Consolidated Financial Statements of

Alaris Equity Partners Income Trust

Audited Financial statements for the years ended

December 31, 2024 and 2023

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Alaris Equity Partners Income Trust

Opinion

We have audited the consolidated financial statements of Alaris Equity Partners Income Trust (the Trust), which comprise:

- the consolidated statements of financial position as at December 31, 2024 and December 31, 2023
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Trust as at December 31, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Prospective Change in Accounting Policy

We draw attention to Note 2(b) to the financial statements which indicates that the Trust has changed its accounting policy for consolidation and has applied that change prospectively.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of the Trust as an investment entity

Description of the matter

We draw attention to Notes 2(b), 2(d) and 3 to the financial statements. In January 2024, the Trust concluded that it met the definition of an investment entity, as defined by IFRS 10, Consolidated Financial Statements.

Judgment is required when making the determination whether the Trust or its subsidiaries meet the definition of an investment entity. When determining whether the Trust met the definition of an investment entity, management applied significant judgment when assessing the entity's business purpose and how the Trust commits to its investors that its business purpose is to invest funds solely for the returns from capital appreciation, investment income or both. As a result of this change in status, the assets and liabilities of certain subsidiaries have been derecognized from the Trust's consolidated statement of financial position.

Why the matter is a key audit matter

We identified the evaluation of the Trust as an investment entity as a key audit matter. This matter created a significant risk of material misstatement given the pervasive nature of the change in presentation, and significant auditor judgment was required in evaluating the Trust's conclusions.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We evaluated the Trust's conclusions by:

- Inquiring with senior management and the board of trustees regarding the Trust's business purpose and change in investment strategy
- Inspecting board materials related to the Trust's strategy and inspecting investment modelling, including exit strategies
- Observing management conference calls and inspecting other communications to investors regarding the investment strategy

Evaluation of the fair value of Partner investments

Description of the matter

We draw attention to Notes 2(d), 3 and 8 to the financial statements. The fair value of the Trust's Corporate Investments is determined using an adjusted net asset method. The fair value is assessed at each reporting date with changes in fair value recognized in earnings. An important component of the adjusted net asset value is the valuation of the underlying Partner investments. The fair value of the underlying Partner investments requires significant management judgment due to the absence of quoted market values, inherent lack of liquidity and long-term nature of such investments. Partner investments are measured using a discounted cash flow model or capitalized cash flow.

The Trust has recorded Corporate Investments of $1,184,553 thousand as at December 31, 2024, of which $1,543,723 thousand related to Partner investments. Partner investments include preferred unit investments, common equity investments, and convertible preferred unit investments. The significant assumption used in the valuation of the preferred unit investments is the discount rate. Significant assumptions used in the valuation of the common equity investments include the discount rate, terminal value growth rate, cash flow multiple and estimated future cash flows. Significant assumptions used in the valuation of the convertible preferred unit investments include the discount rate, estimated future cash flows, and cash flow multiple.

Why the matter is a key audit matter

We identified the evaluation of the fair value of Partner investments as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the Partner investments and the high degree of estimation uncertainty in determining the fair value of the Partner investments. In addition, significant auditor judgment and specialized skills and knowledge were required in evaluating the results of our procedures, due to the sensitivity of the fair value of Partner investments to minor changes to significant assumptions.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We evaluated the appropriateness of the assumptions used in determining the fair value of Partner investments by:

- Comparing a selection of the estimated future cash flows to the actual historical cash flows. We took into account changes in conditions and events affecting estimated future cash flows to assess the adjustments or lack of adjustments made in arriving at estimated future cash flows.

We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the discount rates, terminal value growth rates and cash flow multiples used in determining the fair value of Partner investments by:

- Comparing a selection of discount rates and terminal value growth rates to the transaction discount rates and terminal value growth rates implied at the time of the Trust making the initial investment

- Comparing the changes in a selection of discount rates and terminal value growth rates to changes in the financial performance and condition of each specific investment since the time of the Trust making the initial investment
- Comparing a selection of discount rates and cash flow multiples against a discount rate range and cash flow multiple range that were independently developed using publicly available market data for comparable entities

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor’s report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor’s report is Kimberly Maria Isotti.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
March 10, 2025

Alaris Equity Partners Income Trust

Consolidated Statement of financial position

$ thousands	Note	31-Dec 2024
Assets		
Cash		$ 4,198
Accounts receivable and prepayments	10	8,003
Corporate Investments	3	1,184,553
Property, equipment and other		2,018
Deferred income taxes		911
Total Assets		**$ 1,199,683**
Liabilities		
Accounts payable and accrued liabilities		$ 9,231
Distributions payable	4	15,511
Income tax payable		1,931
Unit-based compensation	7	6,411
Senior unsecured debenture	5	63,648
Lease Liability		989
Total Liabilities		**$ 97,721**
Equity		
Unitholders' capital	4	$ 763,245
Retained earnings		338,717
Total Equity		**$ 1,101,962**
Total Liabilities and Equity		**$ 1,199,683**
Related parties	10	
Subsequent events	4, 11	

On behalf of the Board:

Director (signed) *"Peter Grosskopf"*
Director (signed) *"Sophia Langlois"*

Alaris Equity Partners Income Trust

Consolidated Statement of financial position

$ thousands	Note	31-Dec 2023
Assets		
Cash		$ 15,184
Derivative contracts	18	1,012
Accounts receivable and prepayments		2,972
Income taxes receivable	17	29,104
Current Assets		$ 48,272
Property and equipment		327
Other long-term assets	17, 18	33,537
Investments	3	1,392,758
Non-current assets		$ 1,426,622
Total Assets		**$ 1,474,894**
Liabilities		
Accounts payable and accrued liabilities		$ 10,668
Distributions payable	4	15,469
Derivative contracts	18	341
Office Lease		208
Convertible debenture	16	97,709
Current Liabilities		$ 124,395
Deferred income taxes	17	82,301
Loans and borrowings	15	242,359
Senior unsecured debenture	5	63,112
Other long-term liabilities	18	1,904
Non-current liabilities		$ 389,676
Total Liabilities		**$ 514,071**
Equity		
Unitholders' capital	4	$ 760,891
Translation reserve		33,711
Retained earnings		166,221
Total Equity		**$ 960,823**
Total Liabilities and Equity		**$ 1,474,894**

Alaris Equity Partners Income Trust

Consolidated statement of comprehensive income

$ thousands except per unit amounts	Note	Year ended December 31 2024
Revenue and operating income		
Net gain on Corporate Investments	3	$ 99,281
Management and advisory fees	6	19,613
Interest and dividend income from Acquisition Entities	10	36,095
Total revenue and operating income		**$ 154,989**
General and administrative		18,393
Unit-based compensation	7	7,086
Depreciation and amortization		545
Total operating expenses		$ 26,024
Earnings from operations		**$ 128,965**
Finance costs	5	4,598
Foreign exchange gain	3	(80,821)
Gain on derecognition of previously consolidated entities	3	(30,260)
Earnings before taxes		**$ 235,448**
Current income tax expense		1,943
Deferred income tax recovery		(910)
Total income tax expense		$ 1,033
Earnings and comprehensive income		**$ 234,415**
Earnings per unit		
Basic		$ 5.15
Diluted		$ 5.08
Weighted average units outstanding		
Basic	4	45,503
Diluted	4	46,113

Alaris Equity Partners Income Trust

Consolidated statement of comprehensive income

$ thousands except per unit amounts	Note	Year ended December 31 2023
Revenues, including realized foreign exchange	14	$ 162,567
Net realized gain from investments	3	13,474
Net unrealized gain on investments at fair value	3	65,210
Total revenue and other operating income		**$ 241,251**
General and administrative		29,186
Transaction diligence costs		5,220
Unit-based compensation	7	4,188
Depreciation and amortization		227
Total operating expenses		38,821
Earnings from operations		**$ 202,430**
Finance costs	5, 15, 16	31,533
Net unrealized gain on derivative contracts	18	(1,880)
Foreign exchange loss		2,562
Earnings before taxes		**$ 170,215**
Current income tax expense	17	15,093
Deferred income tax expense	17	16,674
Total income tax expense		31,767
Earnings		**$ 138,448**
Other comprehensive income		
Foreign currency translation differences		(17,680)
Total comprehensive income		**$ 120,768**
Earnings per unit		
Basic		$ 3.05
Fully diluted		$ 2.93
Weighted average units outstanding		
Basic	4	45,449
Fully Diluted	4	50,012

Alaris Equity Partners Income Trust

Consolidated statement of changes in equity

For the year ended December 31, 2024

$ thousands, except for number of units (000's)	Notes	Units Outstanding	Unitholders' Capital	Translation Reserve	Retained Earnings	Total Equity
Balance at December 31, 2023		45,498	$ 760,891	$ 33,711	$ 166,221	$ 960,823
Reclassification of translation reserve	3		-	(33,711)	-	(33,711)
Earnings and comprehensive income			-	-	234,415	234,415
Transactions with unitholders, recognized directly in equity						
Distributions to unitholders	4		-	-	(61,919)	(61,919)
Units issued under RTU plan	4	123	2,354	-	-	2,354
Total transactions with Unitholders		123	$ 2,354	$ -	$ (61,919)	$ (59,565)
Balance at December 31, 2024		**45,621**	**$ 763,245**	**$ -**	**$ 338,717**	**$ 1,101,962**

Alaris Equity Partners Income Trust

Consolidated statement of changes in equity

For the year ended December 31, 2023

$ thousands, except for number of units (000's)	Notes	Units Outstanding	Unitholders' Capital	Translation Reserve	Retained Earnings	Total Equity
Balance at January 1, 2023		45,281	$ 757,220	$ 51,391	$ 89,644	$ 898,255
Earnings for the year		-	-	-	138,448	138,448
Other comprehensive income						
Foreign currency translation differences		-	-	(17,680)	-	(17,680)
Total comprehensive income for the period		-	$ -	$ (17,680)	$ 138,448	$ 120,768
Transactions with unitholders, recognized directly in equity						
Distributions to unitholders	4	-	$ -	$ -	$ (61,871)	$ (61,871)
Units issued under RTU plan	4	217	3,671	-	-	3,671
Total transactions with Unitholders		217	$ 3,671	$ -	$ (61,871)	$ (58,200)
Balance at December 31, 2023		**45,498**	**$ 760,891**	**$ 33,711**	**$ 166,221**	**$ 960,823**

Alaris Equity Partners Income Trust
Consolidated statement of cash flows

$ thousands	Notes	Year ended December 31, 2024
Cash flows from operating activities		
Earnings for the period		$ 234,415
Adjustments for:		
Finance costs	5	4,598
Deferred income tax recovery		(910)
Depreciation and amortization		545
Gain on derecognition of previously consolidated entities	3	(30,260)
Net gain on Corporate Investments	3	(99,281)
Unrealized foreign exchange gain		(80,821)
Unit-based compensation	7	7,086
Net repayment of loans receivable from Acquisition Entities	10	291,934
Net investment in Acquisition Entities	10	(265,962)
Cash from operations, prior to changes in working capital		$ 61,344
Changes in working capital ***Note1*** *:*		
Accounts receivable and prepayments		(10,787)
Income tax receivable / payable		1,932
Accounts payable, accrued liabilities		10,939
Cash generated from operating activities		$ 63,428
Cash interest paid	5	(4,062)
Net cash from operating activities		$ 59,366
Cash flows from financing activities		
Distributions paid	4	(61,919)
Office lease payments		(203)
Net cash used in financing activities		$ (62,122)
Net decrease in cash		$ (2,756)
Decrease in cash due to the derecognition of previously consolidated entities	3	$ (8,435)
Impact of foreign exchange on cash balances		206
Cash, Beginning of year		15,184
Cash, End of year		$ 4,198
Cash taxes paid / (received)		$ 7

Note 1 - Changes in working capital exclude the working capital impact from previously consolidated entities

Alaris Equity Partners Income Trust
Consolidated statement of cash flows

$ thousands	Notes	Year ended December 31, 2023
Cash flows from operating activities		
Earnings for the period		$ 138,448
Adjustments for:		
Finance costs	5, 15, 16	31,533
Deferred income tax expense	17	16,674
Depreciation and amortization		227
Net realized gain from investments	3	(13,474)
Net unrealized gain on investments at fair value	3	(65,210)
Unrealized gain on derivative contracts	18	(1,880)
Unrealized foreign exchange loss		2,559
Transaction diligence costs		5,220
Unit-based compensation	7	4,188
Cash from operations, prior to changes in working capital		$ 118,285
Changes in working capital:		
Accounts receivable and prepayments		(283)
Income tax receivable / payable		(8,494)
Other long-term assets	18	69
Accounts payable, accrued liabilities		(1,536)
Cash generated from operating activities		$ 108,041
Cash interest paid	5, 15, 16	(25,079)
Net cash from operating activities		$ 82,962
Cash flows from investing activities		
Acquisition of investments	3	$ (130,103)
Transaction diligence costs		(5,220)
Proceeds from partner redemptions	3	36,999
Net cash used in investing activities		$ (98,324)
Cash flows from financing activities		
Repayment of loans and borrowings	15	$ (97,283)
Proceeds from loans and borrowings	15	130,480
Debt amendment and extension fees		(1,169)
Distributions paid	4	(61,797)
Office lease payments		(144)
Net cash used in financing activities		$ (29,913)
Net decrease in cash		$ (45,275)
Impact of foreign exchange on cash balances		266
Cash, Beginning of year		60,193
Cash, End of year		$ 15,184
Cash taxes paid / (received)		$ 22,067

1. Reporting entity:

Alaris Equity Partners Income Trust is an entity domiciled in Calgary, Alberta, Canada. The consolidated financial statements as at December 31, 2024, are composed of Alaris Equity Partners Income Trust and its consolidated subsidiary, Alaris Equity Services Corp. ("Service Co") (together referred to as the "Trust"). Service Co. is an entity domiciled in Canada and was a dormant subsidiary, Alaris Strategic Opportunities Inc., the Trust purchased from Alaris Equity Partners Inc, ("AEP", formerly known as Alaris Royalty Corp.). This subsidiary was subsequently renamed Alaris Equity Services Corp. and certain assets and activities of AEP relating to the provision of investment management services were transferred to Service Co.

Throughout the notes to the consolidated financial statements, investments and investing activity of Alaris' capital primarily relate to its preferred equity, common equity and special purpose vehicle ("SPV") strategies. These Partner investments are held directly or indirectly through wholly-owned subsidiaries of the Trust, which are referred to as Acquisition Entities. While there are a number of Acquisition Entities, substantially all of these companies consist of direct or indirect subsidiaries of AEP, Alaris Equity Partners USA Inc. ("Alaris USA") or Salaris USA Royalty Inc. ("Salaris"). These three companies, which are the significant Acquisition Entities, are the Acquisition Entities for substantially all of Alaris' investments. AEP is a Canadian corporation, Alaris USA and Salaris are both Delaware corporations.

Throughout these statements, the term "Alaris" encompasses Alaris Equity Partners Income Trust and all of its wholly-owned subsidiaries.

2. Basis of preparation and material accounting policies - 2024:

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

These consolidated financial statements were approved by the Board of Trustees on March 10, 2025.

(b) Basis of preparation and consolidation

In January 2024, the Trust concluded that it met the definition of an investment entity, as defined by IFRS 10, Consolidated Financial Statements ("IFRS 10"). This change in status resulted from the change in how the Trust commits to its investors that its business purpose is to invest funds solely to earn returns from capital appreciation, investment income or both. Over time Alaris' investment strategy has evolved and now focuses not only on the cash pay returns received from the distributions on preferred investments but also the combined exit return driven by both the preferred exit premium and common capital appreciation. This conclusion will be reassessed on a continuous basis.

As a result of this change in status, the assets and liabilities of the Trust's subsidiaries that are themselves investment entities or intermediate holding companies have been derecognized from the Trust's consolidated statement of financial position. The Trust's investments in these subsidiaries have been recognized as Corporate Investments totaling $650.5 million as at January 1, 2024 net of a gain on the Trust's deconsolidation of its investment entity subsidiaries of $30.3 million (see Note 3). Included in this gain, is the reclassification of the translation reserve into earnings, reflecting the foreign currency translation differences of certain subsidiaries. The Corporate Investments are subsequently measured at fair value through profit (loss) ("FVTPL"). The change in investment entity status has been accounted for prospectively from January 1, 2024 in accordance with IFRS 10.

The Trust has also performed an assessment to determine which of its subsidiaries are investment entities, as defined under IFRS 10. When performing this assessment, the Trust considered the subsidiaries' current business purpose along with the business purpose of the subsidiaries' direct or indirect investments. The Trust has concluded that AEP meets the definition of an investment entity.

Consolidated subsidiary

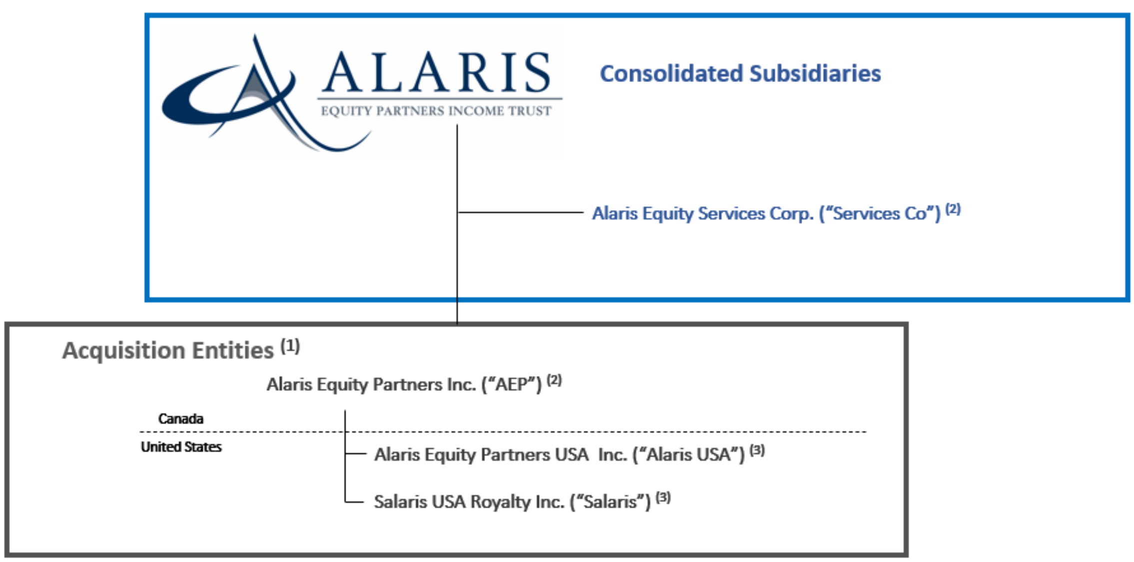
In accordance with IFRS 10, consolidated subsidiaries of an investment entity are those entities that provide investment-related services and that the Trust controls by having the power to govern the financial and operating polices of the entity, and do not themselves meet the definition of investment entities. Such entities would include those who charge management and advisory fees as a result of the Trust's day-to-day operations.

The Trust's wholly-owned and controlled subsidiary, Service Co, provides investment-related services and does not, itself, meet the definition of an investment entity and is therefore consolidated. All intercompany amounts and transactions between the Trust and this consolidated entity have been eliminated upon consolidation.

Interest in unconsolidated subsidiaries

In accordance with the requirements for investment entities under IFRS 10, interests in subsidiaries, other than those that provide investment-related services and do not themselves qualify as investment entities, are accounted for at FVTPL. These entities are used by the Trust as Acquisition Entities and hold, either directly or indirectly, the Trusts' Partner investments. As denoted below, the Acquisition Entities are recorded as Corporate Investments. As discussed under critical accounting estimates and judgements, management exercised judgement when determining whether subsidiaries are investment entities. The Trust's wholly-owned and controlled subsidiary, AEP, qualifies as an investment entity and is therefore measured at FVTPL.

The following diagram illustrates the Trust's corporate structure, including the significant entities controlled by the Trust either directly or indirectly including the Acquisition Entities of the Trust:



(1) The Trust's investments in the Acquisition Entities are recorded as Corporate Investments at fair value through profit (loss)
(2) Principal place of business, Canada; 100% portion of ownership and voting rights
(3) Principal place of business United States; 100% portion of ownership and voting rights

The Trust's interests in the unconsolidated subsidiaries include loans receivable from the Acquisition Entities which are also measured at FVTPL and recognized as Corporate Investments.

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Corporate Investments and loans receivable from Acquisition Entities are measured at fair value in the statement of financial position with changes in fair value recorded in earnings (see Note 3).
- The units granted as part of the Trust's Restricted Unit Plan (RTU) are considered to be grants of financial liabilities and are measured at fair value with changes in fair value recorded in unit-based compensation expense included in earnings and unit-based compensation

As the change in status has been accounted for prospectively from January 1, 2024, the accounting policies in this section are specific to the year ended December 31, 2024. Accounting policies applied in the comparative year are disclosed in Note 12 through Note 18.

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars which is the Trust and Service Co's functional currency.

(d) Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Information about assumptions, judgments and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next twelve months are as follows:

Key estimates used in measuring fair value of Corporate Investments

The fair value of Corporate Investments is measured using an adjusted net asset method. The measurement of the fair value of the Corporate Investments is determined by measuring the fair values of the net assets of the Acquisition Entities, which include the underlying Partner investments held directly and indirectly within them. The fair value is assessed at each reporting date with changes in fair value recognized in net earnings.

An important component of the fair value within the Acquisition Entities is the valuation of the underlying Partner investments held directly or indirectly which require significant management judgement due to the absence of quoted market values, inherent lack of liquidity and long-term nature of such investments. Partner investments are measured using a discounted cash flow model or capitalized cash flow. Significant assumptions used in the valuation of the preferred unit investments include the discount rate, timing of exit and changes in future distributions. Significant assumptions used in the valuation of the common equity investments include the discount rate, terminal value growth rate, cash flow multiple and estimated future cash flows. Significant assumptions used in the valuation of the convertible preferred unit investments include the discount rate, estimated future cash flows, and cash flow multiple. See Note 8 for related disclosure on assumptions used in fair value assessments.

Assessment as investment entity

Judgment is required when making the determination whether the Trust or its subsidiaries meet the definition of an investment entity pursuant to IFRS 10.

Alaris conducts its business primarily through controlled subsidiaries (held either directly or indirectly), which consist of entities providing investment-related services and Acquisition Entities. Certain of these entities were formed for legal, tax, regulatory or similar reasons by Alaris and share a common business purpose. The assessment of whether Alaris, the parent company, meets the definition of an investment entity was performed on an aggregate basis with these entities.

The criteria which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

When determining whether the Trust met the definition of an investment entity under IFRS 10, Alaris applied significant management judgement when assessing the entity's business purpose and how the Trust commits to its investors that its business purpose is to invest funds solely for the returns from capital appreciation, investment income or both.

Material accounting policies:

(i) Income recognition

Management fees and advisory fees are earned for services provided directly to certain of the Trust's Acquisition Entities which are calculated on a percentage of invested capital approach, as well as transaction and management fees earned from Partner investments. Revenues earned from management and advisory fees are recognized over time as the services are provided.

Corporate Investments that are in a currency other than the presentation currency are translated at period end using the period end rate. The foreign exchange differences are recorded in Foreign exchange (gain)/loss. Therefore, the Net gain/(loss) on Corporate Investments is reflective of gains or losses prior to foreign exchange translation.

(ii) Financial instruments

Recognition and Initial Measurement

Financial instruments are recognized when the Trust becomes party to the contractual provisions of the instrument. Financial assets and liabilities are not offset unless the Trust has the current legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously.

A financial asset or financial liability is initially measured at fair value, plus, for an item not at FVTPL transaction diligence costs that are directly attributable to its acquisition or issue. Transaction diligence costs directly attributable to financial assets or liabilities measured at FVTPL are expensed as incurred.

Classification and Subsequent Measurement

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through OCI ("FVOCI") or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Trust changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost as described above are measured at FVTPL. The Trust includes in this category equity instruments which are investments in certain subsidiaries. In accordance with the exception under IFRS 10, the Trust does not consolidate subsidiaries in the financial statements unless the subsidiary is not itself an investment entity and its main purpose and activities are providing services that relate to the Trust's investment activities. The Trust measures Corporate Investments (including loan receivables from the Acquisition Entities) at FVTPL.

Financial Liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition and Modifications

A financial asset is derecognized when the rights to its cash flows have expired or have been transferred, and the Trust has transferred substantially all the risks and rewards of ownership. When the terms of the asset are modified, the Trust evaluates whether the asset should be derecognized based on the expiration of its cash flow rights. If the modifications do not result in derecognition, the gross carrying amount of the asset is recalculated, and the difference between the old and new carrying amounts is recognized in profit or loss. The new carrying amount is the present value of the modified cash flows, discounted at the asset's original effective interest rate.

A financial liability is derecognized when the obligation is discharged, canceled, or expires. If an existing liability is replaced by a new one from the same counterparty with substantially different terms, or if the terms of an existing liability are substantially modified, this is treated as derecognition of the original liability and the recognition of a new one. If the changes to the liability are non-substantial, it is accounted for as a modification of the existing liability. The difference in the carrying amounts of liabilities due to substantial and non-substantial modifications is recognized in profit or loss.

The Trust's financial instruments are classified as follows:

Financial Instrument	Measurement Method
Cash	Amortized cost
Accounts receivable	Amortized cost
Corporate Investments	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Distribution payable	Amortized cost
Senior unsecured debenture	Amortized cost

(iii) Intercompany loans with Acquisition Entities

Intercompany loans receivable from Acquisition Entities represent financial assets which are classified as Corporate Investments and represent loans receivable from unconsolidated subsidiaries of the Trust, which are recorded at fair value in the consolidated financial statements in accordance with IFRS 9.

(iv) Unitholders' capital

The Trust is an open-ended mutual fund trust and, as a result, the Trust units are redeemable at the holders' option. This puttable feature would generally result in recognizing the Trust units as a financial liability. However, under International Accounting Standard 32, "Financial Instruments: Presentation" (IAS 32), the Trust units meet the narrow scope exception to be presented as equity, including meeting the condition as the most residual class of units.

As a result of the redemption feature and the fact the units meet the definition of a financial liability, they may not be considered equity in accordance with IAS 33 Earnings Per Share. However, the Trust has elected to continue to present earnings per unit.

All references to "unit" or "unitholder" throughout these financial statements refer to trust units or trust unitholders.

(v) Unit based compensation

The Trust has a restricted trust unit plan. The fair value of the unit-based compensation is recognized as compensation expense over the vesting period. The grants under the unit-based compensation plan are considered to be grants of financial liabilities because there is a contractual obligation for the Trust to deliver Trust units (which are accounted for as liabilities but presented as equity instruments under IAS 32 upon conversion of the unit options and restricted units).

Holders of units granted under the restricted unit plans receive distributions when the Trust declares distributions on its Trust units, once the granted units have vested. The distributions are recognized as compensation expense once the units have vested and the distributions are paid.

Changes in fair value are recorded as an increase or (decrease) to unit-based compensation expense each period. The liability is recorded in unit-based compensation.

(vi) Finance costs

Finance costs are composed of interest and accretion expense on senior unsecured debentures. Borrowing costs that are not directly attributable to the acquisition of a qualifying asset are recognized in profit or loss using the effective interest method.

(vii) Foreign currency transactions

Transactions in foreign currencies are translated to the Trust's functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

The Trust applies investment entity accounting in accordance with IFRS 10, which allows the fair value measurement of the Trust's interest in the unconsolidated subsidiaries, the Acquisition Entities, and the loans receivable from the Acquisition Entities measured at FVTPL and recognized as Corporate Investments. As such, the fair value of certain unconsolidated subsidiaries and the loans receivable that are denominated in US dollars is determined by applying the relevant exchange rate at the reporting date to translate the values from the foreign currency into Canadian dollars. The impact of changes in the exchange rates between the reporting dates on the fair value of investments is reflected as a foreign exchange gain or loss in the statement of comprehensive income. Any gains or losses due to fluctuations in foreign exchange rates between reporting dates are included in the reported fair value of these investments and reflected in the profit or loss for the period.

Standards, amendments and interpretations not yet adopted or effective:

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the International Accounting Standards Board issued IFRS 18, Presentation and Disclosure in Financial Statements ("IFRS 18"), which replaces IAS 1, Presentation of Financial Statements. This standard introduces a new requirement to classify income and expenses within the statement of comprehensive earnings into one of the following categories: operating, investing, financing, income taxes and discontinued operations. IFRS 18 also requires the disclosure of management-defined performance measures. IFRS 18 will apply retrospectively and is effective for annual periods beginning on or after January 1, 2027, with earlier application permitted. Alaris is currently evaluating the impact of adopting IFRS 18 on its consolidated financial statements

3. Corporate Investments

As a result of the Trust meeting the definition of an investment entity in January 2024, the assets and liabilities of the Trust's subsidiary, AEP, have been derecognized from the Trust's consolidated statement of financial position, and the Trust's direct investment in AEP and indirect investment in AEP's subsidiaries, have been recognized as Corporate Investments in the consolidated statement of financial position. The Trust deconsolidated the accounts of AEP and AEP subsidiaries and recognized a gain on the transition to investment entity status on January 1, 2024 was as follows:

	1-Jan-24
AEP and AEP subsidiaries	
Cash	$ 8,435
Derivative contracts	1,012
Accounts receivable and prepayments	11,008
Income taxes receivable	29,098
Other - long term assets	33,537
Investment in Partners	1,392,758
Accounts payable and accrued liabilities	(18,902)
Derivative contracts	(341)
Convertible debenture	(97,709)
Deferred Income taxes	(82,301)
Senior credit facility	(242,359)
Intercompany loans payable held by previously consolidated entities	(380,237)
Foreign currency translation differences	(33,711)
Net assets deconsolidated	**$ 620,288**
Gain on derecognition of previously consolidated entities	30,260
Fair value of Acquisition Entities, January 1, 2024	**$ 650,548**

The Trust's Corporate Investments are recorded at FVTPL in accordance with IFRS 9 and IFRS 10, as described in Note 2. AEP directly or indirectly invests the Trust's capital. The Trust's Corporate Investments include the fair value of the net assets of its Acquisition Entities that are controlled by the Trust both directly and indirectly. Accordingly, the Trust's direct Corporate Investments comprise these Acquisition Entities, which invest directly or indirectly in our Partners.

The following table details the fair value of the Trust's material directly and indirectly held Acquisition Entities, which are controlled by the Trust but which are not part of the consolidated subsidiaries:

Corporate Investments at December 31, 2024	Total
Acquisition Entities	
Partner investments	$ 1,543,723
Net assets (liabilities)	$ (466,088)
Total Acquisition Entities	**$ 1,077,635**
Intercompany loans	
Intercompany loans receivable from Acquisition Entities	$ 106,918
Total Corporate Investments at December 31, 2024	**$ 1,184,553**

The following table details the fair value of the net assets (liabilities) of Acquisition Entities excluding the Partner investments held by these Acquisition Entities:

Acquisition Entities net assets (liabilities)	31-Dec-24
Assets	
Cash	$ 14,833
Accounts receivable and prepayments	2,112
Income taxes receivable	20,106
Other long-term assets	27,791
Derivative contracts	1,215
Liabilities	
Accounts payable and accrued liabilities	(10,460)
Deferred income taxes	(118,835)
Derivative contracts	(1,608)
Senior credit facility	(294,324)
Intercompany loans payable	(106,918)
Total	**$ (466,088)**

The Trust has advanced intercompany loans to the Acquisition Entities totaling $106.9 million. The corresponding intercompany loans payable to the Trust, which totals $106.9 million form part of the Trust's Corporate Investments, which are recorded at FVTPL. There is no impact on net assets or net earnings from these intercompany loans.

The following table lists the fair value of the Trust's underlying Partner investments at December 31, 2024 and January 1, 2024. These investments are held both directly and indirectly by AEP, the Trust's directly-held unconsolidated subsidiary. At December 31, 2023, these Partner investments were included in the consolidated statement of financial position of the Trust. As a result of the Trust's qualification as an investment entity these investments are not included in the consolidated financial statements of the Trust as of fiscal 2024, except to the extent that they impact the fair value measurement of the Trust's Corporate Investments.

As noted in critical accounting estimates above, the measurement of the fair value of the Corporate Investments is significantly impacted by the fair values of the Partner investments held directly and indirectly through AEP. Partner investments listed below are each denominated in their local currencies, other than LMS Management LP and LMS Reinforcing Steel USA LP (collectively, "LMS") which includes a portion of its total that is in USD but translated into Canadian dollars using the period end exchange rates. The total United States investments in USD is also translated below into Canadian dollars using the period end exchange rates.

The change in fair value of the Trust's Corporate Investments, which include intercompany loans, for the year ended December 31, 2024 is as follows:

Corporate Investments ($ thousands)	Carrying Value at January 1, 2024	Deployed Capital	Redemptions / repayments	Foreign Exchange Adjustment	Fair Value Adjustment	Carrying Value at December 31, 2024
Partner investments						
Sono Bello, LLC ("Sono Bello")	US $ 158,900	US $ 1,797	US $ -	US $ -	US $ 4,100	US $ 164,797
Ohana Growth Partners, LLC ("Ohana")	116,729	35,049	(148,644)	-	(3,134)	-
Ohana Assets Under Management	-	132,157	-	-	12,200	144,357
The Shipyard, LLC ("Shipyard")	59,500	27,500	-	-	4,200	91,200
Fleet Advantage, LLC ("Fleet")	70,235	-	-	-	10,500	80,735
D&M Leasing ("D&M")	67,000	5,707	-	-	2,900	75,607
Accscient, LLC ("Accscient")	66,177	-	-	-	(1,000)	65,177
DNT Construction, LLC ("DNT")	63,143	-	-	-	1,100	64,243
GWM Holdings, Inc ("GWM")	76,877	-	-	-	300	77,177
Edgewater Technical Associates, LLC ("Edgewater")	39,700	-	-	-	3,100	42,800
3E, LLC ("3E")	40,000	-	-	-	2,300	42,300
Federal Management Partners, LLC ("FMP")	37,800	3,500	-	-	(100)	41,200
Cresa, LLC ("Cresa")	-	30,000	-	-	600	30,600
Sagamore Plumbing and Heating, LLC ("Sagamore")	22,800	-	-	-	2,700	25,500
Carey Electric Contracting LLC ("Carey Electric")	14,780	-	-	-	300	15,080
Heritage Restoration, LLC ("Heritage")	18,400	-	-	-	(13,000)	5,400
Brown & Settle Investments, LLC ("Brown & Settle")	71,694	-	(71,509)	-	(185)	-
Unify Consulting, LLC ("Unify")	12,228	-	(12,228)	-	-	-
Stride Consulting LLC ("Stride")	3,500	-	(4,000)	-	500	-
Total (based in US) - USD	$ 939,463	$ 235,710	$ (236,381)	$ -	$ 27,381	$ 966,173
Amur Financial Group ("Amur")	$ 80,400	$ -	$ -	$ -	$ 9,500	89,900
Lower Mainland Steel Limited Partnership ("LMS")	46,410	-	-	475	2,000	48,885
SCR Mining and Tunneling, LP ("SCR")	20,503	-	-	-	(5,500)	15,003
Total (based in Canada) - CAD	$ 147,313	$ -	$ -	$ 475	$ 6,000	153,788
Total of Partner investments - CAD	**$ 1,392,758**	**$ 331,793**	**$ (334,801)**	**$ 110,795**	**$ 43,178**	**$ 1,543,723**
Total Acquisition Entities net assets (liabilities)	(742,210)	(65,831)	334,801	(48,951)	56,103	(466,088)
Total Acquisition Entities	**$ 650,548**	**$ 265,962**	**$ -**	**$ 61,844**	**$ 99,281**	**$ 1,077,635**
Intercompany loans receivable						
Loans receivable from Acquisition Entities	$ 380,237	$ -	$ (291,934)	$ 18,615	$ -	$ 106,918
Total Corporate Investments	**$ 1,030,785**	**$ 265,962**	**$ (291,934)**	**$ 80,459**	**$ 99,281**	**$ 1,184,553**

Gain on Corporate Investments

Net gain on Corporate Investments for the year ended December 31, 2024 was composed of the following and is representative of the changes in net assets (liabilities) within the Acquisition Entities as well as the changes in fair value of the Partner investments:

Net gain / (loss) on Corporate Investments	**Year ended December 31, 2024**
Partner Distribution revenue - Preferred, including realized foreign exchange	$ 157,554
Partner Distribution revenue - Common	$ 34,517
Net realized gain on Partners investments Note 1	$ 40,107
Net unrealized gain on Partner investments	$ 7,201
Fair value loss on promissory notes	$ (2,585)
Operating costs and other	$ (3,895)
Transactions costs	$ (3,944)
Finance costs, senior credit facility and convertible debentures	$ (29,058)
Acquisition Entities income tax expense - current	$ (17,320)
Acquisition Entities income tax expense - deferred	$ (28,154)
Management and advisory fees paid to Trust	$ (17,417)
Interest on intercompany loans	$ (23,514)
Net unrealized (gain) / loss on derivative contracts	$ (2,240)
Realized gain on foreign exchange contracts	$ 517
Net gain earned from Acquisition Entities operations	**$ 111,769**
Acquisition Entities dividends paid to Trust	$ (12,488)
Net gain on Corporate Investments	**$ 99,281**

Note 1 – Included in Net realized gain on Partner investments is $2.3 million related to the redemptions of Falcon Master Holdings LLC, dba FNC Title Service ("FNC") Stride and Unify, as well as $1.9M from Ohana's asset under management transaction.

Below is a summary of changes in each investment during the year ended December 31, 2023:

Investments *($ thousands)*	**Carrying Value at January 1, 2023**	**Additions**	**Redemptions**	**Foreign Exchange Adjustment**	**Fair Value Adjustment**	**Carrying Value at December 31, 2023**
2023						
Sono Bello preferred	US $ 165,303	US $ -	US ($ 165,303)	US $ -	US $ -	US $ -
Sono Bello convertible preferred	-	145,000	-	-	13,900	158,900
Ohana	99,329	-	-	-	17,400	116,729
Brown & Settle	63,894	-	-	-	7,800	71,694
Fleet	45,000	-	(5,565)	-	30,800	70,235
D&M	71,800	-	-	-	(4,800)	67,000
Accscient	77,277	-	-	-	(11,100)	66,177
DNT	63,943	-	-	-	(800)	63,143
GWM loan receivable	62,678	-	-	-	-	62,678
GWM	16,699	-	-	-	(2,500)	14,199
Shipyard	-	59,500	-	-	-	59,500
3E	40,000	-	-	-	-	40,000
Edgewater	34,600	-	-	-	5,100	39,700
FMP	-	36,500	-	-	1,300	37,800
Sagamore	24,000	-	-	-	(1,200)	22,800
Heritage	20,000	-	-	-	(1,600)	18,400
Carey Electric	14,680	-	(1,000)	-	1,100	14,780
Unify	12,628	-	-	-	(400)	12,228
Stride	4,000	-	(500)	-	-	3,500
Total (based in US) - USD	US $ 815,831	$ 241,000	$ (172,368)	$ -	$ 55,000	US $ 939,463
Amur	$ 72,200	$ -	$ -	$ -	$ 8,200	80,400.0
LMS	42,232	-	-	(122)	4,300	46,410.0
SCR	28,603	-	-	-	(8,100)	20,503.0
Total (based in Canada) - CAD	$ 143,035	$ -	$ -	$ (122)	$ 4,400	$ 147,313
Investments - CAD	**$ 1,248,159**	**$ 327,172**	**$ (234,068)**	**$ (26,525)**	**$ 78,020**	**$ 1,392,758**

Assumptions used in fair value of the net assets of the Acquisition Entities, exclusive of Partner investments:

Other than the fair value of other long-term assets, the fair value of the assets and liabilities are equal to their carrying values, due to the nature and timing of expected settlement. The carrying values of the assets and liabilities are determined in accordance with IFRS Accounting Standards.

Other long-term assets are primarily made up of promissory notes issued to Partners and deposits with the CRA which have been paid in order to defend the reassessment. The fair value of other long-term assets includes assumptions related to the ongoing CRA reassessment within the Acquisition Entities and the collectability of promissory notes issued, reflecting the fair value at period end.

With respect to the deposits with the CRA, should the Acquisition Entities be unsuccessful in defending, these deposits will not be recoverable. The Acquisition Entities have obtained insurance to mitigate the risk related to this reassessment. In determining the fair value of the deposits paid and the promissory notes receivable, the Trust considered the timing of collection, and proceeds thereon, as well as the probability weighted outcome. Key assumptions included in this assessment include the probability assigned to each scenario. Alaris assigns a probability weighting to two economic scenarios which are representative of Alaris' best estimate of the likelihood of the probable scenarios underlying the investment valuation.

Assumptions used in fair value of underlying Partner investments:

Alaris estimates the fair value of its preferred unit investments using discounted cash flows of future distributions and redemptions. Alaris estimates the fair value of its convertible preferred unit investments using discounted cash flows of the future distributions and the enterprise value. Alaris estimates the fair value of the common equity investments using discounted cash flows or capitalized cash flows of the underlying business. Key assumptions used in the valuation of the preferred unit investments include the discount rate, terminal value growth rate, timing of exit and estimates relating to changes in future distributions. Key assumptions used in the valuation of the convertible preferred units investments include the discount rate, estimated future cash flows, and cash flow multiple. Key assumptions used in the valuation of the common equity investments include the discount rate, terminal value growth rate, cash flow multiple and estimated future cash flows. Information about recent transactions carried out in the market as well as other considerations with respect to relevant market transactions may be used for the purposes of the valuation of common equity investments.

For each individual Partner, Alaris considered a number of different discount rate and cash flow multiple factors including company-specific items such as; what industry they operate in, the size of the entity, the health of the balance sheet and the ability of the historical earnings to cover the future distributions, the lack of liquidity inherent in a non-public investment and the fact that comparable public companies are not identical to the companies being valued. Such considerations are necessary because, in the absence of a committed buyer and completion of due diligence procedures, there may be company specific items that are not fully known that may affect the fair value. A variety of additional factors are reviewed, including, but not limited to, financing and sales transactions with third parties, current operating performance and future expectations of the particular investment, changes in market outlook and the third-party financing environment. In determining changes to the fair value of the underlying Partner, emphasis is placed on current company performance and market conditions. Cash flows have been discounted at rates ranging from 12.4% - 31.0%

These assumptions will be refined each reporting period as new information is obtained and may continue to require future adjustment to the fair value of the investments. All assumptions made at December 31, 2024 are based on the information available to the Trust as of the date of these financial statements. Refer to Note 8 for additional information, including sensitivity analyses to these inputs.

4. Unitholders' capital:

The Trust is authorized to issue an unlimited number of trust units. At December 31, 2024, the number of units issued and outstanding was 45,620,763 (December 31, 2023 – 45,498,191).

Issued Trust Units	Number of Units	Amount ($)
	thousands	*$ thousands*
Balance at January 1, 2023	45,281	$ 757,220
RTUs vested	217	3,671
Balance at December 31, 2023	45,498	$ 760,891
RTUs vested	123	2,354
Balance at December 31, 2024	**45,621**	**$ 763,245**

Outlined below are the weighted average units outstanding for the year ended December 31, 2024 and 2023, respectively.

Weighted Average Units Outstanding	Year ended December 31	
thousands	**2024**	**2023**
Weighted average units outstanding, basic	45,503	45,449
Effect of outstanding convertible debentures	-	4,124
Effect of outstanding RTUs	610	439
Weighted average units outstanding, fully diluted	46,113	50,012

During the year, AEP repaid the outstanding convertible debentures for the hybrid instrument's face value of $100.0 million. The debentures were convertible at the holder's option at any time prior to the close of business on the earlier of the business day immediately preceding the maturity date of June 30, 2024. No options were converted prior to AEP's repayment.

Distributions

On December 19, 2024, the Trust declared a quarterly distribution of $0.34 per unit, paid on January 15, 2025, totaling $15.5 million (2023 - $0.34 per unit and $15.5 million). The total distributions declared during the year ended December 31, 2024 were $1.36 per unit and $61.9 million in aggregate (2023 - $1.36 per unit and $61.9 million in aggregate).

Normal Course Issuer Bid

On May 23, 2023, the Trust announced that it had received approval from the Toronto Stock Exchange ("TSX") to establish a normal course issuer bid ("NCIB") program. Under the NCIB, the Trust may purchase for cancellation up to 1,000,000 Trust units. The NCIB represents approximately 2% of Alaris' issued and outstanding units as at May 23, 2023. The program commenced on May 25, 2023 and was effect until May 24, 2024, and no repurchases were made.

Subsequent to the year ended December 31, 2024, the Trust announced on January 2, 2025, that it had received approval from the TSX to establish a NCIB program. Under the NCIB, the Trust may purchase for cancellation up to 4,415,678 Trust units. As at December 31, 2024, Alaris had 45,620,763 Units issued and outstanding, with 44,156,783 Units outstanding as its public float. As a result, the NCIB represents approximately 10% of Alaris' public float as at December 31, 2024. The program commenced on January 6, 2025 and may continue until January 5, 2026. As of the date of these consolidated financial statements, 218,900 Trust units have been repurchased.

5. Senior unsecured debentures:

During the year ended December 31, 2022, the Trust issued $65.0 million aggregate principal amount of senior unsecured debentures ("Senior debentures") at a price of $1,000 per Senior debenture and an interest rate of 6.25% per annum, payable semi-annually on the last business day of March and September which commenced March 31, 2022 with a maturity date of March 31, 2027.

The Senior debentures will not be redeemable by the Trust before March 31, 2025 (the "First Call Date"). On and after the First Call Date and prior to March 31, 2026, the Senior debentures will be redeemable, in whole or in part at the Trust's option at a redemption price equal to 103.125% of the principal amount of the Senior debentures redeemed plus accrued and unpaid interest, if any. On and after March 31, 2026 and prior to the Maturity Date, the Senior debentures will be redeemable, in whole or in part at the Trust's option at par plus accrued and unpaid interest, if any, up to but excluding the date set for redemption. The Trust has the option to satisfy its obligations to repay the principal amount of and premium (if any) on the Senior debentures due at redemption or on maturity by issuing and delivering the appropriate number of freely tradeable trust units of the Trust to Senior debenture holders.

Senior Unsecured Debenture *($ thousands)*		**Total**
Balance at January 1, 2023	$	62,613
Accretion expense		499
Balance at December 31, 2023	**$**	**63,112**
Accretion expense		536
Balance at December 31, 2024	**$**	**63,648**

The Trust recorded $2.8 million in issuance costs which are amortized using the effective interest rate method over the five-year term of the Senior debentures.

6. Management and Advisory fees - 2024

During the year ended December 31, 2024, the Trust earned revenues from the provision of management and advisory services as follows:

Management and advisory fees *$ thousands*	**Year ended December 31, 2024**
Fees earned from Acquisition Entities	$ 17,494
Fees earned from Partner Investments	2,119
Total Management and advisory fees	**$ 19,613**

Management and advisory fees are recognized over time as services are provided. Fees earned from the Trust's Acquisition Entities are calculated on a percentage of the capital invested. Fees earned from Partner investments are transaction fees earned from the Trust's management of third-party investments in Sono Bello and Ohana.

7. Unit-based payments:

The Trust has a Restricted Trust Unit Plan ("RTU Plan") as approved by shareholders at a special shareholders meeting on July 31, 2008 that authorizes the Board of Trustees to grant awards of Restricted Trust Units ("RTUs"). The Restricted Trust Unit Plan can grant awards to a maximum of 2.5% percent of the issued and outstanding units of the Trust.

The RTU Plan will settle in voting trust units which may be issued from treasury or purchased on the TSX. The Trust has reserved 1,140,519 and issued 609,777 RTUs to management and Trustees as of December 31, 2024. The RTUs issued to Trustees (83,613) vest over a three-year period. The RTUs issued to management (526,164) are a combination of time vested units (251,583) and performance vested units (274,581). The time vested units do not vest until the end of a three-year period (46,272 in 2025, 97,355 in 2026 and 107,956 in 2027). The performance vested units vest one third every year (118,047 in 2025, 102,623 in 2026 and 53,911 in 2027) and are subject to certain performance conditions relating to book value per unit. The unit-based compensation expense relating to the RTU Plan is based on the unit price of the Alaris units at December 31, 2024 and based on the remaining time left until vesting for each tranche of units. At December 31, 2024, the total liability related to the RTU is $6.4 million.

The following table summarizes the continuity of RTUs outstanding in 2024 and 2023:

RTUs	RTUs
Number of Units	
Balance at January 1, 2023	354,963
Issued	326,567
Vested or exercise	(241,701)
Balance at December 31, 2023	439,829
Issued	402,013
Vested or exercise	(232,065)
Balance at December 31, 2024	**609,777**

During the year ended December 31, 2024, 109,493 RTU's were settled in cash.

8. Fair value of financial instruments - 2024:

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following items shown on the statement of financial position as at December 31, 2024 are measured at fair value on a recurring basis using level 3 inputs.

Fair value classification *($ thousands)*	Level 1	Level 2	Level 3	Total
31-Dec-24				
Acquisition Entities	$ -	$ -	$ 1,077,635	$ 1,077,635
Loans receivable from Acquisition Entitles	-	-	106,918	106,918
Total at December 31, 2024	**$ -**	**$ -**	**$ 1,184,553**	**$ 1,184,553**

The most significant assumption in the calculation of the fair value of Corporate Investments, which includes the fair value of the Acquisition Entities and the loans receivable from Acquisition Entities, are the assumptions used within the Partner investments held by the Acquisition Entities. Discount rates, terminal value growth rates, cash flow multiples, timing of exit, changes in future distributions from each investment, and estimated future cash flows are the primary inputs in these fair value models and are generally unobservable. Accordingly, these fair value measurements are classified as level 3. There were no transfers between level 2 or level 3 classified assets and liabilities during the year ended December 31, 2024.

The impact on the fair value of Corporate Investments as at December 31, 2024 from changes in the significant unobservable inputs used to value the underlying assets are as follows:

Level 3 Corporate Investment	Significant unobservable linputs	Impact to fair value (in millions)	
		1% increase to input	*1% decrease to input*
Partner investments	Discount rate	($59.5)	$65.1
Preferred and common unit Partner investments	Terminal growth rate	$6.8	($6.4)
Preferred and convertible preferred unit Partner investments	Future distributions	$8.1	($8.1)
Common and convertible preferred unit Partner investments	Future cash flows	$7.1	($7.5)
Common and convertible preferred unit Partner investments	Cash flow multiple	$4.5	($4.9)
		1 year increase to exit timeline	*1 year decrease to exit timeline*
Preferred unit Partner investments	Exit timeline	($13.85)	$5.12

9. Financial risk management overview - 2024

The Trust has exposure to the following risks from its use of financial instruments:

- credit risk and other price risk
- liquidity risk
- market risk
- foreign exchange risk
- Interest rate risk

This note presents information about the Trust’s exposure to each of the above risks, the Trust’s objectives, policies and processes for measuring and managing risk, and the Trust’s management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Trustees has overall responsibility for the establishment and oversight of the Trust’s risk management framework. The Audit Committee and Governance Committee of the Board of Trustees are responsible for developing and monitoring the Trust’s risk management policies.

The Trust’s risk management policies are established to identify and analyze the risks faced by the Trust, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Trust’s activities. The Trust aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Trustee’s, through the assistance of the Audit Committee and Governance Committee, oversees how management monitors compliance with the Trust’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Trust. The Board of Trustee’s undertakes both regular and ad hoc reviews of risk management controls and procedures.

Credit risk and other price risk

Credit risk is the risk of financial loss to the Trust if a partner or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Trust’s accounts receivable and Corporate Investments. Additionally, the Trust is subject to credit risk from investments and promissory notes held directly or indirectly by the Acquisition Entities. Concentrations of credit risk exist when a significant proportion of the Trust’s assets are invested in a small number of individually significant investments, and investments with similar characteristics and/or subject to similar economic, political and other conditions that may prevail. The Trust's indirect exposure to investment and promissory note credit risk is influenced mainly by the individual characteristics of each Partner.

The Trust is indirectly exposed to credit related losses on current and future amounts receivable pursuant to investment agreements and outstanding promissory notes. In the event of non-performance by partners, future distributions from investments could be reduced, resulting in losses on underlying investment values. Based on the terms of the investment agreement, payment is typically receivable monthly or quarterly, with receipt of payment due no later than the last day of the month. As part of the initial assessment of perspective Partner investments, as well as on going monitoring of Partner Investments, earnings coverage and cash flow metrics are evaluated to assess potential risks.

Cash consist of cash bank balances. The Trust manages the credit exposure related to short-term investments by selecting counter parties based on credit ratings and monitors all investments to ensure a stable return, avoiding complex investment vehicles with higher risk such as asset backed commercial paper. The Trust held cash of $4.2 million at December 31, 2024, which represents its maximum credit exposure on these assets. See Note 3 for disclosure of cash held by the Acquisition Entities. Cash held by the Acquisition Entities is included in the Trust's Corporate Investments.

The carrying amount of Corporate Investments, loan receivable from Acquisition Entities, accounts receivables, and cash represents the maximum credit exposure. For investments and promissory notes held by the Acquisition Entities, management also considers the demographics of counterparties, including the default risk of the industry and country in which counterparties operate, as these factors may have an influence on credit risk. No single partner accounted for more than 14% of AEP's partner related revenue in the year ended December 31, 2024.

Other price risk is the risk that future cash flows associated with portfolio investments held directly and indirectly by AEP will fluctuate. Changes in the Trust's cash flow from Corporate Investments, including dividends and return of capital paid from AEP to the Trust is generally dependent on AEP's cash flow from underlying investments derived from common distributions and preferred distributions which are based on a percentage of the investments' gross revenue, same store sales, gross margin or other similar metric. Accordingly, to the extent that the financial performance of an investment declines in respect of the relevant performance metric, cash payments to AEP, and subsequently to the Trust, will decline. Portfolio investment agreements allow for the repayment of investments at the option of the portfolio entity, and such repayment could affect future cash flows.

The Trust's Management and advisory fees receivable are also subject to credit risk.

Liquidity risk

Liquidity risk is the risk that the Trust or the Acquisition Entities will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Trust and its' Acquisition Entities approach to managing liquidity is to ensure, as far as possible, that they will always have sufficient liquidity to meet liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Trust's reputation.

Typically, Alaris ensures that it will have sufficient cash on hand to meet expected operational expenses for a period of 30 to 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. In addition, AEP holds a revolving credit facility with a base of $500 million and a $50.0 million accordion facility. The credit facility matures in 2026 and has $296.4 million drawn at December 31, 2024.

As at December 31, 2024 the Trust has the following financial liabilities that mature as follows:

31-Dec-24	Total	0-6 Months	6 mo – 1 yr	1 – 2 years	Year 3 and Thereafter
Accounts payable and accrued liabilities	$ 9,231	$ 9,231	$ -	$ -	$ -
Distributions payable	15,511	15,511	-	-	-
Senior unsecured debenture	75,155	2,031	2,031	4,062	67,031
Total	$ 99,897	$ 26,773	$ 2,031	$ 4,062	$ 67,031

Senior unsecured debentures in the above table are presented gross and include both principal and interest to present the expected financial obligation owed.

See Note 3 for disclosure of the financial liabilities of the Acquisition Entities. Financial liabilities of the Acquisition Entities are included in the Trust's Corporate Investments.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Trust's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. All such transactions are carried out within the guidelines as per the mandates of the audit and governance committees.

Foreign currency exchange rate risk

As a result of the underlying investments held by the Trust's Acquisition Entities which are denominated in USD, Alaris has exposure to foreign currency exchange rate risk. AEP purchases forward exchange rate contracts to match expected distributions and expenditures in Canadian dollars on a rolling 12 month basis and also for a portion of the expected distributions and expenditures in Canadian dollars on a rolling 12 to 24 month basis (total current notional value of US$24.0 million for next 24 months).

Additionally, the Trust has intercompany loans receivable from the Acquisition Entities in US dollars that are translated at each balance sheet date with an unrealized foreign exchange gain or loss recorded in earnings.

As at December 31, 2024, if the US foreign exchange rate had been $0.01 lower with all other variables held constant, earnings for the year would have been approximately $6.6 million lower, primarily as a result of a lower net gain on Corporate Investments largely due to Trust's investment in Acquisition Entities denominated in USD, partially offset by a reduction to the unrealized loss on the Acquisition Entities USD denominated external senior debt and the related interest expense. Also contributing to this expected decrease in earnings due to a reduction in the US foreign exchange rate is a reduction to the Trust's unrealized gain on intercompany loans receivable which is denominated in USD.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Trust is exposed to interest rate fluctuations indirectly as AEP holds bank debt that bears a floating rate of interest. To manage this risk, AEP holds an interest rate swap contract that allows for a fixed interest rate of 2.99% instead of SOFR ("Secured Overnight Financing Rate") on US$50.0 million of debt that began in July 2023 and that has an expiry date in July 2026.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of unitholders' capital, $65.0 million of senior unsecured debentures and retained earnings. The Board of Trustees monitors the return on capital as well as the level of distributions to common unitholders.

A portion of the Trust's capital is managed by its Acquisition Entity, AEP. AEP manages capital by monitoring certain debt covenants set out in its credit facility. AEP holds a credit facility of $500 million with a $50.0 million accordion feature. The maturity date of this credit facility is in September 2026. AEP has a maximum senior debt to contracted

EBITDA covenant of 3.0:1. Contracted EBITDA is defined as net income before interest expense, income taxes, depreciation and amortization, bad debt expense, realized and unrealized foreign exchange gains or losses, unrealized fair value gains or losses, and unit-based compensation expenses, AEP can include twelve months of revenue from partners that are less than twelve months from closing and must exclude revenue from partners for the portion that was redeemed or repurchased. If distributions that have been accrued and are past due individually or in aggregate are greater or equal to 10% of consolidated revenue, the entire twelve months of earnings from the respective partners are excluded from contracted EBITDA. AEP has a fixed charge coverage ratio covenant of 1:1. Additionally, there is a minimum tangible net worth requirement of $600.0 million with increasing thresholds based on the incremental positive consolidated income beginning January 1, 2025 to the maturity date. Tangible net worth is defined as unitholders equity of the Trust less intangible assets. AEP was in compliance with all debt covenants at December 31, 2024 (please refer to Note 10). AEP can access its credit facility for investing activities, any funding requirements for acquisitions in excess of availability under the credit facility will require AEP to access capital markets and manage the business within the bank covenants.

There were no significant changes in the Trust's approach to capital management.

10. Related parties:

During the year ended December 31, 2024, the Trust derived revenues from the provision of management and advisory services from Acquisition Entities of $17.5 million. At December 31, 2024, the Trust has a net receivable included in accounts receivable and prepayments from Acquisition Entities of $6.5 million.

The Trust has intercompany loans receivable in US dollars from the Acquisition Entities. The loans have terms ranging from 3 to 10 years, but can be repaid at anytime without penalty. These loans bear interest at a rate ranging from 10% to 12%. During year ended December 31, 2024 the Trust received $291.9 million of net principal loan repayments, reducing the carrying value of the loans outstanding. There is no impact on net earnings from these intercompany loans. Partially offsetting the net principal loan repayments, during the year ended December 31, 2024, the Trust made net capital contributions of $266.0 million to the Acquisition Entities, the majority of which was used to repay debt within the Acquisition Entities. As of December 31, 2024, all outstanding loans have an interest rate of 12%. The Trust recognized $23.6 million of interest income during the year ended December 31, 2024. The corresponding interest expense incurred by the Acquisition Entities offset part of the Trust's Corporate Investment gain.

The Acquisition Entities paid $12.5 million of dividends to the Trust during the year ended December 31, 2024. Distributions received from the Acquisition Entities are recorded as income as part of the Trust's Revenue and operating income.

The Trust guarantees a $500 million senior credit facility AEP holds with a syndicate of Canadian chartered banks, which has a maturity date in September 2026 and is secured by a general security agreement on all of Alaris' assets. The interest rate is based on a combination of the Canadian Overnight Repo Rate Average ("CORRA"), Canadian Prime Rate ("Prime"), US Base Rate ("USBR") and Secure Overnight Financing Rate ("SOFR"). At December 31, 2024, AEP had a balance of $294.3 million (net of unamortized bank amendment and extension fees of $2.0 million) drawn on its credit facility (December 31, 2023 – $242.4 million, net of unamortized bank amendment and extension fees $3.2 million). At December 31, 2024, AEP met all of its covenants as required by the agreement. The covenants which are calculated at Trust's enterprise level include a maximum funded debt to contracted EBITDA of 3.0:1 (actual ratio was 1.81x at December 31, 2024); minimum fixed charge coverage ratio of 1:1 (actual ratio was 1.79x at December 31, 2024); and a minimum tangible net worth of $600.0 million (actual amount was $1,102.0 million at December 31, 2024).

The Trust has no contractual commitments to provide any other financial or other support to its unconsolidated subsidiaries. However, The Trust is impacted by financial risks that are incurred by the Acquisition Entities as certain risks may result in a change in the fair value of the net assets of the Acquisition Entities. Beginning in 2015, the Trust's subsidiary AEP began receiving notices of reassessment (the "Reassessments") from the Canada Revenue Agency (the "CRA") in respect of its 2009 through 2020 taxation years to deny the use of non-capital losses, accumulated scientific research and experimental development expenditures ("SRED") and investment tax credits ("ITCs"). Pursuant to the Reassessments, the deduction of approximately $121.2 million of non-capital losses and SRED expenditures and utilization of $9.9 million in ITCs by the AEP were denied, resulting in reassessed taxes and interest of approximately $67.0 million (2023 - $64.0 million).

Subsequent to filing the original notice of objection for the July 14, 2009 taxation year, Alaris received an additional proposal from the CRA proposing to apply the general anti avoidance rule to deny the use of these deductions. The proposal does not impact AEP's previously disclosed assessment of the total potential tax liability (including interest) or the deposits required to be paid in order to dispute the CRA's reassessments.

At the time the relevant transactions were completed, AEP received legal advice that it should be entitled to deduct the non-capital losses and SRED expenditures and claim ITCs. Based on ongoing discussions with its legal counsel, AEP remains of the opinion that all tax filings to date were filed correctly and that it will be successful in appealing such Reassessments. AEP intends to continue to vigorously defend its tax filing position. In order to do that, AEP was required to pay 50% of the reassessed amounts as a deposit to the Canada Revenue Agency and to the Alberta Treasury for amounts reassessed for the 2013 taxation year and onwards. AEP has paid a total of $24.3 million (2023 - $25.4 million) in deposits to the CRA and Alberta Treasury relating to the Reassessments to date.

AEP has entered into insurance contracts to mitigate the risk presented by the above-noted matter, although there can be no assurance that all the amounts for which Alaris may ultimately be liable will be fully covered.

The deposits paid are included in the estimate of net assets of the Acquisition Entities. This estimate takes into consideration that AEP believes it will be successful in defending its position. It also considers the impact of insurance proceeds should the Trust be unsuccessful in defending its position.

Key management Compensation

In addition to salaries, the Trust also provides long-term compensation to employees of its subsidiaries in the form of RTUs, as well as bonuses. Key management personnel compensation paid comprised the following:

Key Management Personnel	2024	2023
Base salaries and benefits	$ 1,626	$ 1,670
Bonus	1,840	3,330
Unit-based payments	2,857	2,412
Total	**$ 6,323**	**$ 7,412**

11. Subsequent events:

The Berg Corporation, Inc. ("Berg")

On February 5, 2025, the Trust, through its Acquisition Entities, contributed an initial investment of US$21.0 million to Berg in exchange for (i) US$17.2 million of preferred equity with an initial annual distribution of US$2.4 million; and (ii) $3.8 million for a minority common equity ownership in Berg. The distribution from Berg will reset +/- 7% annually based on the percentage change of revenue, with the first reset commencing January 1, 2026.

Professional Electric Contractors of Connecticut, Inc. ("PEC")

On February 24, 2025 the Trust, through its Acquisition Entities, contributed US$61.1 million to PEC in exchange for: (i) US$37.0 million of debt and preferred equity with an initial annual Distribution of US$5.2 million, and (ii) US$24.1 million for a minority common equity ownership. The preferred Distributions will reset annually based on changes in PEC's revenue to a maximum of +/- 7%. As PEC has a June 30 fiscal year end, the Distributions will reset for the first time on July 1, 2026. Included in the preferred equity contributions is US$10.0 million units redeemable at par.

12. Basis of preparation – 2023

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Investments at fair value are measured at fair value with changes in fair value recorded in earnings (see Note 18).
- Derivative financial instruments are measured at fair value (see Note 18).

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars which is the Trust and AEP's functional currency. Alaris USA, Salaris, their subsidiaries, and the former Alaris Cooperatief have the United States dollar as its functional currency.

(d) Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Information about assumptions, judgments and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next twelve months are as follows:

Significant judgments

A significant judgment relates to the consideration of control, joint control and significant influence in each of our investments. Through subsidiaries, the Trust has agreements with various private businesses to whom it invests capital into (collectively the "Partners") and these agreements include not only clauses as to distributions but also various protective rights. The Trust has assessed these rights under IFRS 10 and 11 and determined that consolidation is not appropriate as control does not exist. The Trust has also assessed the rights under IAS 28 and determined that significant influence does not exist. In a number of our investments we have protective rights, which provides the Trust the right to demand repayment of our investment if it is in default of the terms of our operating agreement. Failure to satisfy the demand for repayment can lead to the Trust's rights to allow it to control or significantly influence the investment.

Key estimates used in determining investments at fair value

Investments at fair value are measured using a discounted cash flow model or capitalized cash flow. Significant assumptions used in the valuation of the preferred unit investments include the discount rate, terminal value growth rate and changes in future distributions. Significant assumptions used in the valuation of the common equity investments include the discount rate, terminal value growth rate, cash flow multiple and estimated future cash flows. Significant assumptions used in the valuation of the convertible preferred unit investments include the discount rate, changes in future distributions, estimated future cash flows and cash flow multiple.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. Management reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

13. Material accounting policies - 2023:

The accounting policies set out below have been applied to the prior year comparatives as presented in these consolidated financial statements, unless otherwise indicated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Trust. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-company balances and transactions, and any unrealized income and expenses arising from intra-company transactions, are eliminated in preparing the consolidated financial statements.

(b) Revenue recognition

The Trust recognizes revenue on its financial instruments in accordance with IFRS 9. Revenue is recognized when and only when, the Trust becomes party to the monthly distributions, interest and discretionary common distributions related to the instruments and collection is reasonably assured.

(c) Financial instruments

Recognition and Initial Measurement

Financial instruments are recognized when the Trust becomes party to the contractual provisions of the instrument. Financial assets and liabilities are not offset unless the Trust has the current legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously.

A financial asset or financial liability is initially measured at fair value, plus, for an item not at Fair Value through Profit or Loss ("FVTPL"), transaction diligence costs that are directly attributable to its acquisition or issue. Transaction diligence costs directly attributable to financial assets or liabilities measured at FVTPL are expensed as incurred. Transaction diligence costs are directly related to Alaris' investing activity and therefore presented as cash flow from investing in the consolidated statement of cash flows.

Classification and Subsequent Measurement

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through OCI ("FVOCI") or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Trust changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Solely Payments of Principal and Interest Assessment

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Trust considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial Liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derivatives

Derivative financial instruments are classified as FVTPL unless designated for hedge accounting. Derivative instruments that do not qualify as hedges, or are not designated as hedges, are recorded using mark-to-market accounting whereby instruments are recorded as either an asset or liability with changes in fair value recognized in profit and loss.

The Trust’s financial instruments are classified as follows:

Financial Instrument	Measurement Method
Cash	Amortized cost
Accounts receivables	Amortized cost
Investments	FVTPL or amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans and borrowings	Amortized cost
Convertible and senior debentures	Amortized cost
Derivative contracts	FVTPL
Other long-term liabilities	FVTPL or amortized cost

Compound Financial Instruments:

The Trust has convertible unsecured subordinated debentures that are convertible at the holder’s option. The entire instrument is considered a financial liability, as there is a contractual obligation for the Trust to deliver Trust units.

As permitted under IFRS 9, Financial Instruments, the Trust has elected to separate the conversion feature from the debt instrument, and account for the conversion feature at fair value through profit or loss (“FVTPL”). The liability portion of the conversion feature is included in Other long-term liabilities. Changes in fair value of the conversion feature are recorded as finance costs.

(d) Finance costs

Finance costs are composed of interest expense on borrowings, interest expense on convertible and senior unsecured debentures, accretion expense on convertible and senior unsecured debentures, and credit facility renewal fees.

(e) Income tax

Income tax expense include current and deferred tax. Current and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they related to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(f) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Trust's entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognized in profit or loss.

(g) Foreign operations

The assets and liabilities of foreign operations are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as a part of the gain or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

Additionally, the Trust has US dollar loans with its US subsidiaries that do not form part of a net investment in the foreign operations, at balance sheet date, foreign exchange revaluation is recognized in earnings and presented as foreign exchange gain or loss.

14. Revenues - 2023:

The consolidated revenues for the year ended December 31, 2023, including realized foreign exchange, includes total distributions received and accrued from Partners and the realized gain or loss on derivative contracts entered into in order to translate USD revenues to CAD. For the year ended December 31, 2023, the Trust recorded total revenues as follows:

Total Revenues: *$ thousands*	**Year ended December 31 2023**
Preferred Equity and Debt Investment Distributions	$ 152,827
Common Equity Investments Distributions	12,777
Total Distributions	$ 165,604
Realized loss on derivative contracts	(3,037)
Revenues, including realized foreign exchange	**$ 162,567**

15. Loans and borrowings – 2023:

As at December 31, 2023, AEP has a $500 million credit facility with a syndicate of Canadian chartered banks, which has a maturity date in September 2026 and is secured by a general security agreement on all of Alaris' assets. The interest rate is based on a combination of the Canadian Overnight Repo Rate Average ("CORRA"), Canadian Prime Rate ("Prime"), US Base Rate ("USBR") and SOFR. Alaris realized a blended interest rate of 7.9% (inclusive of standby fees) for the year ended December 31, 2023.

At December 31, 2023, AEP had US$185.3 million (total CA$245.6 million) drawn on its credit facility. The amount recorded in the Trust's statement of financial position of $242.4 million is reduced by the unamortized debt amendment and extension fees of $3.2 million.

During the year ended December 31, 2023, Alaris completed an amendment to its credit facility with its senior lenders. The amendment increased the base of the credit facility from $450.0 million to $500.0 million, while maintaining the $50 million accordion feature. The amendment also increased the senior debt to contracted EBITDA covenant to 3.0:1 from 2.5:1 and increased the minimum tangible net worth requirement of $550.0 million to $600.0 million.

At December 31, 2023, AEP met all of its covenants as required under the credit facility. Those covenants include a maximum funded debt to contracted EBITDA of 3.0:1 (actual ratio is 1.79x at December 31, 2023); minimum fixed charge coverage ratio of 1:1 (actual ratio is 1.22x at December 31, 2023); and a minimum tangible net worth of $600.0 million (actual amount is $960.8 million at December 31, 2023).

16. Convertible debentures – 2023:

The Trust has convertible unsecured subordinated debentures ("Convertible debentures") that bear interest at 5.50% per annum, payable semi-annually on the last business day of June and December with a maturity date of June 30, 2024.

The Convertible debentures are convertible at the holder's option at any time prior to the close of business on the earlier of the business day immediately preceding the maturity date of June 30, 2024 and the date specified by the Trust for redemption of the Convertible debentures into fully paid and non-assessable units of the Trust at a conversion price of $24.25 per unit, being a conversion rate of approximately 41.2371 units for each $1,000 principal amount of Convertible debentures.

The Convertible debentures may be redeemed in whole or in part from time to time at the option of the Trust at a price equal to their principal amount plus accrued and unpaid interest regardless of the trading price of the units. As of December 31, 2023, no Convertible debentures have been redeemed.

Convertible Debenture *($ thousands)*	**Total**
Balance at January 1, 2023	**$ 93,446**
Accretion	4,263
Balance at December 31, 2023	**$ 97,709**

17. Income taxes – 2023:

The statutory tax rate for the year ended December 31, 2023 was 48% which is the top marginal tax rate of the Trust. The Trust Indenture requires that any income of the Trust be allocated to unitholders and so it is not anticipated that the Trust as a stand-alone entity will be taxable. The tax provision differs from the expected income tax provision calculated using the Trust's statutory tax rate as follows:

Income Tax Expense	**2023**
Earnings before income taxes	$ 170,215
Combined federal and provincial statutory income tax rate	48.00%
Expected income tax provision	$ 81,703
Loss of the Trust	(10,868)
Canadian and Foreign corporate rate differences	(35,486)
Expected income tax provision after rate differences	$ 35,349
Non-taxable portion of capital gains	(1,472)
Non-deductible expenses, rate change and other	(2,623)
Change in unrecognized deferred tax assets	512
Balance at end of year	**$ 31,766**

During the year, the Trust's subsidiaries paid taxes of $27.7 million and received refunds of $5.7 million.

The Trust's subsidiaries currently have nil of non-capital losses in the United States, and $16.4 million non-capital losses that expire in 2043 in Canada. The Trusts subsidiaries currently have a capital loss balance of $3.7 million in Canada and US$7.0 million in the United States that can be carried forward indefinitely.

As presented below, deferred tax assets have not been recognized in respect of the following items, as it is unclear if or when future taxable profit will be available against which the Trust's subsidiaries can use the benefits therefrom:

Unrecognized deferred tax asset		
2023	*Gross Amount*	*Tax Effect*
Non-capital losses	15,961	4,143
Balance at December 31, 2023	**$ 15,961**	**$ 4,143**

No deferred tax liability has been recognized on temporary differences associated with investments in subsidiaries where the Trust can control the timing of the reversal of the temporary difference and the reversal is not probable in the foreseeable future.

The income tax effect of the temporary differences that give rise to the Trust's deferred income tax assets and liabilities are as follows:

Deferred income tax liabilities:	2023
Preferred partnership units	$ 89,107
Share issue costs	(317)
Convertible debentures	595
Disallowed interest and net capital losses	(8,026)
Foreign exchange on loan payable	116
Distributions to be taxed in future years	1,237
Non-capital losses, other	(411)
Balance at end of year	**$ 82,301**

Movement in deferred tax balances during the year	Deferred Income Taxes
Balance at January 1, 2023	**$ 67,386**
Recognized in profit and loss	16,674
Currency translation and other	(1,759)
Balance at December 31, 2023	**$ 82,301**

Beginning in 2015, the Trust began receiving notices of reassessment (the "Reassessments") from the Canada Revenue Agency (the "CRA") in respect of its 2009 through 2020 taxation years to deny the use of non-capital losses, accumulated scientific research and experimental development expenditures ("SRED") and investment tax credits ("ITCs"). Pursuant to the Reassessments, the deduction of approximately $121.2 million of non-capital losses and SRED expenditures and utilization of $9.9 million in ITCs by the Trust were denied, resulting in reassessed taxes and interest of approximately $64.0 million.

Subsequent to filing the original notice of objection for the July 14, 2009 taxation year, Alaris received an additional proposal from the CRA proposing to apply the general anti avoidance rule to deny the use of these deductions. The proposal does not impact the Trust's previously disclosed assessment of the total potential tax liability (including interest) or the deposits required to be paid in order to dispute the CRA's reassessments.

At the time the relevant transactions were completed, the Trust received legal advice that it should be entitled to deduct the non-capital losses and SRED expenditures and claim ITCs. Based on ongoing discussions with its legal counsel, the Trust remains of the opinion that all tax filings to date were filed correctly and that it will be successful in appealing such Reassessments. The Trust intends to continue to vigorously defend its tax filing position. In order to do that, the Trust was required to pay 50% of the reassessed amounts as a deposit to the Canada Revenue Agency and to the Alberta Treasury for amounts reassessed for the 2013 taxation year and onwards. The Trust has paid a total of $25.4 million in deposits to the CRA and Alberta Treasury relating to the Reassessments to date. These deposits have been recorded on the statement of financial position and are included in Other long-term assets.

The Trust anticipates that legal proceedings through the CRA and the courts will take considerable time to resolve and the payment of the deposits, and any taxes, interest or penalties owing will not materially impact the Trust's payout ratio.

The Trust firmly believes it will be successful in defending its position and therefore, any current or future deposit paid to the CRA and Alberta Treasury would be refunded, plus interest.

Should the Trust be unsuccessful, it will be required to pay the remaining reassessed taxes and interest and will not recover the $25.4 million in deposits paid to December 31, 2023.

Alaris has entered into insurance contracts to mitigate the risk presented by the above-noted matter, although there can be no assurance that all the amounts for which Alaris may ultimately be liable will be fully covered. The premiums in respect of the insurance contracts are fully paid and will be amortized on a straight-line basis over the term of the insurance contracts.

18. Fair value of financial instruments – 2023:

The table below analyzes financial instruments carried at fair value, by valuation method. The following items shown on the statement of financial position as at December 31, 2023, are measured at fair value on a recurring basis using level 2 or level 3 inputs. Discount rates, terminal value growth rates, cash flow multiples, changes in future distributions from each investment, and estimated future cash flows are the primary inputs in the fair value models and are generally unobservable. Accordingly, these fair value measures are classified as level 3. There were no transfers between level 2 or level 3 classified assets and liabilities during the year ended December 31, 2023.

Fair value classification *($ thousands)*	**Level 1**	**Level 2**	**Level 3**	**Total**
31-Dec-23				
Current and non-current derivative contract assets	$ -	$ 2,191	$ -	$ 2,191
Current and non-current derivative contract liabilities	-	(344)	-	(344)
Investments	-	-	1,392,758	1,392,758
Total at December 31, 2023	**$ -**	**$ 1,847**	**$ 1,392,758**	**$ 1,394,605**

Below is a summary of changes of all level 3 financial instruments for the year ended December 31, 2023:

Investments at fair value *($ thousands)*	**Total**
Carrying value at Janaury 1, 2023	**$ 1,248,159**
Additions	327,172
Redemptions	(234,068)
Fair Value Adjustment	78,020
Foreign Exchange	(26,525)
Carrying value at December 31, 2023	**$ 1,392,758**