2]

Distributable cash flow[2] was $2.7 mil. lower as the decrease in Adjusted EBITDA and increases in interest and maintenance capital were partially offset by lower income taxes.

Working capital decreased mainly due to $8.1 mil. lower inventory and the $1.9 mil. drop in receivables.

Free cash flow[2] of $4.5 mil. and the working capital decrease was utilized to pay down debt and 2022 taxes. The $5.4 mil. cash on hand at December 31 was mainly utilized to pay the special distribution on Units and exchangeable shares.

The $7.2 mil. cash balance represents $9.0 mil. cash on hand net of $1.8 mil. outstanding cheques.

Monthly regular distributions paid of 11¢ per Unit represent a payout ratio[3] of 45% and an annual yield of 3.3% on a $39.74 price per Unit at March 31, 2023. A special distribution of 38¢ was also paid in the first quarter related to 2022 performance bringing the total payout ratio to 46% for that year. These distributions are taxable to unitholders and exchangeable shareholders.

The distributable cash flow[2] 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 flow[2].

($ thousands)	Qtr. 1 2023	Qtr. 1 2022
Cash provided by operating activities	**21,576**	6,303
Leases	**(2,156)**	(2,123)
Working capital[5]	**(9,782)**	8,812
Income tax payments	**4,701**	3,465
Adjusted EBITDA[1]	**14,339**	16,457
Interest[a)]	**1,667**	913
Current income tax	**3,239**	4,176
Maintenance capital	**1,115**	310
Distributable cash flow[2]	**8,318**	11,058
Diluted per Unit	***$0.73***	*$0.97*
Regular distributions	**3,769**	3,771
Diluted per Unit	***33.1¢***	*33.1¢*
Regular Payout ratio[3]	***45%***	*34%*
Free cash flow[2]	**4,549**	7,287
Special distribution	**4,339**	7,878
Diluted per Unit	***38.0¢***	*69.0¢*
Total Payout ratio[3]	***97%***	*105%*
Units outstanding *(average)*		
Diluted basis 000's	**11,418**	11,418

a) financial expenses less interest on leases and bank refinancing fees

LIQUIDITY AND FINANCING

Cash flows from operating activities

Cash flow from operating activities was up $15.3 mil. mainly due to changes in working capital down $18.6 mil. offset by higher income tax payments by $1.2 mil. During the first quarter, working capital decreased by $9.8 million on lower inventory of $8.1 mil., lower receivables of $1.9 mil. and higher payables of $0.5 mil. offset by higher prepaids of $0.7 mil.

Distributions paid were $8.1 mil. comprised of the $3.8 mil. regular dividend and the $4.3 mil. special dividend paid from free cash flow and the $5.4 mil. cash on hand at December 31st, with $1.3 million declared for March which was paid April 14th.

Current Income Taxes

The current income tax payments of $4.7 mil. included $2.1 mil for 2022.

Capital Expenditures

Maintenance capital expenditures were $1.1 mil. (2022 $0.3 mil.) mainly comprised of $0.8 mil. computer software, $0.2 mil. in evaluation capital and $0.1 mil. mould refurbishments for replacement packaging.

Financing Activities and Instruments

Credit facilities include a $5.0 mil. term loan (2022 $23.0 mil.) which bears interest at the bankers' acceptance borrowing rate plus a margin of 0.95% to 1.70% and a $65.0 million revolving credit facility which was $53.0 mil. drawn, both with maturity to May 31, 2024. The revolving credit is available to fund acquisitions and working capital expansion and bears interest at the same rate as the term loan and any unused portion bears a standby fee of 20% of the margin.

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 EBITDA[1]. As at March 31, 2023, our leverage ratio was 0.8x (December 2022 0.9x).

OUTLOOK SENSITIVITIES

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 2023.

April revenue was down approximately 9%, due to a reduction in healthcare capital in addition to the oversupply of inventory in cosmetic and food, beverage and other. The decrease in cosmetic has begun to subside and expected to stop next quarter however the decrease in food and beverage is expected to continue into the fourth quarter. The current sensitivity for every 1¢ movement in exchange rates to revenue is $0.6 million and to Adjusted EBITDA[1] is $0.07 million.

At the current price of $40/Unit, there would be an immaterial mark-to-market gain or loss on exchangeable units. 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 $1.0 million set aside for another IT system upgrade slated for later in the year. Inflation remains stubbornly high which continues to put pressure on central banks to raise 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 term and revolving debt.

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 2022 Annual Information Form dated March 7, 2023. To management's knowledge, no significant changes to these risks and uncertainties have occurred in the first quarter of 2023.

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, 2023 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 2023, relative to December 31, 2022. 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 2022 Annual Report.

DISCLOSURE CONTROLS & 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.

MANAGEMENT DISCUSSION & ANALYSIS

May 4, 2023

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, contingent consideration, exceptional items, financial expenses, unrealized gains/losses and distributions on exchangeable shares, share of income - Vision and income tax expense less lease payments. The reconciliation of Adjusted EBITDA to net income can be found on page 5. 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.*

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 6. 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 flow[2]. 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 and revolving debt) 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. Working capital does not have a standardized meaning prescribed by IFRS. The method of calculating working capital may bot be comparable to similar measures presented by other companies.*

Notice to Unitholders
The attached consolidated financial statements have not been reviewed by the Fund's external auditors

STATEMENT OF NET INCOME AND COMPREHENSIVE INCOME

For the three months ended March 31 *[Consolidated]*

Cdn$ thousands, unless otherwise noted	Notes	2023	2022
Revenue	*3*	**106,833**	109,981
Cost of sales		**87,416**	89,011
Gross profit		**19,417**	20,970
Administrative expenses		**5,814**	5,472
Contingent consideration revaluation	*2*	**—**	1,631
Profit from operations		**13,603**	13,867
Financial expenses		**2,065**	1,327
Exchangeable shares	*5*		
Mark-to-market gain		**(1,695)**	(5,065)
Distributions		**329**	472
Share of income - Vision		**(19)**	(2)
Income tax expense (income)	*4*		
Current taxes		**3,239**	4,176
Deferred taxes		**(113)**	(206)
		3,126	3,970
Net income for the period		**9,797**	13,165
Basic income per Unit	*5*	***$0.89***	*$1.20*
Diluted income per Unit	*5*	***$0.74***	*$0.75*
Other comprehensive income (loss)			
(subsequently recyclable to Net income)			
Currency translation adjustment - Richards US		**58**	(8,853)
Comprehensive income for the period		**9,855**	4,312

See accompanying notes

"Susan Allen"
Chair – Audit Committee

"Enzio Di Gennaro"
CFO – Richards Packaging Inc

STATEMENT OF FINANCIAL POSITION

As at March 31 *[Consolidated]*

		Mar. 31		Dec. 31	
Cdn$ thousands	**Notes**	**2023**	**2022**	**2022**	**2021**
ASSETS					
Current Assets					
Cash		**7,166**	3,291	**5,445**	8,420
Accounts receivable		**55,427**	51,652	**57,334**	50,259
Inventory		**89,676**	99,447	**97,770**	100,724
Prepaid expenses and deposits		**10,629**	12,687	**9,977**	12,784
		162,898	167,077	**170,526**	172,187
Long-term Assets					
Leases		**30,947**	35,864	**32,733**	38,056
Plant and equipment		**4,792**	5,608	**4,970**	5,993
Investment - Vision		**744**	690	**725**	688
Intangible assets		**28,025**	28,890	**27,754**	29,489
Goodwill		**113,149**	109,918	**113,183**	110,485
		177,657	180,970	**179,365**	184,711
		340,555	348,047	**349,891**	356,898
LIABILITIES & EQUITY					
Current Liabilities					
Accounts payable and accruals		**63,999**	74,362	**63,464**	82,312
Income tax payable		**676**	1,608	**2,138**	897
Distributions payable		**1,256**	1,256	**1,256**	1,256
Due to previous shareholders	*2*	**1,067**	985	**1,068**	48,934
Exchangeable shares	*5*	**18,227**	23,357	**19,921**	28,422
		85,225	101,568	**87,847**	161,821
Long-term Liabilities					
Revolving and term debt	*2*	**57,850**	75,721	**64,817**	22,688
Lease obligations		**27,855**	32,444	**29,564**	34,505
Deferred income taxes	*4*	**6,049**	6,831	**6,163**	7,051
		91,754	114,996	**100,544**	64,244
Equity					
Unitholders' capital	*5*	**—**	—	**—**	—
Retained earnings		**145,053**	121,871	**143,035**	119,883
Accumulated other comprehensive income		**18,523**	9,612	**18,465**	10,950
		163,576	131,483	**161,500**	130,833
		340,555	348,047	**349,891**	356,898

See accompanying notes

STATEMENT OF CHANGES IN EQUITY

For the three months ended March 31 *[Consolidated]*

Cdn$ thousands	Unitholders' capital	Retained earnings	AOCI[a)]	Equity
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
December 31, 2022	—	**143,035**	**18,465**	**161,500**
Comprehensive income		**9,797**	**58**	**9,855**
Distributions paid to Unitholders		**(7,779)**		**(7,779)**
March 31, 2023	—	**145,053**	**18,523**	**163,576**

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

See accompanying notes

STATEMENT OF CASH FLOWS

For the three months ended March 31 *[Consolidated]*

Cdn$ thousands	Notes	2023	2022
OPERATING ACTIVITIES			
Profit from operations		**13,603**	13,867
Add items not involving cash			
Plant, equipment & lease depreciation		**2,388**	2,405
Intangible assets amortization		**504**	677
Contingent consideration revaluation	*2*	**—**	1,631
Income taxes payments		**(4,701)**	(3,465)
Changes in working capital	*6*	**9,782**	(8,812)
Cash provided by operating activities		**21,576**	6,303
INVESTING ACTIVITIES			
Due to previous shareholders	*2*	**—**	(49,533)
Additions to plant and equipment		**(338)**	(170)
Additions to computer software		**(777)**	(140)
Cash used in investing activities		**(1,115)**	(49,843)
FINANCING ACTIVITIES			
Proceeds from (repayment of) revolving & term debt	*2*	**(7,000)**	53,000
Lease payments		**(2,156)**	(2,123)
Financial expenses paid (excluding leases)		**(1,608)**	(880)
Distributions paid to Exchangeable Shareholders	*5*	**(329)**	(472)
Distributions paid to Unitholders	*5*	**(7,778)**	(11,174)
Cash used in financing activities		**(18,871)**	38,351
Net cash flow		**1,590**	(5,189)
Cash, beginning of period		**5,445**	8,420
Foreign exchange effect		**131**	60
Cash, end of period		**7,166**	3,291

See accompanying notes

March 31, 2023 and 2022 [Cdn$ thousands unless otherwise noted)]

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 2022 audited annual financial statements. The accounting policies used in the preparation of these condensed interim financial statements are consistent with the 2022 audited annual financial statements.

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

	2023	2022
Revenue by geography		
Canada	**67,297**	64,311
US	**39,536**	45,670
	106,833	109,981
Revenue by end user		
Cosmetics	**20,190**	23,715
Heathcare	**50,191**	44,488
Food, beverage & other	**36,452**	41,778
	106,833	109,981

March 31, 2023 and 2022 [Cdn$ thousands unless otherwise noted)]

4. INCOME TAXES

	2023	2022
Profit from operations	13,603	13,867
Financial expenses	(2,065)	(1,327)
Contingent consideration revaluation	—	1,631
Income subject to income taxes	**11,538**	14,171
Statutory tax rate	*26.3%*	*26.3%*
Income tax expense at statutory tax rate	**3,035**	3,728
Deferred income tax	**113**	206
Current period adjustments		
Foreign rate differential	**66**	189
Other items	**25**	53
Current income taxes	**3,239**	4,176

5. UNITS AND EXCHANGEABLE SHARES

Number outstanding	Units basic	Weighted average	Exchangeable Shares	Units diluted	Weighted average
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
December 31, 2022	**10,955,007**	**10,955,007**	**463,006**	**11,418,013**	**11,418,013**
March 31, 2023	**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, 2023 of $3.66 [2022 - $10.94] to $39.74 per Unit.

On March 24, 2023, a special dividend of 38¢ per Unit and exchangeable share was paid to unitholders and shareholders of record on March 16, 2023.

March 31, 2023 and 2022 [Cdn$ thousands unless otherwise noted)]

6. ADDITIONAL CASH FLOW INFORMATION

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

	2023	2022
Accounts receivable	**1,894**	(1,672)
Inventory	**8,059**	520
Prepaid expenses and deposits	**(714)**	22
Accounts payable and accruals	**543**	(7,682)
	9,782	(8,812)

Total foreign exchange translation impact excluded from the above was $39 loss [2022 – $849].