

Q2 QUARTERLY REPORT

Richards Packaging Income Fund

Quarter ended June 30, 2024

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REPORT TO UNITHOLDERS

For The Quarter Ended June 30, 2024

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 reflects a slowing impact from weak food and beverage packaging sales as the oversupply of inventory continued with both customers and suppliers. Losses in food & beverage were largely offset by growth in capital revenue in healthcare. Profit from operations was up on relatively flat revenue as higher margins due to improved product mix kicked in. We completed our first tuck under acquisition as part of our acquisition program late in June which largely affected the balance sheet only.

Second quarter total revenue was down 1% with a \$4 million impact for oversupply for food and beverage packaging and \$1 million impact for pumps and sprayers offset by \$4 million contribution from organic growth. Adjusted EBITDA¹ was up \$1 million, at 14% of sales, due mainly to shift in product mix. Net income increased \$1 million, or 13¢ per Unit, mainly due to lower financial expenses and higher Adjusted EBITDA offset by the \$1 million lower gain on exchangeable shares.

The \$7 million of free cash flow² generated in the second quarter and \$1.0 million generated from working capital reductions were utilized to repay \$4 million of debt and to acquire 100% of the outstanding shares of Insight Medical Technologies Inc. The leverage at 0.1x is down 0.1x from the level as at December 31, 2023 and reflects the \$11 million paydown on the debt.

The Fund paid monthly dividends of 11¢ per Unit in the second quarter, which represented an annualized yield of 4.5% on the June 30th closing price of \$29.05 per Unit. The second quarter payout ratio³ was 37%.

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 1, 2024

MANAGEMENT DISCUSSION & ANALYSIS

August 1, 2024

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, 2024, the first quarter report dated May 2, 2024, the 2023 Annual Report and the 2023 Annual Information Form dated March 7, 2024, 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 2023 annual financial statements.

DESCRIPTION OF THE BUSINESS

Richards Packaging serves a wide customer base that is comprised of over 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 (2023 3%) for the first half.

FINANCIAL HIGHLIGHTS

This MD&A covers the three and six months ended June 30, 2024 (generally referred to in this MD&A as the "second quarter" and "first half"). The following table sets out selected financial information:

Financial highlights for the first half:

- Revenue was down \$10.4 mil., or 4.8%, on \$10.7 mil. losses in food & beverage, \$1.1 mil. in cosmetics and \$1.7 mil. currency translation offset by \$3.1 mil. increase in healthcare,
- Adjusted EBITDA¹ increased \$0.5 mil., at 13.9% of sales, up 0.9%, on a shift in product mix,
- Financial expenses down \$1.8 mil. on the \$41 mil. debt reduction,
- Income taxes were up \$0.2 mil. on higher taxable income, partially offset by \$0.4 mil. lower withholding tax,
- Net income decreased \$0.4 mil., but up 13¢ per Unit on a diluted basis, on lower mark to market gain on exchangeable shares offset by lower financial expenses,
- Assets decreased by \$14 mil. and long-term financial liabilities decreased by \$41 mil. mainly due lower working capital and debt repayments,
- Working capital decreased \$2.5 mil. mainly due to \$1.3 mil. lower inventory, \$0.6 mil. lower receivables, and \$0.6 mil. higher payables,

(\$ thousands)	First half	
	2024	2023
Income Statement Data:		
Revenue.....	205,290	215,699
Net income.....	20,288	20,702
Diluted per Unit.....	\$1.59	\$1.44
Financial Position Data:		
Assets.....	318,130	331,759
Long-term financial liabilities.....	33,096	74,080
Leverage ^{a)}	0.1	0.8
Cash Flow Statement Data:		
Distributions.....	11,646	11,876
Diluted per Unit.....	\$1.02	\$1.04
Payout ratio ³	59%	69%
Debt repayments.....	11,000	(17,000)

a) Revolving debt/Adjusted EBITDA¹

MANAGEMENT DISCUSSION & ANALYSIS

August 1, 2024

- Free cash flow² of \$12.3 mil., the opening cash balance and the reduction in working capital were utilized to pay down debt, pay the special distribution and fund the acquisition Insight Medical Technologies Inc. (“Insight”),
- Leverage ratio was at 0.1x, down 0.1x from December 31, 2023, mainly due to debt repayments of \$11 mil.,
- Distributable cash flow² up \$2.7 mil. or \$0.24 per Unit, yielded a 38% payout ratio³ on the regular dividend, and
- Monthly distribution of 11¢ per Unit represented a 4.5% annualized return on the June 30th closing price of \$29.05 per Unit. A special dividend of 36¢ (\$4 mil.) related to 2023 was also paid in the first quarter reflecting an overall 59% payout ratio. These distributions will represent taxable dividends to unitholders.

REVIEW OF OPERATIONS

Financial highlights for the second quarter:

Operations were approximately 35% in the United States (“Richards US”) and 65% in Canada. Approximately 31% percent of sales were concentrated in Los Angeles, Sacramento, Memphis, Reno and Portland and 61% in Toronto, Montreal, Winnipeg and Vancouver.

- Revenue was down mainly due to contraction from food & beverage, cosmetics and the translation loss in Richards US on lower volume, while the U.S./Cdn. was down at 73.6¢. This was partially offset by growth in healthcare.
- Cosmetics packaging decreased \$1.6 mil. excluding the impact of translation, in a reversal of trending growth that came with capacity constraints at a major supplier which has now been remedied.
- Healthcare increased \$3.4 mil. mainly due to \$2.1 mil. stronger capital sales and higher volumes in vision and skin health lines.
- Food, beverage and other packaging decreased by \$2.9 mil. excluding the impact of translation, reflecting a lower loss rate from the first quarter as the impact of customer overstocking in the US and Canada declined.
- GDP was up 2.8% the US and is forecasted to be up 0.5% in Canada in the second quarter.
- Cost of products sold (before amortization) decreased by \$3.0 mil., or 3.4%, with gross margins up 1.7% on better 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 (\$ thousands)	Qtr.2	
	2024	2023
Prior year	108,866	119,735
Organic growth.....	3,637	(3,940)
Food & beverage lost.....	(1,897)	(4,412)
Food & beverage inventory..	(1,722)	(1,826)
Pumps & sprayers.....	(1,217)	(827)
Foreign exchange.....	(254)	136
Current year	107,413	108,866

Revenue disaggregation (% change)	Qtr.2	
	2024	2023
Cosmetics.....	-9.6%	-7.9%
Healthcare.....	6.4%	-0.7%
Food, beverage & other.....	-10.2%	-24.2%
Exchange translation.....	-0.2%	0.1%
Weighted average growth	-1.3%	-9.1%

MANAGEMENT DISCUSSION & ANALYSIS

August 1, 2024

- Administrative expenses (before amortization) were up \$0.5 mil. due to \$0.2 mil. on added corporate resources and \$0.3 mil. inflation. The foreign currency gain resulted from 2.5¢ exchange rate decrease during the quarter (2023 1.6¢ increase) applied to our U.S. denominated working capital position within our Canadian operations.
- Amortization was mainly comprised of \$2.0 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.
- Exceptional items represent professional fees associated with the Insight acquisition.
- Financial expenses were lower by \$1.1 mil. mainly due to \$41.3 mil. less debt.
- Adjusted EBITDA¹ increased by \$0.7 mil., or 0.9% of sales. The impacts were felt in product mix as food & beverage fell 3%. The 10% lower Richards US volumes resulted in a muted foreign exchange impact.
- Exchangeable shares mark-to-market gain reflects a unit price decrease of \$5.38 to \$29.05 per Unit. Exchangeable share regular distributions were flat at \$0.2 mil.
- Income tax expense increased \$0.2 mil. on higher income subject to taxes, partially offset by lower withholding tax of \$0.4 mil.
- Net income increased \$0.9 mil., or 13¢ per Unit, as a result of the factors outlined above.

(\$ thousands)	Qtr. 2		First half	
	2024	2023	2024	2023
Revenue	107,413	108,866	205,290	215,699
Cost of sales ^{a)}	86,131	89,171	164,381	176,635
Gross profit	21,282	19,695	40,909	39,064
	19.8%	18.1%	19.9%	18.1%
Administrative expenses.....	5,978	5,498	12,007	11,280
Foreign currency loss (gain).....	183	(185)	442	(190)
Adjusted EBITDA¹	15,121	14,382	28,460	27,974
	14.1%	13.2%	13.9%	13.0%
Lease payments.....	(2,248)	(2,163)	(4,464)	(4,319)
Amortization.....	2,990	2,907	5,948	5,799
Exceptional items.....	184	—	184	—
Financial expenses.....	563	1,632	1,161	2,950
Exchangeable shares.....	(2,338)	(2,968)	(2,121)	(4,334)
Share of income - Vision.....	6	53	87	34
Income tax expense.....	4,167	4,016	7,377	7,142
Net Income	11,797	10,905	20,288	20,702

a) includes lease payments

Adjusted EBITDA ¹ trend	Qtr. 2		First half	
	2024	2023	2024	2023
(\$ thousands)				
Prior year	14,382	18,257	27,974	34,006
(% of revenue)	13.2%	15.2%	13.0%	15.9%
Organic growth.....	909	(985)	573	(488)
Product mix.....	387	(2,964)	1,162	(5,026)
Fixed cost.....	(553)	—	(1,285)	(504)
Foreign exchange.....	(4)	74	36	(14)
Current year	15,121	14,382	28,460	27,974
(% of revenue)	14.1%	13.2%	13.9%	13.0%

DISTRIBUTABLE CASH FLOW²

Distributable cash flow² in the second quarter was \$1.7 mil. higher as the increase in Adjusted EBITDA and decreases in interest and maintenance capital were partially offset by higher income taxes.

Working capital increased \$1.0 mil. in the second quarter mainly due to \$5.5 mil. higher accounts payable offset by \$2.1 mil.. Lower accounts receivable and \$2.3 mil. higher inventory.

Free cash flow² of \$6.7 mil. and the working capital decrease was utilized to pay down debt and fund the Insight acquisition.

MANAGEMENT DISCUSSION & ANALYSIS

August 1, 2024

The \$4.8 mil. cash balance represents \$7.4 mil. cash on hand net of \$2.6 mil. outstanding cheques.

Monthly regular distributions paid of 11¢ per Unit represent a payout ratio³ of 36% and an annual yield of 4.5% on a \$29.05 price per Unit as at June 30, 2024. 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 \$58.0 mil. revolving facility or free cash flow².

LIQUIDITY AND FINANCING

Cash flows from operating activities

Cash flow from operating activities was down \$4.6 mil. mainly due to changes in working capital down \$8.1 mil. offset by lower income tax payments by \$2.8 mil. and a \$0.6 mil. higher profit from operations. During the second quarter, working capital decreased by \$1.0 mil. on higher payables of \$5.5 mil. offset by higher prepaids of \$0.2 mil., higher inventory of \$2.3 mil., and higher receivables of \$2.1 mil.

Distributions paid were \$3.8 mil. funded by from free cash flow, with \$1.3 mil. declared for June which was paid July 12th.

Current Income Taxes

The current income tax payments of \$3.9 mil. approximates the \$4.2 mil. In current taxes. Withholding tax was \$0.5 mil.

Capital Expenditures

Maintenance capital expenditures were \$0.2 mil. (2023 \$0.8 mil.) mainly comprised of \$0.1 mil. for warehouse equipment and \$0.1 mil. mould refurbishments for replacement packaging.

(\$ thousands)	Qtr. 2		First half	
	2024	2023	2024	2023
Cash provided by				
operating activities	14,221	18,866	28,310	39,695
Leases.....	(2,248)	(2,163)	(4,464)	(4,319)
Exceptional items.....	184	—	184	—
Working capital ⁵	(952)	(9,013)	(2,546)	(18,795)
Income taxes payments.....	3,916	6,692	6,976	11,393
Adjusted EBITDA¹	15,121	14,382	28,460	27,974
Interest ⁶	204	802	413	1,722
Current income tax.....	4,230	4,020	7,545	7,259
Maintenance capital.....	244	786	677	1,901
Distributable cash flow²	10,443	8,774	19,825	17,092
Diluted per Unit	\$0.91	\$0.77	\$1.74	\$1.50
Regular distributions	3,768	3,768	7,536	7,537
Diluted per Unit	33.0¢	33.0¢	66.0¢	66.0¢
Regular Payout ratio ³	36%	43%	38%	44%
Free cash flow²	6,675	5,006	12,289	9,555
Special distribution			4,110	4,339
Diluted per Unit			38.0¢	69.0¢
Total Payout ratio ³			59%	69%
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

MANAGEMENT DISCUSSION & ANALYSIS

August 1, 2024

Acquisition

On June 24, 2024 Richards Packaging acquired all the outstanding shares of Insight Medical Technologies Inc. (“Insight”) a Canadian provider of medical devices to the vision care industry, for an aggregate purchase price of \$5.2 mil., subject to adjustments depending on future earnings. Financing was by cash on hand and the recognition of a contingent liability. Contingent consideration is estimated at \$1.3 mil. and will be based on future earnings for 2024 without limitation and is 50% payable 90 days after the 2024 year end and 50% payable after the 2025 year end.

Financing Activities and Instruments

Credit facilities include a \$65.0 mil. revolving credit which was \$7.0 mil. drawn (2023 \$18.0 mil.), with maturity to June 30, 2027. The revolving credit is available to fund acquisitions and working capital expansion and bears interest at the CORRA rate plus a margin of 1.25% to 2.00% 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 June 30, 2024, our leverage ratio was 0.1x (December 2023 0.2x).

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 2024.

The decrease in food and beverage is expected to continue into the third 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 \$31/Unit, there would be a \$1.0 mil. mark-to-market loss on the 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.

MANAGEMENT DISCUSSION & ANALYSIS

August 1, 2024

Inflation appears in check allowing central banks to begin dropping 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 2023 Annual Information Form dated March 7, 2024. To management's knowledge, no significant changes to these risks and uncertainties have occurred in the second quarter of 2024.

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, 2024 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 2024, relative to December 31, 2023. 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 2023 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 half that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

MANAGEMENT DISCUSSION & ANALYSIS

August 1, 2024

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 six months ended June 30

[Consolidated]

Cdn\$ thousands	Notes	Three months		Six months	
		2024	2023	2024	2023
Revenue	2, 3	107,413	108,866	205,290	215,699
Cost of sales		87,022	89,687	166,242	177,850
Gross profit		20,391	19,179	39,048	37,849
Administrative expenses		6,196	5,541	12,256	11,355
Profit from operations		14,195	13,638	26,792	26,494
Financial expenses		563	1,631	1,161	2,949
Exchangeable shares	5				
Mark-to-market gain		(2,491)	(3,121)	(2,593)	(4,816)
Distributions		153	153	472	482
Share of income - Vision		6	53	87	34
Income tax expense (income)	4				
Current taxes		4,230	4,020	7,545	7,259
Deferred taxes		(63)	(4)	(168)	(117)
		4,167	4,016	7,377	7,142
Net income for the period	2	11,797	10,906	20,288	20,703
Basic income per Unit	5	\$1.08	\$1.00	\$1.85	\$1.89
Diluted income per Unit	5	\$0.83	\$0.70	\$1.59	\$1.44
Other comprehensive income (loss)					
(subsequently recyclable to Net income)					
Currency translation adjustment- Richards US		655	(1,839)	2,646	(1,781)
Comprehensive income for the period		12,452	9,067	22,934	18,922

See accompanying notes

"Susan Allen"
Chair – Audit Committee

"Enzio Di Gennaro"
CFO – Richards Packaging Inc

STATEMENT OF FINANCIAL POSITION

As at June 30

[Consolidated]

<i>Cdn\$ thousands</i>	Notes	June 30		Dec. 31	
		2024	2023	2023	2022
ASSETS					
Current Assets					
Cash		4,757	8,551	8,116	5,445
Accounts receivable		54,649	53,587	54,184	57,334
Inventory		72,158	84,528	71,280	97,770
Prepaid expenses and deposits		9,033	11,091	9,008	9,977
		140,597	157,757	142,588	170,526
Long-term Assets					
Leases		28,909	28,655	31,650	32,733
Plant and equipment		4,270	4,611	4,638	4,970
Investment - Vision		532	691	619	725
Intangible assets		29,540	27,809	26,515	27,754
Goodwill	2	114,282	112,236	112,193	113,183
		177,533	174,002	175,615	179,365
		318,130	331,759	318,203	349,891
LIABILITIES & EQUITY					
Current Liabilities					
Accounts payable and accruals		69,298	67,205	67,741	63,464
Income tax payable (receivable)		(8)	(1,996)	(577)	2,138
Distributions payable		1,256	1,256	1,256	1,256
Due to previous shareholders	2	2,719	1,044	1,042	1,068
Exchangeable shares	5	13,277	15,106	15,870	19,921
		86,542	82,615	85,332	87,847
Long-term Liabilities					
Revolving and term debt	2	7,004	48,330	18,022	64,817
Lease obligations		26,092	25,750	28,466	29,564
Deferred income taxes	4	6,583	6,034	6,235	6,163
		39,679	80,114	52,723	100,544
Equity					
Unitholders' capital	5	—	—	—	—
Retained earnings		172,419	152,346	163,304	143,035
Accumulated other comprehensive income		19,490	16,684	16,844	18,465
		191,909	169,030	180,148	161,500
		318,130	331,759	318,203	349,891

See accompanying notes

STATEMENT OF CHANGES IN EQUITY

For the three and six months ended June 30

[Consolidated]

<i>Cdn\$ thousands</i>		Unitholders'	Retained		
	Notes	capital	earnings	AOCI^{a)}	Equity
December 31, 2022		—	143,035	18,465	161,500
Comprehensive income			20,703	(1,781)	18,922
Distributions paid to Unitholders	5		(11,393)		(11,393)
June 30, 2023		—	152,346	16,684	169,030
December 31, 2023		—	163,304	16,844	180,148
Comprehensive income (loss)			20,288	2,646	22,934
Distributions paid to Unitholders	5		(11,173)		(11,173)
June 30, 2024		—	172,419	19,490	191,909

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]

<i>Cdn.\$ thousands</i>	Notes	Three months		Six months	
		2024	2023	2024	2023
OPERATING ACTIVITIES					
Profit from operations		14,195	13,638	26,792	26,494
Add items not involving cash					
Plant, equipment & lease depreciation		2,465	2,389	4,899	4,777
Intangible assets amortization		525	518	1,049	1,022
Income taxes payments		(3,916)	(6,692)	(6,976)	(11,393)
Changes in working capital	6	952	9,013	2,513	18,795
Cash provided by operating activities		14,221	18,866	28,277	39,695
INVESTING ACTIVITIES					
Acquisition, net of holdback	2	(3,600)	—	(3,600)	—
Additions to plant and equipment		(220)	(379)	(584)	(717)
Additions to computer software		(24)	(407)	(93)	(1,184)
Cash used in investing activities		(3,844)	(786)	(4,277)	(1,901)
FINANCING ACTIVITIES					
Repayment of revolving and term debt		(4,000)	(10,000)	(11,000)	(17,000)
Lease payments		(2,248)	(2,163)	(4,464)	(4,319)
Financial expenses paid (excluding leases)		(115)	(807)	(291)	(1,668)
Distributions paid to Exchangeable Shareholders		(153)	(153)	(472)	(482)
Distributions paid to Unitholders		(3,615)	(3,615)	(11,174)	(11,393)
Cash used in financing activities		(10,131)	(16,738)	(27,401)	(34,862)
Net cash flow		246	1,342	(3,401)	2,932
Cash, beginning of period		4,612	7,166	8,116	5,445
Foreign exchange effect		(101)	43	42	174
Cash, end of period		4,757	8,551	4,757	8,551

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

[Cdn\$ thousands unless otherwise noted]

1. BASIS OF PRESENTATION AND RECLASSIFICATION

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 2023 audited annual financial statements. The accounting policies used in the preparation of these condensed interim financial statements are consistent with the 2023 audited annual financial statements.

Certain comparative figures have been reclassified to conform to current year presentation. Specifically, the credit card fees of \$798 and \$1,545 for the quarter and six months ended June 30, 2023 respectively previously presented within financial expenses have been reclassified to cost of sales on the statement of net income and comprehensive income, impacting profit from operations and financial expenses paid (excluding leases) within the statement of cash flows.

2. ACQUISITION

On June 24, 2024, Richards Packaging acquired all the outstanding shares of Insight Medical Technologies Inc. ("Insight") a Canadian provider of equipment to the dental industry, for an aggregate purchase price of \$5.2, subject to adjustments depending on future earnings. Financing was by cash on hand and the recognition of the contingent liability. Contingent consideration is estimated at \$1.3 and will be based on future earnings for 2024 without limitation and is 50% payable 90 days after the 2024 year end and 50% after the 2025 year end. This estimate was derived using second quarter results projected for a full year. Revenue and net income included in the Statement of Net Income for the quarter ending June 30, 2024 were immaterial. Goodwill arises as a result of the potential of the product line offerings and the value of human resources reflecting specialized sales and marketing skills. Due to the lack of availability of reliable financial information for Insight prior to the acquisition, providing pro forma information for the full year is impractical.

Details of the preliminary purchase price equation and assets and liabilities acquired are as follows:

	\$		\$
Current assets	1,835	Current liabilities	524
Plant and equipment	21	Deferred income taxes	486
Supplier relationships	3,742		
Total assets acquired	5,598	Total liabilities assumed	1,011
Fair value of net assets acquired			4,587
Goodwill			653
Aggregate purchase price			5,240
Holdback			300
Contingent consideration			1,340
Acquisition, net of contingent consideration			3,600

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

[Cdn\$ thousands unless otherwise noted]

3. REVENUE & SEGMENTED INFORMATION

	Three months		Six months	
	2024	2023	2024	2023
Revenue by geography				
Canada	70,446	68,918	134,067	136,215
US	36,967	39,948	71,223	79,484
	107,413	108,866	205,290	215,699
Revenue by market				
Cosmetics	20,761	22,537	41,599	42,727
Healthcare	56,269	52,980	106,159	103,171
Food, beverage & other	30,383	33,349	57,532	69,801
	107,413	108,866	205,290	215,699

4. INCOME TAXES

	Three months		Six months	
	2024	2023	2024	2023
Profit from operations	14,195	13,638	26,792	26,494
Financial expenses	(563)	(1,631)	(1,161)	(2,949)
Income subject to income taxes	13,632	12,007	25,631	23,545
Statutory tax rate	26.3%	26.4%	26.3%	26.3%
Income tax expense at statutory tax rate	3,585	3,166	6,740	6,201
Deferred income tax	63	4	168	117
Current period adjustments				
Foreign rate differential	46	(6)	94	60
Withholding tax	547	927	547	927
Other items	(11)	(71)	(4)	(46)
Current income taxes	4,230	4,020	7,545	7,259

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

[Cdn\$ thousands unless otherwise noted]

5. UNITS AND EXCHANGEABLE SHARES

<i>Number outstanding</i>	Units basic	Weighted average	Exchangeable Shares	Units diluted	Weighted average
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
December 31, 2023	10,955,007	10,955,007	463,006	11,418,013	11,418,013
June 30, 2024	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, 2024 of \$5.60 [2023 - \$10.40] to \$29.05 per Unit.

On March 24, 2024, a special dividend of 36¢ per Unit and exchangeable share was paid to unitholders and shareholders of record on March 16, 2024 [2023 - 38¢].

6. ADDITIONAL CASH FLOW INFORMATION

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

	Three months		Six months	
	2024	2023	2024	2023
Accounts receivable	(2,059)	1,505	612	3,399
Inventory	(2,279)	4,330	1,310	12,389
Prepaid expenses and deposits	(218)	(512)	(36)	(1,226)
Accounts payable and accruals	5,508	3,690	627	4,233
	952	9,013	2,513	18,795

Total foreign exchange translation impact excluded from the above values was \$307 loss [2023 - \$919 gain] and \$1,077 loss [2023 - \$958 gain], for the three and six months respectively.