Q2 QUARTERLY REPORT

Richards Packaging Income Fund

Quarter ended June 30, 2023

Report Contents

REPORT TO UNITHOLDERS

For The Quarter Ended June 30, 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 second quarter financial performance was in line with the first quarter and the trend set in the back half of 2022 driven mainly by weak food and beverage packaging sales as the oversupply of inventory continued with both customers and suppliers. Working capital was reduced $9 million which was deployed to pay down debt.

Second quarter total revenue was down 9% with a $4 million impact for organic contraction, $4 million for oversupply for food and beverage packaging and $1 million impact for pumps and sprayers. Adjusted EBITDA[1] was down $4 million, at 14% of sales, due mainly to an adverse shift in product mix. Net income decreased $0.6 million, or 34¢ per Unit, mainly due to decreased Adjusted EBITDA offset by the $3 million gain on exchangeable shares.

July revenue was down approximately 11% due to a reduction in healthcare capital sales and continued pressure on food and beverage revenue.

The $5 million of free cash flow[2] generated in the second quarter and $9 million generated from working capital reductions was utilized to repay $10 million of debt and to prepay taxes of $2 million. The leverage at 0.7x is down 0.2x from the level as at December 31, 2022 and reflects the $10 million paydown on the debt.

The Fund paid monthly dividends of 11¢ per Unit in the second quarter, which represented an annualized yield of 4.0% on the June 30th closing price of $33.00 per Unit. The second quarter payout ratio[3] was 43%.

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

August 2, 2023

MANAGEMENT DISCUSSION & ANALYSIS

August 2, 2023

This management's discussion and analysis ("MD&A") of Richards Packaging Income Fund for the second quarter should be read in conjunction with the attached condensed interim financial statements dated June 30, 2023, the first quarter report dated May 4, 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%) for the first half. 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 and six months ended June 30, 2023 (generally referred to in this MD&A as the "second quarter" and "first half"). The following table sets out selected financial information:

($ thousands)	**First half 2023**	**First half 2022**
Income Statement Data:		
Revenue	**215,699**	229,716
Net income	**20,703**	24,625
Diluted per Unit	*$1.43*	*$1.79*
Financial Position Data:		
Assets	**331,759**	361,539
Long-term financial liabilities	**74,080**	108,645
Leverage[a)]	***0.7***	*1.0*
Cash Flow Statement Data:		
Distributions	**15,415**	15,417
Diluted per Unit	***$1.04***	***$1.35***
Payout ratio[3]	***90%***	*66%*
Unit purchases	—	—
Debt borrowing (repayments)	**(17,000)**	53,000

a) Revolving debt/Adjusted EBITDA[1]

Financial highlights for the first half:

- Revenue was down $14 mil., or 6%, on $15 mil. losses in food & beverage and $5 mil. in pumps & sprayers offset by $5 mil. increase in healthcare and $1 mil. currency translation,
- Adjusted EBITDA[1] decreased $6 mil., at 13.7% of sales, consistent with the back half of 2022, on lower volumes and a shift in product mix,
- Financial expenses up $1 mil. as a 4% increase in interest rates and debt refinancing charge offset the $28 mil. debt reduction,
- Income taxes were down $1 mil. on lower income, partially offset by $1 mil. withholding tax,
- Net income decreased $4 mil., or 36¢ per Unit, on lower adjusted EBITDA and higher financial expenses, partially offset by the absence of a $2 mil. contingent consideration revaluation and lower taxes,
- Assets decreased by $30 mil. and long-term financial liabilities decreased by $35 mil. mainly due lower working capital and debt repayments,
- Working capital decreased $19 mil. mainly due to $12 mil. lower inventory,

- Free cash flow[2] of $10 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 was at 0.7x, down 0.2x from ratio as at December 31, 2022, mainly due to debt repayments,
- Distributable cash flow[2] down $7 mil. or $0.60 per Unit, yielded a 44% payout ratio[3] on the regular dividend, and
- Monthly distribution of 11¢ per Unit represented a 4% annualized return on the June 30th closing price of $33.00 per Unit. A special dividend of 38¢ ($4 mil.) related to 2022 was also paid in the first quarter reflecting an overall 69% payout ratio. These distributions will represent taxable dividends to unitholders.

REVIEW OF OPERATIONS

Financial highlights for the second quarter:

Operations were approximately 40% in the United States ("Richards US") and 60% in Canada. Approximately 30% percent of sales were concentrated in Los Angeles, Sacramento, Memphis, Reno and Portland and 60% in Toronto, Montreal, Winnipeg and Vancouver.

- Revenue was down mainly due to contraction from food & beverage which was widely experienced in both Canada and the US. This was partially offset by the translation gain in Richards US, with the U.S./Cdn. down at 74.5¢.
- Cosmetics packaging decreased $1.5 mil. at just over one-third the pace of the first quarter, excluding the impact of translation, mainly due to lower volumes related to the oversupply of pumps and sprayers.
- Healthcare decreased $0.4 mil. mainly due to $1.1 mil. softer capital sales, reflecting higher interest rates offset by higher volumes in vision and aesthetics lines.
- Food, beverage and other packaging decreased by $9.2 mil., excluding the impact of translation, reflecting customer overstocking in the US and Canada and a continuation of the trend reflected in the 15.5% first quarter reduction.
- GDP is forecasted to be up 2.0% in Canada and up 2.4% the US in the second quarter.

Revenue trend	**Qtr.2**	
($ thousands)	**2023**	**2022**
Prior year	119,735	113,030
Organic growth………….....	(3,940)	9,453
Food & beverage lost…........	(4,412)	—
Food & beverage inventory..	(1,826)	—
Coronavirus….....................	—	(3,581)
Pumps & sprayers…...........	(827)	—
Foreign exchange…...............	136	833
Current year	**108,866**	119,735

Revenue disaggregation	**Qtr.2**	
(% change)	**2023**	**2022**
Cosmetics……………….....	**-7.9%**	-16.9%
Healthcare………................	**-0.7%**	17.2%
Food, beverage & other….....	**-24.2%**	5.2%
Exchange translation….........	**0.1%**	0.7%
Weighted average growth	**-9.1%**	5.9%

August 2, 2023

- Cost of products sold (before amortization) decreased by $6.4 mil., or 6.7%, with gross margins down 2.1% 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) were flat. The foreign currency gain resulted from 1.6¢ exchange rate increase during the quarter (2022 2.6¢ decrease) applied to our U.S. denominated working capital position within our Canadian operations.
- Amortization was mainly comprised of $1.9 mil. of lease and $0.5 mil. of plant and equipment depreciation and intangible assets amortization of $0.5 mil. including charges for customer relationships.
- Financial expenses were higher by $0.7 mil. mainly due to 3.6% higher interest rates on $27.9 mil. less debt and a $0.3 mil. debt refinancing charge.
- Adjusted EBITDA[1] decreased by $3.8 mil., or 2.0% of sales. The impacts were felt in product mix as food & beverage fell 5%. The 14% lower Richards US volumes resulted in a muted foreign exchange impact.
- Exchangeable shares mark-to-market gain reflects a unit price decrease of $6.74 to $33.00 per Unit. Exchangeable share regular distributions were flat at $0.2 mil.
- Income tax expense decreased $0.4 mil. on lower income subject to taxes, partially offset by withholding tax of $0.9 mil.
- Net income decreased $0.6 mil., or 34¢ per Unit, as a result of the factors outlined above.

($ thousands)	Qtr. 2 2023	Qtr. 2 2022	First half 2023	First half 2022
Revenue	**108,866**	119,735	**215,699**	229,716
Cost of sales[a)]	**88,373**	94,726	**175,090**	182,758
Gross profit	**20,493**	25,009	**40,609**	46,958
	18.8%	*20.9%*	***18.8%***	*20.4%*
Administrative expenses	**5,498**	5,489	**11,280**	10,922
Foreign currency loss (gain)	**(185)**	528	**(190)**	587
Adjusted EBITDA[1]	**15,180**	18,992	**29,519**	35,449
	13.9%	*15.9%*	***13.7%***	*15.4%*
Lease payments	**(2,163)**	(2,094)	**(4,319)**	(4,217)
Amortization	**2,907**	3,102	**5,799**	6,184
Contingent consideration	**—**	—	**—**	1,631
Financial expenses	**2,429**	1,687	**4,494**	3,014
Exchangeable shares	**(2,968)**	422	**(4,334)**	(4,171)
Share of income - Vision	**53**	(30)	**34**	(32)
Income tax expense	**4,016**	4,445	**7,142**	8,415
Net Income	**10,906**	11,460	**20,703**	24,625

a) includes lease payments

Adjusted EBITDA[1] trend *($ thousands)*	Qtr. 2 2023	Qtr. 2 2022
Prior year	**18,992**	18,353
(% of revenue)	*15.9%*	*16.2%*
Organic growth	**(985)**	2,363
Product mix	**(2,901)**	(1,492)
Fixed cost	**—**	—
Foreign exchange	**74**	(232)
Current year	**15,180**	18,992
(% of revenue)	*13.9%*	*15.9%*

DISTRIBUTABLE CASH FLOW[2]

Distributable cash flow[2] in the second quarter was $4.1 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 $9.0 mil. in the second quarter mainly due to $4.3 mil. lower inventory and $3.7 mil. higher accounts payable. The $2.0 mil. income tax receivable will be fully recovered by year end.

Free cash flow[2] of $5.0 mil. and the working capital decrease was utilized to pay down debt and 2022 taxes. The $8.6 mil. cash on hand as at June 30th will be used to pay down debt and fund working capital.

MANAGEMENT DISCUSSION & ANALYSIS

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The $8.6 mil. cash balance represents $10.4 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 43% and an annual yield of 4.0% on a $33.00 price per Unit as at June 30, 2023. 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 $17.0 mil. revolving facility or free cash flow[2].

($ thousands)	Qtr. 2		First half	
	2023	2022	2023	2022
Cash provided by				
operating activities	**19,664**	11,130	**41,240**	17,433
Leases	**(2,163)**	(2,094)	**(4,319)**	(4,217)
Working capital[5]	**(9,013)**	4,724	**(18,795)**	13,536
Income taxes payments	**6,692**	5,232	**11,393**	8,697
Adjusted EBITDA[1]	**15,180**	18,992	**29,519**	35,449
Interest[a)]	**1,600**	1,217	**3,267**	2,130
Current income tax	**4,020**	4,624	**7,259**	8,800
Maintenance capital	**786**	275	**1,901**	585
Distributable cash flow[2]	**8,774**	12,876	**17,092**	23,934
Diluted per Unit	***$0.77***	*$1.13*	***$1.50***	*$2.10*
Regular distributions	**3,768**	3,768	**7,537**	7,539
Diluted per Unit	***33.0¢***	*33.0¢*	***66.0¢***	*66.0¢*
Regular Payout ratio[3]	***43%***	*29%*	***44%***	*31%*
Free cash flow[2]	**5,006**	9,108	**9,555**	16,395
Special distribution			**4,339**	7,878
Diluted per Unit			***38.0¢***	*69.0¢*
Total Payout ratio[3]			***69%***	*64%*
Units outstanding *(average)*				
Diluted basis 000's	**11,418**	11,418	**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 $8.5 mil. mainly due to changes in working capital down $13.7 mil. offset by higher income tax payments by $1.5 mil. and a $3.5 mil. lower profit from operations. During the second quarter, working capital decreased by $9.0 mil. on lower inventory of $4.3 mil., lower receivables of $1.5 mil. and higher payables of $3.7 mil. offset by higher prepaids of $0.5 mil.

Distributions paid were $3.8 mil. funded by from free cash flow, with $1.3 mil. declared for June which was paid July 14th.

Current Income Taxes

The current income tax payments of $6.7 mil. included $2.0 mil prepayment for the remainder of the year.

Capital Expenditures

Maintenance capital expenditures were $0.8 mil. (2022 $0.3 mil.) mainly comprised of $0.5 mil. in computer software, $0.2 for warehouse equipment and $0.1 mil. mould refurbishments for replacement packaging.

Financing Activities and Instruments

On June 30, 2023, the credit facilities were modified to create one $65.0 mil. revolving credit (2022 $23.0 mil.) which bears interest at the bankers' acceptance borrowing rate plus a margin of 1.25% to 2.00%, an increase of 0.30%, and was $48.0 mil. drawn, with maturity to June 30, 2027 (from June 30, 2024). The revolving credit is available to fund acquisitions and working capital expansion and any unused portion bears a standby fee of 20% of the margin.

The credit facility is 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 June 30, 2023, our leverage ratio was 0.7x (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.

July revenue was down approximately 11%, due to a reduction in healthcare capital in addition to the oversupply of inventory in cosmetic and food and beverage. The decrease in cosmetic has begun to subside and is expected to be positive next quarter however the reduction 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 $0.5 mil. and to Adjusted EBITDA[1] is $0.06 mil.

At the current price of $34/Unit, there would be a $0.5 mil. mark-to-market gain or loss on exchangeable units. The sensitivity for every $1 movement in unit price is $0.5 mil. Maintenance capital will continue to be funded by cash flow from operations at $0.4 mil. per quarter with the additional $1.0 mil. 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 $0.04 mil. for every U.S./Cdn. 1¢ movement. The third quarter surplus distributable cash is expected to be deployed to pay down 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 second 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 June 30, 2023 and revenue and expenses for the period then ended. There have not been any significant changes in critical accounting estimates during the second 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

August 2, 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 and six months ended June 30 *[Consolidated]*

Cdn$ thousands	Notes	Three months 2023	Three months 2022	Six months 2023	Six months 2022
Revenue	3	**108,866**	119,735	**215,699**	229,716
Cost of sales		**88,889**	96,224	**176,305**	185,235
Gross profit		**19,977**	23,511	**39,394**	44,481
Administrative expenses		**5,541**	5,527	**11,355**	10,999
Contingent consideration revaluation	2	**—**	—	**—**	1,631
Profit from operations		**14,436**	17,984	**28,039**	31,851
Financial expenses	2	**2,429**	1,687	**4,494**	3,014
Exchangeable shares	5				
Mark-to-market loss (gain)		**(3,121)**	269	**(4,816)**	(4,796)
Distributions		**153**	153	**482**	625
Share of income - Vision		**53**	(30)	**34**	(32)
Income tax expense (income)	4				
Current taxes		**4,020**	4,624	**7,259**	8,800
Deferred taxes		**(4)**	(179)	**(117)**	(385)
		4,016	4,445	**7,142**	8,415
Net income for the period		**10,906**	11,460	**20,703**	24,625
Basic income per Unit	5	***$1.00***	*$1.05*	***$1.89***	*$2.25*
Diluted income per Unit	5	***$0.70***	*$1.04*	***$1.43***	*$1.79*
Other comprehensive income (loss)					
(subsequently recyclable to Net income)					
Currency translation adjustment- Richards US		**(1,839)**	3,163	**(1,781)**	(5,690)
Comprehensive income for the period		**9,067**	14,623	**18,922**	18,935

See accompanying notes

"Susan Allen"
Chair – Audit Committee

"Enzio Di Gennaro"
CFO – Richards Packaging Inc

STATEMENT OF FINANCIAL POSITION

As at June 30 *[Consolidated]*

Cdn$ thousands	Notes	June 30 2023	June 30 2022	Dec. 31 2022	Dec. 31 2021
ASSETS					
Current Assets					
Cash		**8,551**	6,565	**5,445**	8,420
Accounts receivable		**53,587**	53,411	**57,334**	50,259
Inventory		**84,528**	108,581	**97,770**	100,724
Prepaid expenses and deposits		**11,091**	10,873	**9,977**	12,784
		157,757	179,430	**170,526**	172,187
Long-term Assets					
Leases		**28,655**	36,461	**32,733**	38,056
Plant and equipment		**4,611**	5,333	**4,970**	5,993
Investment - Vision		**691**	719	**725**	688
Intangible assets		**27,809**	28,463	**27,754**	29,489
Goodwill		**112,236**	111,133	**113,183**	110,485
		174,002	182,109	**179,365**	184,711
		331,759	361,539	**349,891**	356,898
LIABILITIES & EQUITY					
Current Liabilities					
Accounts payable and accruals		**67,205**	76,822	**63,464**	82,312
Income tax payable		**(1,996)**	1,000	**2,138**	897
Distributions payable		**1,256**	1,256	**1,256**	1,256
Due to previous shareholders	*2*	**1,044**	1,016	**1,068**	48,934
Exchangeable shares	*5*	**15,106**	23,626	**19,921**	28,422
		82,615	103,720	**87,847**	161,821
Long-term Liabilities					
Revolving and term debt	*2*	**48,330**	75,753	**64,817**	22,688
Lease obligations		**25,750**	32,892	**29,564**	34,505
Deferred income taxes	*4*	**6,034**	6,680	**6,163**	7,051
		80,114	115,325	**100,544**	64,244
Equity					
Unitholders' capital	*5*	**—**	—	**—**	—
Retained earnings		**152,346**	129,719	**143,035**	119,883
Accumulated other comprehensive income		**16,684**	12,775	**18,465**	10,950
		169,030	142,494	**161,500**	130,833
		331,759	361,539	**349,891**	356,898

See accompanying notes

STATEMENT OF CHANGES IN EQUITY

For the three and six months ended June 30 *[Consolidated]*

Cdn$ thousands	Notes	Unitholders' capital	Retained earnings	AOCI[a)]	Equity
December 31, 2021		—	119,883	10,950	130,833
Comprehensive income			17,097	1,825	18,922
Distributions paid to Unitholders	*5*		(28,758)		(28,758)
June 30, 2022		—	129,719	12,775	142,494

December 31, 2022		—	**143,035**	**18,465**	**161,500**
Comprehensive income (loss)			**20,703**	**(1,781)**	**18,922**
Distributions paid to Unitholders	*5*		**(11,393)**		**(11,393)**
June 30, 2023		—	**152,346**	**16,684**	**169,030**

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 and six months ended June 30 *[Consolidated]*

		Three months		Six months	
Cdn$ thousands	Notes	2023	2022	2023	2022
OPERATING ACTIVITIES					
Profit from operations		**14,436**	17,984	**28,039**	31,851
Add items not involving cash					
Plant, equipment & lease depreciation		**2,389**	2,424	**4,777**	4,829
Intangible assets amortization		**518**	678	**1,022**	1,355
Contingent consideration revaluation	*2*	**—**	—	**—**	1,631
Income taxes payments		**(6,692)**	(5,232)	**(11,393)**	(8,697)
Changes in working capital	*6*	**9,013**	(4,724)	**18,795**	(13,536)
Cash provided by operating activities		**19,664**	11,130	**41,240**	17,433
INVESTING ACTIVITIES					
Due to previous shareholders	*2*	**—**	—	**—**	(49,533)
Additions to plant and equipment		**(379)**	(154)	**(717)**	(324)
Additions to computer software		**(407)**	(121)	**(1,184)**	(261)
Cash used in investing activities		**(786)**	(275)	**(1,901)**	(50,118)
FINANCING ACTIVITIES					
Proceeds from (repayment of) revolving and term debt		**(10,000)**	—	**(17,000)**	53,000
Lease payments		**(2,163)**	(2,094)	**(4,319)**	(4,217)
Financial expenses paid (excluding leases)		**(1,605)**	(1,423)	**(3,213)**	(2,303)
Distributions paid to Exchangeable Shareholders		**(153)**	(153)	**(482)**	(625)
Distributions paid to Unitholders		**(3,615)**	(3,615)	**(11,393)**	(14,789)
Cash used in financing activities		**(17,536)**	(7,285)	**(36,407)**	31,066
Net cash flow		**1,342**	3,570	**2,932**	(1,619)
Cash, beginning of period		**7,166**	3,291	**5,445**	8,420
Foreign exchange effect		**43**	(296)	**174**	(236)
Cash, end of period		**8,551**	6,565	**8,551**	6,565

See accompanying notes

June 30, 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. DEBT, ACQUISITION & DUE TO PREVIOUS SHAREHOLDERS

On June 30, 2023, the $65,000 revolving debt facility was extended to June 30, 2027, resulting in a debt refinancing charge of $329, including a cash cost of $182, which will be amortized over the term of the facility using the effective interest rate method. The $48,000 revolving debt outstanding bears interest at the bankers' acceptance borrowing rate plus a premium of 1.25% to $2.00%, an increase of 0.3%. Voluntary repayments of term debt of $12,000 and revolving debt of $5,000 were made during the six months ended June 30, 2023.

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

	Three months		Six months	
	2023	**2022**	**2023**	**2022**
Revenue by geography				
Canada	**68,918**	73,278	**136,215**	137,589
US	**39,948**	46,457	**79,484**	92,127
	108,866	119,735	**215,699**	229,716
Revenue by market				
Cosmetics	**22,537**	23,256	**42,727**	46,971
Healthcare	**52,980**	53,224	**103,171**	97,712
Food, beverage & other	**33,349**	43,255	**69,801**	85,033
	108,866	119,735	**215,699**	229,716

June 30, 2023 and 2022 [Cdn$ thousands unless otherwise noted]

4. INCOME TAXES

	Three months		Six months	
	2023	**2022**	**2023**	**2022**
Profit from operations	**14,436**	17,984	**28,039**	31,851
Financial expenses	**(2,429)**	(1,687)	**(4,494)**	(3,014)
Contingent consideration revaluation	**—**	—	**—**	1,631
Income subject to income taxes	**12,007**	16,297	**23,545**	30,468
Statutory tax rate	*26.4%*	*26.3%*	*26.3%*	*26.3%*
Income tax expense at statutory tax rate	**3,166**	4,287	**6,201**	8,015
Deferred income tax	**4**	179	**117**	385
Current period adjustments				
Foreign rate differential	**(6)**	166	**60**	355
Withholding tax	**927**	—	**927**	—
Other items	**(71)**	(8)	**(46)**	45
Current income taxes	**4,020**	4,624	**7,259**	8,800

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
June 30, 2022	10,955,007	10,955,007	463,006	11,418,013	11,418,013
Six months ended		10,955,007	463,006		11,418,013
December 31, 2022	**10,955,007**	**11,165,774**	**463,006**	**11,418,013**	**11,418,013**
June 30, 2023	**10,955,007**	**10,955,007**	**463,006**	**11,418,013**	**11,418,013**
Six months ended		**10,955,007**	**463,006**		**11,418,013**

Exchangeable shares mark-to-market gain reflects a unit price decrease during the six months ended June 30, 2023 of $10.40 [2022 - $10.36] to $33.00 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 [2022 - 69¢].

June 30, 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:

	Three months		Six months	
	2023	**2022**	**2023**	**2022**
Accounts receivable	**1,505**	(1,150)	**3,399**	(2,822)
Inventory	**4,330**	(7,306)	**12,389**	(6,786)
Prepaid expenses and deposits	**(512)**	2,085	**(1,226)**	2,107
Accounts payable and accruals	**3,690**	1,647	**4,233**	(6,035)
	9,013	(4,724)	**18,795**	(13,536)

Total foreign exchange translation impact excluded from the above values was $919 gain [2022 – $1,953 loss] and $958 gain [2022 – $1,104 loss], for the three and six months respectively.