Unaudited Condensed Consolidated Interim

Financial Statements of

Alaris Equity Partners Income Trust

For the three months ended March 31, 2025 and 2024

Alaris Equity Partners Income Trust

Condensed consolidated interim statements of financial position (unaudited)

$ thousands	Note	31-Mar 2025	31-Dec 2024
Assets			
Cash		$ 3,684	$ 4,198
Accounts receivable and prepayments		1,896	8,003
Corporate Investments	3	1,191,995	1,184,553
Property, equipment and other		1,893	2,018
Deferred income taxes		1,742	911
Total Assets		**$ 1,201,210**	**$ 1,199,683**
Liabilities			
Accounts payable and accrued liabilities	7	$ 6,645	$ 9,231
Distributions payable	4	15,496	15,511
Income tax payable		1,955	1,931
Unit-based compensation liability	5	3,928	6,411
Senior unsecured debenture		63,787	63,648
Lease liability		938	989
Total Liabilities		**$ 92,749**	**$ 97,721**
Equity			
Unitholders' capital	4	$ 762,275	$ 763,245
Retained earnings		346,186	338,717
Total Equity		**$ 1,108,461**	**$ 1,101,962**
Total Liabilities and Equity		**$ 1,201,210**	**$ 1,199,683**
Related parties	7		
Subsequent events	4, 7, 8		

Alaris Equity Partners Income Trust

Condensed consolidated interim statements of comprehensive income (unaudited)

$ thousands except per unit amounts	Note	Three months ended March 31 2025	Three months ended March 31 2024
Revenue and operating income			
Net gain on Corporate Investments	3	$ 17,339	$ 15,935
Management and advisory fees	7	5,311	3,772
Interest and dividend income from Acquisition Entities	7	13,738	10,607
Total revenue and operating income		**$ 36,388**	**$ 30,314**
General and administrative		4,185	4,110
Unit-based compensation	5	3,842	2,481
Depreciation and amortization		127	126
Total operating expenses		$ 8,154	$ 6,717
Earnings from operations		**$ 28,234**	**$ 23,597**
Finance costs		1,152	1,145
Foreign exchange loss / (gain)	3	4,917	(20,779)
Gain on derecognition of previously consolidated entities		-	(30,260)
Earnings before taxes		**$ 22,165**	**$ 73,491**
Current income tax expense		31	246
Deferred income tax recovery		(831)	(528)
Total income tax recovery		(800)	$ (282)
Earnings and comprehensive income		**$ 22,965**	**$ 73,773**
Earnings per unit			
Basic		$ 0.50	$ 1.62
Diluted		$ 0.50	$ 1.52
Weighted average units outstanding			
Basic	4	45,534	45,498
Diluted	4	46,244	50,061

Alaris Equity Partners Income Trust

Condensed consolidated interim statement of changes in equity (unaudited)

For the three months ended March 31, 2025

$ thousands, except for number of units (000's)	Notes	Units Outstanding	Unitholders' Capital	Retained Earnings	Total Equity
Balance at December 31, 2024		45,621	$ 763,245	$ 338,717	$ 1,101,962
Earnings and comprehensive income			-	22,965	22,965
Transactions with unitholders, recognized directly in equity					
Distributions to unitholders	4	-	$ -	$ (15,496)	$ (15,496)
Units issued under Restricted Trust Unit plan ("RTU")	4	173	3,321	-	3,321
Units purchased under normal course issue bid ("NCIB")	4	(219)	(4,291)	-	(4,291)
Total transactions with Unitholders		(46)	$ (970)	$ (15,496)	$ (16,466)
Balance at March 31, 2025		**45,575**	**$ 762,275**	**$ 346,186**	**$ 1,108,461**

For the three months ended March 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		-	-	(33,711)	-	(33,711)
Earnings and comprehensive income					73,773	73,773
Transactions with unitholders, recognized directly in equity						
Distributions to unitholders	4	-	$ -	$ -	$ (15,469)	$ (15,469)
Total transactions with Unitholders		-	$ -	$ -	$ (15,469)	$ (15,469)
Balance at March 31, 2024		**45,498**	**760,891**	**-**	**224,525**	**985,416**

Alaris Equity Partners Income Trust

Condensed consolidated interim statements of cashflows (unaudited)

		Three months ended March 31	
$ thousands	Notes	**2025**	**2024**
Cash flows from operating activities			
Earnings for the period		$ 22,965	$ 73,773
Adjustments for:			
Finance costs		1,152	1,145
Deferred income tax recovery		(831)	(528)
Depreciation and amortization		127	126
Gain on derecognition of previously consolidated entities		-	(30,260)
Net gain on Corporate Investments	3	(17,339)	(15,935)
Unrealized foreign exchange gain		4,917	(20,779)
Unit-based compensation	5	3,842	2,481
Net repayment of loans receivable from Acquisition Entities	7	-	24,332
Net return of capital / (investment) in Acquisition Entities	7	4,984	(12,940)
Cash from operations, prior to changes in working capital		**$ 19,817**	**$ 21,415**
Changes in working capital:			
Accounts receivable and prepayments		$ 6,107	$ (3,797)
Income tax payable		26	240
Accounts payable, accrued liabilities		(4,576)	6,443
Cash generated from operating activities		$ 21,374	$ 24,301
Cash interest paid		(2,028)	(2,032)
Net cash from operating activities		**$ 19,346**	**$ 22,269**
Cash flows from financing activities			
Units purchases under NCIB	4	$ (4,291)	$ -
Distributions paid	4	(15,511)	(15,469)
Office lease payments		(50)	(36)
Net cash used in financing activities		**$ (19,852)**	**$ (15,505)**
Net increase / (decrease) in cash		**$ (506)**	**$ 6,764**
Decrease in cash due to the derecognition of previously consolidated entities		$ -	$ (8,435)
Impact of foreign exchange on cash balances		(8)	(51)
Cash, Beginning of period		4,198	15,184
Cash, End of period		**$ 3,684**	**$ 13,462**
Cash taxes paid		$ 7	$ -

1. Reporting entity:

Alaris Equity Partners Income Trust is an entity domiciled in Calgary, Alberta, Canada. The unaudited condensed consolidated interim financial statements as at and for the three months ended March 31, 2025, are composed of Alaris Equity Partners Income Trust and its consolidated subsidiary, Alaris Equity Services Corp. ("Service Co") (together referred to as the "Trust"). Alaris Equity Partners Income Trust and Service Co. are both domiciled in Canada.

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 Alaris Equity Partners Inc, ("AEP", formerly known as Alaris Royalty Corp.), 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:

(a) Statement of compliance:

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 and do not include all of the disclosures required for full annual financial statements and should be read in conjunction with the 2024 consolidated annual financial statements.

These consolidated financial statements were approved by the Board of Trustees on May 8, 2025.

(b) Basis of preparation and consolidation

The Trust meets the definition of an investment entity, as defined by IFRS 10, Consolidated Financial Statements ("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.

Consolidated subsidiary

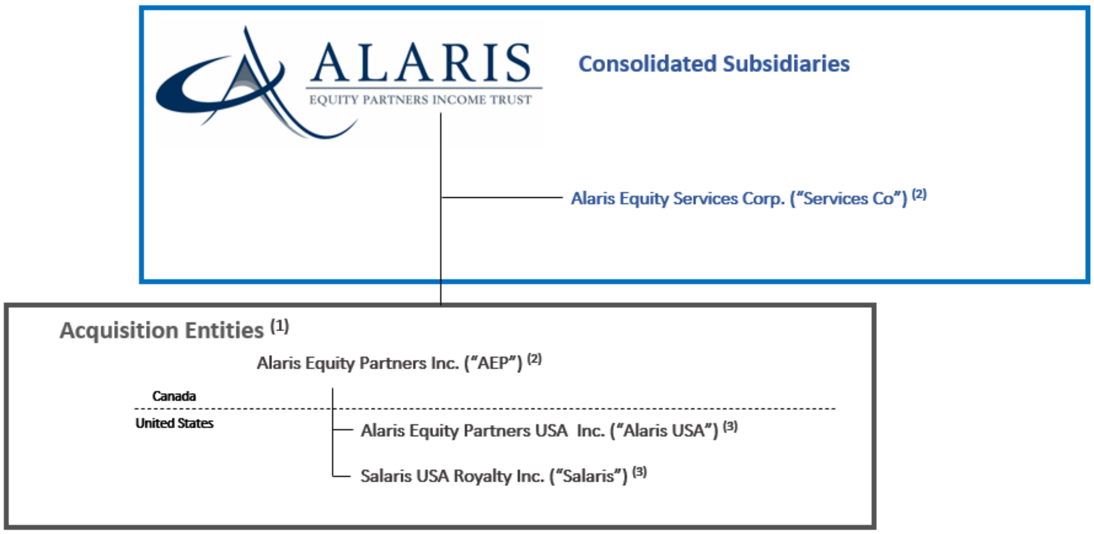
In accordance with IFRS 10, consolidated subsidiaries of an investment entity are those entities that provide investment-related services and that the Trust controls by having the power to govern the financial and operating policies of the entity, and do not themselves meet the definition of investment 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 fair value through profit (loss) ("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. The Trust's wholly-owned and controlled subsidiary, AEP, qualifies as an investment entity and is therefore measured at fair value through profit (loss) ("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.

(c) 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 3 for related disclosure on assumptions used in fair value assessments.

Management's estimates and judgements are influenced by current macroeconomic and geopolitical conditions. These factors may impact the assumptions used in areas such as the valuation of the underlying Partner investments, and the estimation of future cash flows, particularly where operations or counterparties are exposed to geopolitical uncertainty.

Material accounting policies:

The disclosures contained in these unaudited condensed consolidated interim financial statements do not include all the requirements of IFRS Accounting Standards for annual financial statements. The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2024. The unaudited condensed consolidated interim financial statements are based on accounting policies, as described in Note 2 to the 2024 audited annual consolidated financial statements.

3. Corporate Investments

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	31-Mar 2025	31-Dec 2024
Acquisition Entities		
Partner investments	$ 1,668,634	$ 1,543,723
Net assets (liabilities)	$ (583,080)	$ (466,088)
Total Acquisition Entities	**$ 1,085,554**	**$ 1,077,635**
Intercompany loans		
Intercompany loans receivable from Acquisition Entities	$ 106,441	$ 106,918
Total Corporate Investments	**$ 1,191,995**	**$ 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-Mar 2025	31-Dec 2024
Assets		
Cash	$ 17,495	$ 14,833
Accounts receivable and prepayments	5,501	2,112
Income taxes receivable	12,803	20,106
Other long-term assets	28,112	27,791
Derivative contracts	891	1,215
Liabilities		
Accounts payable and accrued liabilities	(5,034)	(10,460)
Deferred income taxes	(120,243)	(118,835)
Derivative contracts	(1,083)	(1,608)
Senior credit facility	(415,081)	(294,324)
Intercompany loans payable	(106,441)	(106,918)
Total	**$ (583,080)**	**$ (466,088)**

The Trust has advanced intercompany loans to the Acquisition Entities totaling $106.4 million (December 31, 2024 - $106.9 million). The corresponding intercompany loans payable to the Trust, which total $106.4 million (December 31, 2024 - $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 March 31, 2025 and December 31, 2024. These investments are held both directly and indirectly by AEP, the Trust's directly-held unconsolidated subsidiary.

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 are 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 three months ended March 31, 2025 is as follows:

Corporate Investments ($ thousands)	Carrying Value at December 31, 2024	Deployed Capital	Redemptions / Repayments	Foreign Exchange Adjustment	Fair Value Adjustment	Carrying Value at March 31, 2025
Partner investments						
Sono Bello, LLC ("Sono Bello")	US $ 164,797	US $ 1,784	US $ -	US $ -	US ($ 13,700)	US $ 152,881
Ohana Assets Under Management	144,357	619	-	-	5,900	150,876
The Shipyard, LLC ("Shipyard")	91,200	-	-	-	8,200	99,400
Fleet Advantage, LLC ("Fleet")	80,735	-	-	-	-	80,735
D&M Leasing ("D&M")	75,607	-	-	-	3,000	78,607
GWM Holdings, Inc ("GWM")	77,177	-	-	-	-	77,177
Accscient, LLC ("Accscient")	65,177	-	-	-	3,000	68,177
DNT Construction, LLC ("DNT")	64,243	-	-	-	-	64,243
Professional Electric Contractors of Connecticut, Inc. ("PEC")	-	61,120	-	-	-	61,120
Edgewater Technical Associates, LLC ("Edgewater")	42,800	-	-	-	-	42,800
3E, LLC ("3E")	42,300	-	-	-	-	42,300
Federal Management Partners, LLC ("FMP")	41,200	-	-	-	-	41,200
Cresa, LLC ("Cresa")	30,600	-	-	-	-	30,600
Sagamore Plumbing and Heating, LLC ("Sagamore")	25,500	-	-	-	-	25,500
The Berg Demo Holdings, LLC ("Berg")	-	21,000	-	-	-	21,000
Carey Electric Contracting LLC ("Carey Electric")	15,080	-	-	-	-	15,080
Heritage Restoration, LLC ("Heritage")	5,400	-	-	-	-	5,400
Total (based in US) - USD	$ 966,173	$ 84,523	$ -	$ -	$ 6,400	$ 1,057,096
Amur Financial Group ("Amur")	$ 89,900	$ -	$ -	$ -	$ 900	$ 90,800
Lower Mainland Steel Limited Partnership ("LMS")	48,885	-	-	(27)	-	48,858
SCR Mining and Tunneling, LP ("SCR")	15,003	-	-	-	-	15,003
Total (based in Canada) - CAD	$ 153,788	$ -	$ -	$ (27)	$ 900	$ 154,661
Total of Partner investments - CAD	**$ 1,543,723**	**$ 120,883**	**$ -**	**$ (6,039)**	**$ 10,067**	**$ 1,668,634**
Total Acquisition Entities net assets (liabilities)	(466,088)	(120,883)	(4,984)	1,603	7,272	(583,080)
Total Acquisition Entities	**$ 1,077,635**	**$ -**	**$ (4,984)**	**$ (4,436)**	**$ 17,339**	**$ 1,085,554**
Intercompany loans receivable						
Loans receivable from Acquisition Entitles	$ 106,918	$ -	$ -	$ (477)	$ -	$ 106,441
Total Corporate Investments	**$ 1,184,553**	**$ -**	**$ (4,984)**	**$ (4,913)**	**$ 17,339**	**$ 1,191,995**

Gain on Corporate Investments

Net gain on Corporate Investments for the three months ended March 31, 2025 and 2024 is 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	Three months ended March 31	
	2025	2024
Partner Distribution revenue - Preferred	$ 40,579	$ 38,193
Partner Distribution revenue - Common	2,393	601
Net realized gain on Partners investments	-	1,959
Net unrealized gain on Partner investments	10,066	6,675
Fair value loss on promissory notes	(1,146)	-
Operating costs and other	(866)	(903)
Transactions costs	(1,869)	(1,362)
Finance costs, senior credit facility and convertible debentures	(6,611)	(8,011)
Acquisition Entities income tax expense - current	(5,164)	(5,031)
Acquisition Entities income tax expense - deferred	(1,918)	(2,325)
Management and advisory fees paid to Trust	(4,606)	(3,254)
Interest on intercompany loans	(3,193)	(10,100)
Net unrealized (gain) / loss on derivative contracts	201	-
Net gain earned from Acquisition Entities operations	**$ 27,866**	**$ 16,442**
Acquisition Entities dividends paid to Trust	$ (10,527)	$ (507)
Net gain on Corporate Investments	**$ 17,339**	**$ 15,935**

Below is a summary of changes in each investment during the year ended December 31, 2024:

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**
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 Entitles	$ 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**

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 unit 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 12.3% - 30.6%.

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 March 31, 2025 are based on the information available to the Trust as of the date of these financial statements. Refer to Note 6 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 March 31, 2025, the number of units issued and outstanding was 45,575,249 (December 31, 2024 – 45,620,763).

Outlined below are the weighted average units outstanding for the three months ended March 31, 2025 and 2024:

Weighted Average Units Outstanding	**Three months ended March 31**	
thousands	**2025**	**2024**
Weighted average units outstanding, basic	45,534	45,498
Effect of outstanding convertible debentures	-	4,124
Effect of outstanding RTUs	710	439
Weighted average units outstanding, fully diluted	46,244	50,061

Distributions

For the three months ended March 31, 2025 the Trust declared a quarterly distribution of $0.34 per unit, paid on April 15, 2025, totaling $15.5 million (2024 - $0.34 per unit and $15.5 million).

Normal Course Issuer Bid

On January 2, 2025, the Trust 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 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. During the quarter, 218,900 Trust units were purchased and cancelled. Subsequent to March 31, 2025, 84,800 Trust units have been purchased and cancelled. As of the date of these financial statements, a total of 303,700 Trust units have been purchased and cancelled under the current NCIB, at an average price of $19.03 per unit.

5. Unit-based payments:

The unit-based compensation expense relating to the RTU Plan is based on the unit price of the Alaris units at March 31, 2025 and based on the remaining time left until vesting for each tranche of units. At March 31, 2025, the Trust's unit price was $19.15 per unit and the total liability related to the RTU is $3.9 million (December 31, 2024 - $6.4 million).

6. Fair value of financial instruments:

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 March 31, 2025 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-Mar-25				
Acquisition Entities	$ -	$ -	$ 1,085,554	$ 1,085,554
Loans receivable from Acquisition Entities	-	-	106,441	106,441
Total at March 31, 2025	**$ -**	**$ -**	**$ 1,191,995**	**$ 1,191,995**
31-Dec-24	**Level 1**	**Level 2**	**Level 3**	**Total**
Acquisition Entities	$ -	$ -	$ 1,077,635	$ 1,077,635
Loans receivable from Acquisition Entities	-	-	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 three months ended March 31, 2025.

The impact on the fair value of Corporate Investments as at March 31, 2025 from changes in the significant unobservable inputs used to value the underlying assets are as follows:

Level 3 Corporate Investment	Significant unobservable inputs	Impact to fair value (in millions)	
		1% increase to input	*1% decrease to input*
Partner investments	Discount rate	($62.3)	$68.9
Preferred and common unit Partner investments	Terminal growth rate	$7.1	($6.0)
Preferred and convertible preferred unit Partner investments	Future distributions	$8.2	($8.3)
Common and convertible preferred unit Partner investments	Future cash flows	$4.9	($4.6)
Common and convertible preferred unit Partner investments	Cash flow multiple	$4.4	($4.1)
		1 year increase to exit timeline	*1 year decrease to exit timeline*
Preferred unit Partner investments	Exit timeline	($13.31)	$5.04

7. Related parties:

During the three months ended March 31, 2025, the Trust derived revenues from the provision of management and advisory services from Acquisition Entities of $4.6 million (2024 – $3.3 million). At March 31, 2025, the Trust has a net payable included in accounts payable and accrued liabilities from Acquisition Entities of $3.4 million (December 31, 2024 - net receivable of $6.5 million).

The Trust has intercompany loans receivable in US dollars from Acquisition Entities. The loans have terms ranging from 3 to 10 years but can be repaid at any time without penalty. There is no impact on net earnings from these intercompany loans. As of March 31, 2025, all outstanding loans have an interest rate of 12%. The Trust recognized $3.2 million of interest income during the three months ended March 31, 2025 (2024 – $10.1 million). The corresponding interest expense incurred by the Acquisition Entities offset part of the Trust's Corporate Investment gain.

During the three months ended March 31, 2025, the Acquisition Entities paid $10.5 million of dividends to the Trust (2024 - $0.5 million). Distributions received from the Acquisition Entities are recorded as income as part of the Trust's Revenue and operating income. Also, during the current quarter, the Acquisition entities returned capital of $5.0 million to the Trust. During the three months ended March 31, 2024, the Trust made net capital contributions of $12.9 million to the Acquisition Entities and received $24.3 million of principal loan repayments, reducing the carrying value of the intercompany loans outstanding.

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 March 31, 2025, AEP had a total balance of $416.8 million (US$291.0 million) drawn on its credit facility (December 31, 2024 – $296.4 million, US$206.0 million). As at March 31, 2025, 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 2.50x at March 31, 2025); minimum fixed charge coverage ratio of 1:1 (actual ratio was 1.86x at March 31, 2025); and a minimum tangible net worth of $650.0 million (actual amount was $1,108.5 million at March 31, 2025). Subsequent to March 31, 2025, Alaris completed an amendment to its senior credit facility. The amendment converted the credit facility from CDN$500 million to US$450 million, in addition to converting the accordion feature from CDN$50 million to US$50 million. All other terms of the credit facility, including covenant requirements, remained unchanged.

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.

8. Subsequent events

Federal Management Partners, LLC ("FMP")

Subsequent to March 31, 2025, FMP experienced suspension of certain key contracts, primarily driven by changes in U.S. federal procurement policies, resulting in a material reduction in revenue. These developments are expected to have a significant adverse impact on FMP's financial performance and outlook in the near term. Given the evolving circumstances and associated uncertainty, Alaris anticipates that FMP's ability to sustain distribution payments for the remainder of the year will be negatively affected. Furthermore, these factors are expected to lead to a material downward reassessment of the fair value of FMP. FMP management is actively evaluating mitigation strategies and Alaris is continuing to assess the potential impact to FMP's long-term outlook.