

Q3 QUARTERLY REPORT

Richards Packaging Income Fund

Quarter ended September 30, 2023

Report Contents

Report to Unitholders	2
Management’s discussion and analysis	3
Financial statements	10
Notes to financial statements	14



REPORT TO UNITHOLDERS

For The Quarter Ended September 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 third quarter financial performance was consistent with the first and second 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 by a further \$8 million which was deployed to pay down debt.

Third quarter total revenue was down 7% due to organic contraction and the oversupply of food and beverage packaging offset by growth for healthcare and pumps and sprayers. Adjusted EBITDA¹ was down \$0.3 million, at 14% of sales, due mainly to organic contraction offset by a positive impact from the shift in product mix with food and beverage representing 7% less, or 32%, of the total business. Net income decreased \$3.7 million, or 4.3¢ per Unit, mainly due to a \$3.2 million lower gain on exchangeable shares.

October revenue was down approximately the same rate as the third quarter due to continued pressure on food and beverage revenue.

The \$5 million of free cash flow² generated in the third quarter and \$8 million generated from working capital reductions was utilized to repay \$13 million of debt. The leverage at 0.5x is down 0.4x from the level as at December 31, 2022, reflecting the \$30 million paydown on the debt in 2023.

The Fund paid monthly dividends of 11¢ per Unit in the third quarter, which represented an annualized yield of 4.0% on the September 30th closing price of \$32.67 per Unit. The third quarter payout ratio³ 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

November 1, 2023

MANAGEMENT DISCUSSION & ANALYSIS

November 1, 2023

This management's discussion and analysis ("MD&A") of Richards Packaging Income Fund for the third quarter should be read in conjunction with the attached condensed interim financial statements dated September 30, 2023, the second and first quarter reports dated August 2nd and 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 5%) for the nine months. On December 31, 2022, Richards Canada sold the Rexplas manufacturing facility to a strategic supplier for \$0.2 mil. who has continued to produce bottles for our needs.

FINANCIAL HIGHLIGHTS

This MD&A covers the three and nine months ended September 30, 2023 (generally referred to in this MD&A as the "third quarter" and "nine months"). The following table sets out selected financial information:

(\$ thousands)	Nine months	
	2023	2022
Income Statement Data:		
Revenue.....	317,079	338,755
Net income.....	28,704	36,280
<i>Diluted per Unit..</i>	\$2.13	\$2.54
Financial Position Data:		
Assets.....	324,756	359,124
Long-term financial liabilities....	62,830	104,113
Leverage ^{a)}	0.5	1.1
Cash Flow Statement Data:		
Distributions.....	15,642	19,182
<i>Diluted per Unit</i>	\$1.37	\$1.68
<i>Payout ratio</i> ³	69%	58%
Unit purchases.....	—	—
Debt borrowings (repayments).. 	(30,000)	49,000
<i>a) Revolving debt/Adjusted EBITDA¹</i>		

Financial highlights for the nine months:

- Revenue was down \$22 mil., or 6%, on \$24 mil. losses in food & beverage and \$5 mil. in pumps & sprayers offset by \$7 mil. increase in healthcare,
- Adjusted EBITDA¹ decreased \$5 mil., at 13.8% of sales, slightly higher on a shift in product mix,
- Financial expenses up \$1 mil. as a 4% increase in interest rates and debt refinancing charge offset the \$30 mil. debt reduction,
- Income taxes were down \$1 mil. on lower income partially offset by \$1 mil. withholding tax,
- Net income decreased \$8 mil., or 40¢ per Unit, on lower adjusted EBITDA and higher financial expenses, and lower gain on exchangeable shares partially offset by the absence of a \$2 mil. contingent consideration revaluation and lower taxes,
- Assets decreased by \$34 mil. and long-term financial liabilities decreased by \$41 mil. mainly due lower working capital and debt repayments,
- Working capital decreased \$27 mil. mainly due to \$17 mil. lower inventory and \$9 mil. lower receivables,

MANAGEMENT DISCUSSION & ANALYSIS

November 1, 2023

- Free cash flow² of \$15 mil. and the \$27 mil. reduction in working capital were utilized to pay down \$30.0 mil. of debt, pay the \$8 mil. special dividend and pay \$2 mil. taxes outstanding at year end 2022,
- Leverage ratio was at 0.5x, down 0.4x from ratio as at December 31, 2022, mainly due to debt repayments,
- Distributable cash flow² down \$7 mil., or \$0.63 per Unit, yielded a 44% payout ratio³ on the regular dividend, and;
- Monthly distribution of 11¢ per Unit represented a 4.0% annualized return on the September 30th closing price of \$32.67 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 third 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 of \$9 mil. from food & beverage which continued to be widely experienced in both Canada and the US. This was in addition to the translation loss in Richards US, with the U.S./Cdn. down 2.1¢ at 74.6¢.
- Cosmetics packaging increased \$0.3 mil. as the losses related to the oversupply of pumps and sprayers subsided.
- Healthcare increased \$1.6 mil. mainly due to \$1.5 mil. higher in hospital capital sales despite higher interest rates and growth in aesthetics lines offset by lower volumes in vision products.
- Food, beverage and other packaging decreased by \$9.1 mil., excluding the impact of translation, reflecting customer overstocking in the US and Canada and a continuation of the trend in the last four quarters.
- GDP is forecasted to be flat in Canada and up 4.9% the US in the third quarter.
- Cost of products sold (before amortization) decreased by \$6.8 mil., or 7.7%, with gross margins up on more favourable product mix. 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.

Revenue trend <i>(\$ thousands)</i>	Qtr. 3	
	2023	2022
Prior year	109,039	112,150
Organic growth.....	(3,372)	3,717
Food & beverage lost.....	(1,432)	—
Food & beverage inventory..	(3,453)	—
Pumps & sprayers.....	995	(6,232)
Foreign exchange.....	(398)	(596)
Current year	101,380	109,039

Revenue disaggregation <i>(% change over p/y)</i>	Qtr.3	
	2023	2022
Cosmetics.....	1.7%	-33.4%
Healthcare.....	3.5%	10.5%
Food, beverage & other.....	-24.9%	2.1%
Exchange translation.....	-0.4%	-0.5%
Weighted average growth	-7.0%	-2.8%

MANAGEMENT DISCUSSION & ANALYSIS

November 1, 2023

- Administrative expenses (before amortization) were down \$0.3 mil. The foreign currency loss resulted from 1.6¢ exchange rate decrease during the quarter (2022 4.6¢) 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 flat mainly due to 3.6% higher interest rates on \$36.5 mil. less debt.
- Adjusted EBITDA¹ decreased by \$0.3 mil., but up 0.7% of sales, on much favourable product mix as food beverage fell but cosmetic and healthcare grew. The 12% lower Richards US volumes resulted in a muted foreign exchange impact.
- Exchangeable shares mark-to-market \$0.2 mil. gain reflects a unit price decrease of \$0.33 to \$32.67 per Unit. Exchangeable share regular distributions were flat at \$0.2 mil.
- Income tax expense increased \$0.4 mil. due primarily to withholding tax of \$0.5 mil.
- Net income decreased \$3.7 mil., or 4.3¢ per Unit, as a result of the factors outlined above.

DISTRIBUTABLE CASH FLOW²

Distributable cash flow² in the third quarter was \$0.6 mil. lower as the decrease in Adjusted EBITDA was partially offset by lower interest.

Working capital decreased \$8.4 mil. in the third quarter mainly due to \$5.0 mil. lower inventory and \$5.2 mil. lower accounts receivable and \$1.2 mil. lower prepaids partially offset by \$3.0 mil. lower accounts payable.

Free cash flow² of \$5.0 mil. and the working capital decrease was utilized to pay down debt. The \$9.2 mil. cash on hand as at September 30th will be used to pay down debt and fund working capital.

(\$ thousands)	Qtr. 3		Nine months	
	2023	2022	2023	2022
Revenue	101,380	109,039	317,079	338,755
Cost of sales ^{a)}	81,781	88,567	256,871	271,325
Gross profit	19,599	20,472	60,208	67,430
	19.3%	18.8%	19.0%	19.9%
Administrative expenses.....	5,175	5,470	16,455	16,392
Foreign currency loss.....	209	510	19	1,097
Adjusted EBITDA¹	14,215	14,492	43,734	49,941
	14.0%	13.3%	13.8%	14.7%
Lease payments.....	(2,181)	(2,225)	(6,500)	(6,442)
Amortization.....	2,888	3,141	8,687	9,325
Contingent consideration.....	—	—	—	1,631
Financial expenses.....	1,860	1,924	6,354	4,938
Exchangeable shares.....	—	(3,158)	(4,334)	(7,329)
Share of income - Vision.....	39	(23)	73	(55)
Income tax expense.....	3,608	3,178	10,750	11,593
Net Income	8,001	11,655	28,704	36,280

a) includes lease payments

Adjusted EBITDA ¹ trend	Qtr. 3	
	2023	2022
(\$ thousands)		
Prior year	14,492	17,640
(% of revenue)	13.3%	15.7%
Organic growth.....	(1,816)	(628)
Product mix.....	1,280	(865)
Fixed cost.....	—	(1,143)
Foreign exchange.....	259	(512)
Current year	14,215	14,492
(% of revenue)	14.0%	13.3%

MANAGEMENT DISCUSSION & ANALYSIS

November 1, 2023

The \$9.2 mil. cash balance represents \$10.7 mil. cash on hand net of \$1.5 mil. outstanding cheques.

Monthly regular distributions paid of 11¢ per Unit represent a payout ratio³ of 43% and an annual yield of 4.0% on a \$32.67 price per Unit as at September 30, 2023. These distributions are taxable to unitholders and exchangeable shareholders.

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 \$30.0 mil. revolving facility or free cash flow².

(\$ thousands)	Qtr. 3		Nine months	
	2023	2022	2023	2022
Cash provided by				
operating activities	21,340	3,857	62,580	21,290
Leases.....	(2,181)	(2,225)	(6,500)	(6,442)
Working capital ⁵	(8,355)	10,263	(27,150)	23,799
Income tax payments.....	3,411	2,597	14,804	11,294
Adjusted EBITDA¹	14,215	14,492	43,734	49,941
Interest ^{a)}	1,425	1,702	4,692	3,832
Current income tax.....	3,784	3,412	11,043	12,212
Maintenance capital.....	273	308	2,174	893
Distributable cash flow²	8,733	9,070	25,825	33,004
<i>Diluted per Unit</i>	<i>\$0.76</i>	<i>\$0.79</i>	<i>\$2.26</i>	<i>\$2.89</i>
Regular distributions	3,766	3,765	11,303	11,304
<i>Diluted per Unit</i>	<i>33.0¢</i>	<i>33.0¢</i>	<i>99.0¢</i>	<i>99.0¢</i>
<i>Payout ratio³</i>	<i>43%</i>	<i>42%</i>	<i>44%</i>	<i>34%</i>
Free cash flow²	4,967	5,305	14,522	21,700
Special distributions			4,339	7,878
<i>Diluted per Unit</i>			<i>38.0¢</i>	<i>69.0¢</i>
<i>Payout ratio³</i>			<i>69%</i>	<i>58%</i>
Units outstanding (average)				
<i>Diluted basis 000's</i>	11,418	11,418	11,418	11,418

a) excludes interest on leases and bank refinancing fees

LIQUIDITY AND FINANCING

Cash flows from operating activities

Cash flow from operating activities was up \$17.5 mil. mainly due to changes in working capital of \$18.6 mil. offset by higher income tax payments by \$0.8 mil. During the third quarter, working capital decreased by \$8.4 mil. on lower inventory of \$5.0 mil., lower receivables of \$5.2 mil. and lower prepaids of \$1.2 mil. offset by lower payables of \$3.0 mil.

Current Income Taxes

The current income tax payments of \$3.4 mil. were up \$0.8 mil. over the same period last year due to the \$0.9 mil. of second quarter 2023 withholding tax paid in the third quarter (2022 nil).

MANAGEMENT DISCUSSION & ANALYSIS

November 1, 2023

Capital Expenditures

Maintenance capital expenditures were \$0.3 mil. (2022 \$0.3 mil.) mainly comprised of \$0.1 mil. in computer software, \$0.1 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 of which \$35.0 mil. is drawn (2022 \$72.0 mil.) and bears interest at the bankers' acceptance borrowing rate plus a margin of 1.25% to 2.00%, an increase of 0.30%, 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 EBITDA¹. As at September 30, 2023, our leverage ratio was 0.5x (December 2022 0.9x).

Distributions paid were \$3.8 mil. funded by from free cash flow, with \$1.3 mil. declared for September which was paid October 13th.

OUTLOOK SENSITIVITIES

Management believes that the performance of Richards Packaging is on track to meet ongoing requirements for working capital and to sustain monthly distributions to Unitholders at the current level through 2023.

October revenue was down approximately the same rate as the third quarter due to an industry oversupply of inventory in food and beverage. 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 EBITDA¹ is \$0.06 mil.

At the current price of \$34/Unit, there would be a \$0.2 mil. mark-to-market 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 which will be spent over the next four quarters. 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 fourth quarter surplus distributable cash is expected to be deployed to pay down debt.

MANAGEMENT DISCUSSION & ANALYSIS

November 1, 2023

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 third 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 September 30, 2023 and revenue and expenses for the period then ended. There have not been any significant changes in critical accounting estimates during the third 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 third quarter that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

MANAGEMENT DISCUSSION & ANALYSIS

November 1, 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 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 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 not 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 nine months ended September 30

[Consolidated]

<i>Cdn\$ thousands</i>	Notes	Three months		Nine months	
		2023	2022	2023	2022
Revenue	3	101,380	109,039	317,079	338,755
Cost of sales		82,634	89,950	258,939	275,185
Gross profit		18,746	19,089	58,140	63,570
Administrative expenses		5,238	5,513	16,593	16,512
Contingent consideration revaluation	2	—	—	—	1,631
Profit from operations		13,508	13,576	41,547	45,427
Financial expenses		1,860	1,924	6,354	4,938
Exchangeable shares	2				
Mark-to-market gain	5	(152)	(3,311)	(4,968)	(8,107)
Distributions		152	153	634	778
Share of income - Vision		39	(23)	73	(55)
Income tax expense (income)	4				
Current taxes		3,784	3,412	11,043	12,212
Deferred taxes		(176)	(234)	(293)	(619)
		3,608	3,178	10,750	11,593
Net income for the period		8,001	11,655	28,704	36,280
Basic income per Unit	5	\$0.73	\$1.06	\$2.62	\$3.31
Diluted income per Unit	5	70.1¢	74.4¢	\$2.13	\$2.54
Other comprehensive income					
<i>(subsequently recyclable to Net income)</i>					
Richards US -					
Currency translation adjustment		1,742	6,865	(39)	8,690
Comprehensive income for the period		9,743	18,520	28,665	44,970

See accompanying notes

“Susan Allen”
Chair – Audit Committee

“Enzio Di Gennaro”
CFO – Richards Packaging Inc

STATEMENT OF FINANCIAL POSITION

As at September 30

[Consolidated]

<i>Cdn\$ thousands</i>	Notes	Sept. 30		Dec. 31	
		2023	2022	2022	2021
ASSETS					
Current Assets					
Cash		9,241	(1,232)	5,445	8,420
Accounts receivable		48,724	56,670	57,334	50,259
Inventory		80,244	108,715	97,770	100,724
Prepaid expenses and deposits		9,908	11,286	9,977	12,784
		148,117	175,439	170,526	172,187
Long-term Assets					
Leases		31,052	35,969	32,733	38,056
Plant and equipment		4,362	5,009	4,970	5,993
Investment - Vision		652	742	725	688
Intangible assets		27,464	28,274	27,754	29,489
Goodwill		113,109	113,691	113,183	110,485
		176,639	183,685	179,365	184,711
		324,756	359,124	349,891	356,898
LIABILITIES & EQUITY					
Current Liabilities					
Accounts payable and accruals		65,248	66,644	63,464	82,312
Income tax payable		(1,623)	1,815	2,138	897
Distributions payable		1,256	1,256	1,256	1,256
Due to previous shareholders	2	1,066	1,080	1,068	48,934
Exchangeable shares	5	14,953	20,315	19,921	28,422
		80,900	91,110	87,847	161,821
Long-term Liabilities					
Revolving and term debt		35,330	71,785	64,817	22,688
Lease obligations		27,500	32,328	29,564	34,505
Deferred income taxes	4	5,869	6,502	6,163	7,051
		68,699	110,615	100,544	64,244
Equity					
Unitholders' capital	5	—	—	—	—
Retained earnings		156,731	137,759	143,035	119,883
Accumulated other comprehensive income		18,426	19,640	18,465	10,950
		175,157	157,399	161,500	130,833
		324,756	359,124	349,891	356,898

See accompanying notes

STATEMENT OF CHANGES IN EQUITY

For the three and nine months ended September 30

[Consolidated]

<i>Cdn\$ thousands</i>	Unitholders' capital	Retained earnings	AOCI^{a)}	Equity
December 31, 2021	—	119,883	10,950	130,833
Comprehensive income		36,280	8,690	44,970
Distributions paid to Unitholders		(18,404)		(18,404)
September 30, 2022	—	137,759	19,640	157,399
December 31, 2022	—	143,035	18,465	161,500
Comprehensive income (loss)		28,704	(39)	28,665
Distributions paid to Unitholders		(15,008)		(15,008)
September 30, 2023	—	156,731	18,426	175,157

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 nine months ended September 30

[Consolidated]

<i>Cdn\$ thousands</i>	Notes	Three months		Nine months	
		2023	2022	2023	2022
OPERATING ACTIVITIES					
Profit from operations		13,508	13,576	41,547	45,427
Add items not involving cash					
Plant, equipment & lease depreciation		2,369	2,458	7,146	7,287
Intangible assets amortization		519	683	1,541	2,038
Contingent consideration revaluation	2	—	—	—	1,631
Income tax payments		(3,411)	(2,597)	(14,804)	(11,294)
Changes in working capital	6	8,355	(10,263)	27,150	(23,799)
Cash provided by operating activities		21,340	3,857	62,580	21,290
INVESTING ACTIVITIES					
Due to previous shareholders	2	—	—	—	(49,533)
Additions to plant and equipment		(205)	(70)	(922)	(394)
Additions to computer software		(68)	(238)	(1,252)	(499)
Cash used in investing activities		(273)	(308)	(2,174)	(50,426)
FINANCING ACTIVITIES					
Repayment of revolving & term debt		(13,000)	(4,000)	(30,000)	(4,000)
Proceeds from revolving debt		—	—	—	53,000
Lease payments		(2,181)	(2,225)	(6,500)	(6,442)
Financial expenses paid (excluding leases)		(1,479)	(1,529)	(4,692)	(3,832)
Distributions paid to Exchangeable Shareholders		(152)	(153)	(634)	(778)
Distributions paid to Unitholders		(3,615)	(3,615)	(15,008)	(18,404)
Cash used in/provided by financing activities		(20,427)	(11,522)	(56,834)	19,544
NET CASH FLOW		640	(7,973)	3,572	(9,592)
Cash, beginning of period		8,551	6,565	5,445	8,420
Foreign exchange effect		50	176	224	(60)
Cash, end of period		9,241	(1,232)	9,241	(1,232)

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

[Cdn\$ thousands unless otherwise noted]

1. BASIS OF PRESENTATION

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 \$35,000 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 revolving debt of \$30,000 were made during the nine months ended September 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		Nine months	
	2023	2022	2023	2022
Revenue by geography				
Canada	64,177	66,849	200,392	204,438
US	37,203	42,190	116,687	134,317
	101,380	109,039	317,079	338,755
Revenue by end market				
Cosmetics	20,622	19,679	63,349	66,650
Healthcare	48,738	47,172	151,909	144,884
Food, beverage & other	32,020	42,188	101,821	127,221
	101,380	109,039	317,079	338,755

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

[Cdn\$ thousands unless otherwise noted]

4. INCOME TAXES

	Three months		Nine months	
	2023	2022	2023	2022
Profit from operations	13,508	13,576	41,547	45,427
Financial expenses	(1,860)	(1,924)	(6,354)	(4,938)
Contingent consideration revaluation	—	—	—	1,631
Income subject to income taxes	11,648	11,652	35,193	42,120
Statutory tax rate	26.4%	26.3%	26.4%	26.3%
Income tax expense at statutory tax rate	3,075	3,064	9,276	11,079
Deferred income taxes	176	234	293	619
Current period adjustments				
Foreign rate differential	71	121	131	476
Withholding tax	474	—	1,401	—
Other items	(12)	(7)	(58)	38
Current income taxes	3,784	3,412	11,043	12,212

5. UNITS AND EXCHANGEABLE SHARES

<i>Number outstanding</i>	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
September 30, 2022	10,955,007	10,955,007	463,006	11,418,013	11,418,013
Nine months ended		10,955,007	463,006		11,418,013
December 31, 2022	10,955,007	10,955,007	463,006	11,418,013	11,418,013
September 30, 2023	10,955,007	10,955,007	463,006	11,418,013	11,418,013
Nine months ended		10,955,007	463,006		11,418,013

Exchangeable shares mark-to-market gain reflects a unit price decrease during the nine months ended September 30, 2023 of \$10.73 [2022 - \$17.51] to \$32.67 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¢].

NOTES TO FINANCIAL STATEMENTS

September 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		Nine months	
	2023	2022	2023	2022
Accounts receivable	5,146	(2,026)	8,545	(4,848)
Inventory	4,977	3,397	17,366	(3,389)
Prepaid expenses and deposits	1,225	(95)	(1)	2,012
Accounts payable and accruals	(2,993)	(11,539)	1,240	(17,574)
	8,355	(10,263)	27,150	(23,799)

Total foreign exchange translation impact excluded from the above values was \$767 loss [2022 – \$4,075] and \$191 gain [2022 – \$5,179 loss], for the three and nine months respectively.