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FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF UNITED STATES SECURITIES LAW.

CALGARY, Alberta, July 25, 2017 (GLOBE NEWSWIRE) -- Alaris Royalty Corp. (“Alaris” or the "Corporation") (TSX:AD) is pleased to announce its results for the three and six months ended June 30, 2017. The results are prepared under International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Highlights:

- Added a new Partner in June with a USD$20.0 million contribution to Accscient, LLC (“Accscient”) for annual distributions of USD$3.0 million;
- Redeemed all of the preferred units in KMH and a $3.5 million unsecured promissory note in exchange for $9.8 million in cash and a $20.7 million note with formal security and preference on liquidity of certain assets;
- Positive developments across the portfolio with the confirmation of several top of the collar resets, generally improving financial results out of those Partners that are not currently paying 100% of the distributions owed and the commencement of partial distributions from two Partners;
- Increased net cash from operating activities by 20.6% on a per share basis due to reduced corporate costs, legal and accounting fees, and a lower realized foreign exchange loss on forward contracts; and
- Recorded revenue from Partners of $22.8 million, $0.62 per share, up from the first quarter of 2017 ($20.9 million, $0.57 per share); and
- Recorded Normalized EBITDA of $19.1 million, $0.52 per share, up from the first quarter of 2017 ($18.1 million, $0.50 per share).

Per Share Results	Three Months Ended - June 30th				Six Months Ended - June 30th			
	2017	2016	% Change		2017	2016	% Change	
Revenue per share	$0.62	$0.69	-10.1	%	$1.20	$1.36	-11.8	%
Normalized EBITDA per share	$0.52	$0.56	-7.1	%	$1.02	$1.15	-11.3	%
Net cash from operating activities per share	$0.41	$0.34	+20.6	%	$0.82	$0.73	+12.3	%
Dividends per share	$0.405	$0.405	+0.0	%	$0.810	$0.810	+0.0	%
Basic earnings per share	$0.29	$0.19	+52.6	%	$0.62	$0.77	-19.5	%
Fully diluted earnings per share	$0.29	$0.19	+52.6	%	$0.61	$0.76	-19.7	%
Weighted average basic shares outstanding (000’s)	36,483	36,309			36,467	36,306		

[1]Using the weighted average shares outstanding for the period.

The three months ended June 30, 2017 saw decreases in both revenue and normalized EBITDA on a per share basis compared to the prior year period due to: (i) redemptions in 2016 that resulted in significant gains and successful conclusions to two of the Corporation’s partnerships; (ii) partial distributions in the current quarter for Group SM, and; (iii) not recording distributions for Kimco and SCR in the current quarter. The redemptions meant lost revenue in the quarter from Solowave of $1.72 million, and MAHC of $0.65 million for a total of $2.36 million. Revenue from Kimco and SCR was $2.67 million combined in Q2 of 2016 and nil in the current quarter. Revenue from Group SM was $1.59 million in Q2 of 2016 and $0.35 million in the current quarter as the Corporation has taken the position to only record Group SM revenue as received in 2017 ($50,000 weekly beginning in May 2017) though it intends to collect all that is contractually owed in 2017 (which is $1.6 million in Q2 2017). These losses in revenue were partially offset by new revenues of $0.83 million from Matisia, ccComm and Accscient as well as new revenue from follow on contributions to LMS and Federal Resources and positive annual distribution resets for DNT, Planet Fitness, Federal Resources and Labstat. The net result was a $3.08 million decrease (12.5%) in revenue in the current quarter to $21.45 million compared to the prior year period total of $24.53 million (which included $1.59 million in revenue accrued for Group SM and $1.16 million in revenue accrued for Kimco). Compared to the first quarter of 2017, revenue was up 9.1% and Normalized EBITDA was up 5.5% due to positive resets from a number of Partners.

The Corporation recorded earnings of $10.7 million, EBITDA of $14.1 million and Normalized EBITDA of $19.1 million for the three months ended June 30, 2017 compared to earnings of $7.0 million, EBITDA of $11.4 million and Normalized EBITDA of $20.5 million for the three months ended June 30, 2016. The -6.8% decrease in Normalized EBITDA is a result of redemptions from LifeMark (March 2016), Solowave (September 2016) and MAHC (December 2016), and no distributions from Kimco and SCR in the first half of 2017, which was partially offset by the addition new Partners: Providence (April 2016), Matisia (September 2016), ccComm (January 2017) and Accscient (June 2017), as well as positive resets on distributions from four of our largest Partners. The primary driver of the increase in earnings was due to lower corporate & office and legal & accounting expenses in the current period while the comparable period included a $7 million permanent impairment of the KMH units. This was partially offset by lower distributions for the three months ended June 30, 2017.

Reconciliation of Net Income to EBITDA (thousands)	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Earnings	$ 10,656	$ 7,043	$ 22,507	$ 27,885
Adjustments to Net Income:				

Amortization and depreciation	67	69	134	138
Finance costs	1,070	1,359	3,084	2,876
Income tax expense	2,334	2,976	4,965	8,306
EBITDA	14,127	11,447	30,690	39,205
Normalizing Adjustments				
Gain on disposal of investment	-	(23)	-	(18,588)
Foreign exchange loss/(gain)	3,469	534	5,051	12,489
Impairment and other charges	1,474	7,000	1,474	7,000
Bad Debt Expense	-	853	-	853
Penalties & Fees	-	656	-	656
Normalized EBITDA	$ 19,070	$ 20,468	$ 37,215	$ 41,615

“Alaris experienced meaningful improvements over the year’s first quarter with revenue up 9% and EBITDA up over 5% as top of the collar resets materialized alongside continued improvements across the business. Add to that a new Partner in late June and the long awaited resolution on KMH and the Corporation is well positioned for a strong second half of 2017”, said Darren Driscoll, Chief Financial Officer.

Outlook

Based on Alaris’ current agreements with its partners, it expects revenues of approximately $90.0 million for 2017 (no revenue is being accrued for Kimco and only partial distributions are being estimated for SCR and Group SM). Under those same assumptions, for the third quarter of 2017 Alaris expects revenues of approximately $23.4 million. Annual general and administrative expenses are currently estimated at $8.3 million annually and include all public company costs. The Corporation’s Annualized Payout Ratio is now under 90%.

The Consolidated Statement of Financial Position, Statement of Comprehensive Income, and Statement of Cash Flows are attached to this news release. Alaris’ financial statements and MD&A are available on SEDAR at www.sedar.com and on our website at www.alarisroyalty.com. An updated corporate presentation will also be available on our website within 24 hours.

About the Corporation:
Alaris provides alternative financing to private companies (“Partners”) in exchange for royalties or distributions with the principal objective of generating stable and predictable cash flows for dividend payments to its shareholders. Distributions from the Partners are adjusted annually based on the percentage change of a “top-line” financial performance measure such as gross margin or same store sales and rank in priority to the owner’s common equity position.

Non-IFRS Measures
The terms EBITDA, Normalized EBITDA and Annualized Payout Ratio are financial measures used in this news release that are not standard measures under International Financial Reporting Standards (“IFRS”). The Corporation’s method of calculating EBITDA, Normalized EBITDA and Annualized Payout ratio may differ from the methods used by other issuers. Therefore, the Corporation’s EBITDA, Normalized EBITDA and Annualized Payout Ratio may not be comparable to similar measures presented by other issuers.

Annualized Payout Ratio: Annualized payout ratio refers to Alaris’ total annualized dividend per share expected to be paid over the next twelve months divided by the estimated net cash from operating activities per share Alaris expects to generate over the same twelve-month period (after giving effect to the impact of all information disclosed as of the date of this report).

EBITDA refers to net earnings (loss) determined in accordance with IFRS, before depreciation and amortization, net of gain or loss on disposal of capital assets, interest expense and income tax expense. EBITDA is used by management and many investors to determine the ability of an issuer to generate cash from operations. Management believes EBITDA is a useful supplemental measure from which to determine the Corporation’s ability to generate cash available for debt service, working capital, capital expenditures, income taxes and dividends. The Corporation has provided a reconciliation of net income to EBITDA in this news release.

Normalized EBITDA refers to EBITDA excluding items that are non-recurring in nature and is calculated by adjusting for non-recurring expenses and gains to EBITDA. Management deems non-recurring items to be unusual and/or infrequent items that the Corporation incurs outside of its common day-to-day operations. For the three and six months ended June 30, 2017 and 2016, the gain on the redemption of the LifeMark units, and the unrealized foreign exchange gains and losses are considered by management to be non-recurring charges. Adjusting for these non-recurring items allows management to assess EBITDA from ongoing operations.

The terms EBITDA and Normalized EBITDA should only be used in conjunction with the Corporation’s annual audited and quarterly reviewed financial statements, excerpts of which are available below, while complete versions are available on SEDAR at www.sedar.com.

Forward-Looking Statements

This news release contains forward-looking statements under applicable securities laws. Statements other than statements of historical fact contained in this news release are forward‑looking statements, including, without limitation, management's expectations, intentions and beliefs concerning the growth, results of operations, performance of the Corporation and the Private Company Partners, the future financial position or results of the Corporation, business strategy, and plans and objectives of or involving the Corporation or the Partners. Many of these statements can be identified by looking for words such as "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. In particular, this news release contains forward‑looking statements regarding the anticipated financial and operating performance of the Partners in 2017, the revenues/contractual distributions to be received by Alaris in 2017 (annually and quarterly), the Annualized Payout Ratio, its general and administrative expenses in 2017, the cash requirements of the Corporation in 2017, timing for collection of deferred or unpaid distributions and restarting of distributions from certain Partners. To the extent any forward-looking statements herein constitute a financial outlook, they were approved by management as of the date hereof and have been included to provide an understanding with respect to Alaris' financial performance and are subject to the same risks and assumptions disclosed herein. There can be no assurance that the plans, intentions or expectations upon which these forward looking statements are based will occur.

By their nature, forward-looking statements require Alaris to make assumptions and are subject to inherent risks and uncertainties. Assumptions about the performance of the Canadian and U.S. economies in 2017 and how that will affect Alaris’ business and that of its Partners are material factors considered by Alaris management when setting the outlook for Alaris. Key assumptions include, but are not limited to, assumptions that the Canadian and U.S. economies will grow moderately in 2017, that interest rates will not rise in a material way over the next 12 to 24 months, that the Partners will continue to make distributions to Alaris as and when required, that the businesses of the Partners will continue to grow, that the Corporation will experience net positive resets to its annual royalties and distributions from its Partners in 2017, more private companies will require access to alternative sources of capital, and that Alaris will have the ability to raise required equity and/or debt financing on acceptable terms. Management of Alaris has also assumed that capital markets will remain stable and that the Canadian and U.S. dollar trading pair will remain in a range of approximately plus or minus 10% over the next 6 months. In determining expectations for economic growth, management of Alaris primarily considers historical economic data provided by the Canadian and U.S. governments and their agencies.

There can be no assurance that the assumptions, plans, intentions or expectations upon which these forward‑looking statements are based will occur. Forward‑looking statements are subject to risks, uncertainties and assumptions and should not be read as guarantees or assurances of future performance. The actual results of the Corporation and the Partners could materially differ from those anticipated in the forward‑looking statements contained herein as a result of certain risk factors, including, but not limited to, the following: the dependence of Alaris on the Partners; reliance on key personnel; general economic conditions; failure to complete or realize the anticipated benefit of Alaris’ financing arrangements with the Partners; a failure to obtain required regulatory approvals on a timely basis or at all; changes in legislation and regulations and the interpretations thereof; risks relating to the Partners and their businesses, including, without limitation, a material change in the operations of a Partner or the industries they operate in; inability to close additional Partner contributions in a timely fashion, or at all; a change in the ability of the Partners to continue to pay Alaris’ preferred distributions; a change in the unaudited information provided to the Corporation; and a failure to realize the benefits of any concessions or relief measures provided by Alaris to any Partner. Additional risks that may cause actual results to vary from those indicated are discussed under the heading “Risk Factors” and “Forward Looking Statements” in the Corporation’s Management Discussion and Analysis for the year ended December 31, 2016, which is filed under the Corporation’s profile at www.sedar.com and on its website at www.alarisroyalty.com. Accordingly, readers are cautioned not to place undue reliance on any forward-looking information contained in this news release. Statements containing forward‑looking information reflect management's current beliefs and assumptions based on information in its possession on the date of this news release. Although management believes that the expectations represented in such forward‑looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

Alaris Royalty Corp.

Condensed consolidated statement of financial position (unaudited)

As at June 30

	30-Jun 2017	31-Dec 2016
Assets		
Cash and cash equivalents	$ 15,182,452	$ 29,490,843
Prepayments	1,476,765	2,097,070
Foreign exchange contracts	1,192,441	-
Trade and other receivables	16,735,610	16,762,204
Income tax receivable	1,294,798	-
Investment tax credit receivable	3,000,000	3,653,719
Promissory notes receivable	43,822,445	21,922,445
Current Assets	82,704,511	73,926,281
Promissory notes and other receivables	13,631,243	7,891,312

Deposits	16,324,033	16,255,771
Equipment	591,291	647,445
Intangible assets	6,160,987	6,206,456
Investments at fair value	670,740,795	681,093,370
Deferred income taxes	1,921,373	-
Investment tax credit receivable	747,512	1,200,604
Non-current assets	710,117,234	713,294,958
Total Assets	$ 792,821,745	$ 787,221,239
Liabilities		
Accounts payable and accrued liabilities	$ 2,730,891	$ 3,057,457
Dividends payable	4,919,959	4,905,368
Foreign exchange contracts	-	712,349
Income tax payable	2,180,884	2,007,244
Current Liabilities	9,831,734	10,682,418
Deferred income taxes	24,093,107	22,457,580
Loans and borrowings	113,956,998	99,382,999
Non-current liabilities	138,050,105	121,840,579
Total Liabilities	$ 147,881,839	$ 132,522,997
Equity		
Share capital	$ 620,132,983	$ 617,892,818
Equity reserve	11,114,785	11,628,364
Fair value reserve	(24,480,041)	(27,930,940)
Translation reserve	15,105,896	23,029,120
Retained earnings	23,066,283	30,078,880
Total Equity	$ 644,939,906	$ 654,698,242
Total Liabilities and Equity	$ 792,821,745	$ 787,221,239

Alaris Royalty Corp.

Condensed consolidated statement of comprehensive income / loss (unaudited)

For the six month period ended June 30

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Revenues				
Royalties and distributions	$ 21,752,044	$ 24,527,403	$ 42,142,835	$ 48,780,013
Interest and other	1,026,647	385,586	1,521,530	698,958
Total Revenue	22,778,691	24,912,989	43,664,365	49,478,971
Other income / expense				
Gain on partner redemption	-	22,500	-	18,588,007
Realized gain / (loss) on foreign exchange contracts	(130,339)	(722,052)	(479,704)	(2,062,331)
Total Other income / expense	(130,339)	(699,552)	(479,704)	16,525,676
Salaries and benefits	1,439,553	1,572,545	2,075,904	2,137,794
Corporate and office	1,044,020	1,271,615	1,768,781	2,217,668
Legal and accounting fees	339,506	485,813	877,882	1,292,752
Non-cash stock-based compensation	885,462	1,771,112	1,726,587	2,871,628
Bad debt expense	-	853,122	-	853,122
Impairment and other charges	1,473,922	7,000,000	1,473,922	7,000,000
Depreciation and amortization	67,176	69,119	133,924	138,181
Total Operating Expenses	5,249,639	13,023,326	8,057,000	16,511,145
Earnings before the undernoted	17,398,713	11,190,111	35,127,661	49,493,502
Finance costs	1,069,776	1,358,909	3,083,872	2,875,638
Unrealized (gain)/loss on foreign exchange contracts	(1,010,526)	(523,066)	(1,904,962)	(4,393,768)
Unrealized foreign exchange (gain) / loss	4,348,936	335,044	6,476,680	14,820,684
Earnings before taxes	12,990,527	10,019,224	27,472,071	36,190,948
Current income tax expense / (recovery)	2,186,804	(69,723)	4,016,264	941,244
Deferred income tax expense	147,347	3,046,036	948,652	7,365,104

Total income tax expense	2,334,151	2,976,313	4,964,916	8,306,348
Earnings	10,656,376	7,042,911	22,507,155	27,884,600
Other comprehensive income				
Transfer on redemption of investments at fair value	-	-	-	(18,686,309)
Net change in fair value of investments at fair value	3,975,000	(664,685)	3,975,000	(664,685)
Tax effect of items in other comprehensive income	(524,101)	(90,794)	(524,101)	2,400,450
Foreign currency translation differences	(5,487,775)	(266,687)	(7,923,224)	(11,770,986)
Other comprehensive (loss) for the period, net of income tax	(2,036,876)	(1,022,166)	(4,472,325)	(28,721,530)
Total comprehensive income / (loss) for the period	8,619,500	6,020,745	18,034,830	(836,930)
Earnings per share				
Basic earnings per share	$0.29	$0.19	$0.62	$0.77
Fully diluted earnings per share	$0.29	$0.19	$0.61	$0.76
Weighted average shares outstanding				
Basic	36,483,426	36,309,317	36,467,025	36,306,026
Fully Diluted	36,785,090	36,817,179	36,768,689	36,730,479

Alaris Royalty Corp.

Condensed consolidated statement of cash flows (unaudited)

For the six month period ended June 30

	2017	2016
Cash flows from operating activities		
Earnings from the period	$ 22,507,155	$ 27,884,600
Adjustments for:		
Finance costs	3,083,872	2,875,638
Deferred income tax expense	948,652	7,365,104
Depreciation and amortization	133,924	138,181
Bad debt expense	-	853,122
Impairment and other charges	1,473,922	7,000,000
Gain on partner redemption	-	(18,588,007)
Unrealized gain on foreign exchange contracts	(1,904,962)	(4,393,768)
Unrealized foreign exchange loss	6,476,680	14,820,684
Non-cash stock-based compensation	1,726,587	2,871,628
	$ 34,445,830	$ 40,827,182
Change in:		
- trade and other receivables	26,594	(6,133,863)
- income tax receivable / payable	(1,699,468)	(4,502,808)
- prepayments	620,305	768,936
- accounts payable and accrued liabilities	(326,566)	(1,704,981)
Cash generated from operating activities	33,066,695	29,254,466
Finance costs	(3,083,872)	(2,875,638)
Net cash from operating activities	$ 29,982,823	$ 26,378,828
Cash flows from investing activities		
Acquisition of equipment	$ (32,302)	$ (27,551)
Acquisition of preferred units	(31,832,335)	(83,386,831)
Proceeds from partner redemptions	12,498,877	38,517,202
Promissory notes issued	(11,959,926)	(6,350,000)
Promissory notes repaid	-	312,500
Net cash used in investing activities	$ (31,325,686)	$ (50,934,680)
Cash flows from financing activities		
Repayment of debt	$ -	$ (22,000,000)
Proceeds from debt	17,189,900	70,943,300
Dividends paid	(29,505,160)	(29,405,612)
Deposits with CRA	(68,262)	(1,364,703)
Net cash from / (used in) financing activities	$ (12,383,522)	$ 18,172,985
Net increase / (decrease) in cash and cash equivalents	$ (13,726,385)	$ (6,382,867)

Impact of foreign exchange on cash balances	(582,006)	(3,586,644)
Cash and cash equivalents, Beginning of period	29,490,843	20,990,702
Cash and cash equivalents, End of period	$ 15,182,452	$ 11,021,191
Cash taxes paid	$ 5,117,768	$ 4,130,100

For more information please contact:

Curtis Krawetz
Vice President, Investments and Investor Relations
Alaris Royalty Corp.
403-221-7305