Alaris Equity Partners Income Trust Releases 2022 Fourth Quarter and Annual Financial Results

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CALGARY, March 09, 2023 - Alaris Equity Partners Income Trust (together, as applicable, with its subsidiaries, "Alaris" or the "Trust") is pleased to announce its results for the three months and year ended December 31, 2022. The results are prepared in accordance with International Accounting Standard 34. All amounts below are in Canadian dollars unless otherwise noted.

Highlights:

- Revenue of $51.1 million and cash from operations, prior to changes in working capital of $47.3 million in the fourth quarter of 2022 each represent 36% and 13% increases respectively, as compared to the same period in 2021. On a per unit basis, revenue of $1.13 and cash from operations, prior to changes in working capital of $1.04 each represent 36% and 12% increases, respectively, as compared to Q4 2021;
- Full year 2022 record revenue of $190.0 million and cash from operations, prior to changes in working capital of $171.0 million represent increases of 29% and 22% each, respectively, as compared to in 2021. On a per unit basis, revenue of $4.20 and cash from operations, prior to changes in working capital of $3.78, represent increases of 25% and 19%, respectively, as compared to the prior year;
- Capital deployment of $155.9 million in 2022, which included initial annual contracted Distributions of approximately $19.0 million, or $0.42 per unit. Partially offsetting this deployment are total redemptions of $162.0 million (with a cost basis of $130.0 million) that included annual contracted Distributions of $17.2 million. As a result there was a total realized premium on redemptions of $32.0 million or approximately $0.71 per unit;
- Subsequent to December 31, 2022, the Trust completed a strategic transaction involving Body Contour Centers, LLC ("BCC") and co-sponsor Brookfield through its Special Investments program ("Brookfield"), that included Alaris exchanging US$145.0 million of preferred equity for newly issued convertible preferred units, which are entitled to receive an initial annual Distribution of US$12.3 million along with an annual transaction fee of US$1.5 million. Alaris received US$20.3 million of additional proceeds on redemption of its remaining preferred equity resulting in a premium above cost of US$9.3 million;
- Alaris is expecting an overall positive reset of approximately 1.2% for preferred Distributions that are resetting in 2023, resulting in additional Run Rate Revenue [3] of $1.4 million or $0.03 per unit. The reduction from the positive 2.4% reset previously guided towards in the Trust's Q3 2022 financial results, is primarily due to the redemption and subsequent conversion of the BCC preferred equity to convertible preferred equity;
- The weighted average combined Earnings Coverage Ratio [5] for Alaris' Partners has decreased slightly from previous quarters but remains in excess of 1.60x with thirteen of eighteen Partners greater than 1.5x;
- The Trust had a net unrealized and realized gain from investments in 2022 of $8.0 million, which included realized gains on the redemptions of Kimco and FNC partially offset by decreases in investments at fair value during the year;
- In 2022 Alaris realized an Actual Payout Ratio [2] of 39%, which thereby generated approximately $93 million of excess cash from operations that was used for a combination of investing purposes and the repayment of senior debt. The lower Actual Payout Ratio as compared to the Run Rate Payout Ratio [4] range of 65% to 70% was a result of fewer cash taxes paid than forecasted, premiums and additional Distributions received on the Kimco and FNC redemptions, and is also attributable to the conservative approach the Trust takes in estimating Run Rate Payout Ratio on a proforma basis; and
- For the year ended December 31, 2022, Alaris generated basic earnings per unit of $2.89 and paid out $1.33 of distributions per unit, resulting in $1.56 per unit of additional book value, improving the book value per unit at year-end to $19.84.

President's Message

2022 represented another record year of performance for Alaris. It also represented a first look at some of the advancements that we've made with our business model and how we are improving performance going forward. With the FNC redemption during the year, Alaris had our first sale of an investment that included common equity - a strategy that we started implementing four years ago. At that time, we hoped that adding a sliver of common equity would allow us to deploy more capital, to increase our overall return profile and to align ourselves better with our partners. Four years later, I am happy to report that all of those advantages have been realized. Owning common equity in addition to our traditional preferred equity helped contribute to an outstanding return of in excess of a 40% IRR on FNC. On a broader scale, dividends from the common equity that we own in seven different investments have come in significantly larger than our guidance. During 2022, our common equity cash yield was more than 10% of the capital invested (roughly $14 million compared to guidance of $4 million) and helped contribute to Alaris having an Actual Payout Ratio of below 40% compared to the stated guidance of 65-70%.

The BCC transaction that was announced in February is also a significant enhancement in our goal of deploying more preferred equity as well as increasing overall returns. This was an innovative deal that involved rolling our previous investment in BCC into new convertible preferred equity as well as bringing in a significant new partner in Brookfield. Not only did this transaction extend the relationship with an extremely high performing investment in BCC, it allowed us to leverage our team and our proprietary deal flow in order to generate an over allocation of profits as it relates to other convertible preferred equity outstanding, in addition to our returns on our US$145 million. While the full impact of this transaction will not be fully felt for a few years, it allows us to preserve a valuable revenue stream from BCC and creates a template for doing similar transactions with both current and future partners. The addition of common equity with our preferred equity as well as the BCC investment structure are both developments that involved a slight drop in our current cash yields from our investments. However, both strategies significantly improve our expected overall returns and allow us to deploy and retain more preferred equity investments, thus increasing our expected revenue growth rate. A true win-win for Alaris unitholders.

From a portfolio health perspective, we are very encouraged by the results that our partners continue to post on a monthly basis. As in any large portfolio, there is always going to be a mix of results depending on the specific drivers in each company but as a whole, we are still operating at a historically strong level. While many economists are forecasting a recession in the coming year, we feel that we are uniquely suited to successfully weather a potential storm. Our businesses are broadly considered required service providers and most importantly, our partners generally have low levels of debt with only ten of our eighteen Partners having senior debt, we are not as exposed to the rising costs and refinance risks that most private equity firms will be encountering over the next few months and years.

Looking forward, it appears that we are coming out of a softer than usual new deal environment. Because of the difficult equity and debt markets that we've seen over the last twelve months, most high performing companies chose to sit tight and not go to market. Early 2023 has shown a higher volume of quality deal flow. More importantly, we are now operating in an environment that favours our form of equity capital for private businesses. The significant negative change in the private debt markets has hurt the ability of traditional private equity firms to fund their deals and at the very least, the cost of all capital has gone up considerably, making Alaris' structured equity model increasingly more attractive. We look forward to a productive year of capital deployment and continued strong returns from our portfolio.

Results of Operations

Per Unit Results	Three months ended			Year ended		
Period ending December 31	2022	2021	% Change	2022	2021	% Change
Revenue	$ 1.13	$ 0.83	+36.1%	$ 4.20	$ 3.36	+25.0%
EBITDA *(Note 1)*	$ 1.04	$ 1.26	-17.5%	$ 4.05	$ 4.35	-6.9%
Cash from operations, prior to changes in working capital	$ 1.04	$ 0.93	+11.8%	$ 3.78	$ 3.18	+18.9%
Distributions declared	$ 0.34	$ 0.33	+3.0%	$ 1.33	$ 1.28	+3.9%
Basic earnings	$ 0.76	$ 1.02	-25.5%	$ 2.89	$ 3.28	-11.9%
Fully diluted earnings	$ 0.73	$ 0.97	-24.7%	2.79	$ 3.13	-10.9%
Weighted average basic units (000's)	45,280	45,121		45,249	43,994	

For the three months ended December 31, 2022, revenue per unit increased by 36.1% compared to the same period in 2021. In the current period, $7.1 million (US$5.2 million) was received on redemption from FNC for Distributions owing up to the third anniversary date of the initial investment which would have been in January 2024. In December 2022, Ohana Growth Partners, LLC formerly known as PF Growth Partners, LLC ("PFGP") made an additional payment of $4.1 million (US$3.0 million) to catch up Distributions from prior years that were deferred as a result of the impact of COVID-19. BCC's Distributions were higher as a result of a follow-on investment made in March 2022. These increases were partially offset by the reduction in Distributions due to the redemptions of Kimco and Federal Resources Supply Company and its subsidiaries ("FED"). The average exchange rate during Q4 2022 was approximately 8% more favorable than in the prior year, contributing to an improvement in US denominated Distribution revenue.

In the year ended December 31, 2022, revenue per unit increased by 25.0% compared to 2021, primarily as a result of $17.2 million (US$13.7 million) of additional Distributions from Kimco received as part of their redemption, as well as FNC's Distributions owing upon redemption as described above. After reducing the total revenue earned in fiscal year 2022 by these amounts, the remaining revenue of $165.7 million represents a 12.2% increase compared to $147.7 million in the comparable period of 2021. The remaining increase is predominantly a result of increased Distributions from BCC following their March 2022 follow-on investment and increases to PFGP Distributions due to the additional payment described above. Follow on investments such as Fleet Advantage, LLC ("Fleet") in Q4 2021 and Accscient, LLC ("Accscient") in Q3 2022 also contributed to increased Distributions year over year. These increases were partially offset by decreases in monthly Distributions due to the redemptions of FED and Kimco. The Distributions from GWM Holdings, Inc. and its subsidiaries ("GWM") decreased by 22% as a result of the partial repayment of preferred units and subordinated debt in Q4 2021. In addition, the average exchange rate for the year ended December 31, 2022 was approximately 4% more favorable than in the prior year, contributing to an improvement in US denominated Distribution revenue.

As the Trust's cash from operations, prior to changes in working capital, excludes primarily all non-cash items in the Trust's consolidated statement of comprehensive income, it is an important tool in assessing Alaris' ongoing ability to generate cash. The cash from operations, prior to changes in working capital per unit of $1.04 in Q4 2022 improved by 11.8% compared to Q4 2021 mainly due to the additional Distributions received from FNC and PFGP in the current period as described above. For the year ended December 31, 2022, cash from operations, prior to changes in working capital per unit of $3.78 increased by 18.9% due to the Q4 2022 improvement as well as the positive impact of the additional Distributions from Kimco that were deferred from prior years.

The Actual Payout Ratio (2) for Alaris for the year ended December 31, 2022 was 39%, an improvement from 53% in 2021, primarily as a result of the improvements in revenue per unit noted above as well as due to less cash taxes paid in the current year.

EBITDA per unit decreased by 17.5% in Q4 2022 and by 6.9% in the year ended December 31, 2022, each as compared to the respective comparable periods in 2021, mainly as a result of a reduction to the net realized and unrealized fair value changes in each respective period as compared to the prior year. The net realized and unrealized increase in Q4 2022 of $5.6 million was reduced from $25.6 million in Q4 2021 and for 2022 the net realized and unrealized increase was $8.0 million, which was down from $63.2 million in 2021. Both of which primarily relate to the impact in the current period that higher interest rates have had on the valuation of common equity investments.

Basic earnings per unit decreased by 25.5% in Q4 2022 and by 11.9% in the year ended December 31, 2022, each as compared to the respective comparable periods in 2021, mainly as a result of the same reasons described above for decreases in EBITDA per unit.

Outlook

The Trust deployed approximately $155.9 million in the year ended December 31, 2022, consistent with the Trust's acquisition of investments in its consolidated statement of cash flows. Total revenue of $51.1 million in Q4 2022 exceeded previous guidance of $47.0 million as a result of the additional payment from PFGP described earlier, collectively higher than expected common dividends from Alaris' Partners and a higher average exchange rate than forecast. As presented below, the outlook for the next twelve months includes Run Rate Revenue (3) expected to be approximately $151.0 million. This includes current contracted amounts, an additional US$2.4 million from PFGP related to deferred Distributions during COVID-19 and an estimated $3.7 million of common dividends. Alaris expects total revenue from its Partners in Q1 2023 of approximately $37.0 million.

Annual general and administrative expenses are currently estimated at $17.5 million and include all public company costs. The Trust's Run Rate Payout Ratio (4) is expected to be within a range of 65% and 70% when including Run Rate Revenue (3), overhead expenses and its existing capital structure. The table below sets out our estimated Run Rate Cash Flow alongside the after-tax impact of positive net deployment, the impact of every 1% increase in SOFR based on current outstanding USD debt and the impact of every $0.01 change in the USD to CAD exchange rate.

Run Rate Cash Flow *($ thousands except per unit)*		Amount ($)	$ / Unit
Revenue		$ 151,000	$ 3.33
General and administrative expenses		(17,500)	(0.39)
Interest and taxes		(45,500)	(1.00)
Net cash from operating activities		$ 88,000	$ 1.94
Distributions paid		(61,600)	(1.36)
Run Rate Cash Flow		$ 26,400	$ 0.58
Other considerations (after taxes and interest):			
New investments	Every $50 million deployed @ 14%	+2,906	+0.06
Interest rates	Every 1.0% increase in SOFR	-400	-0.01
USD to CAD	Every $0.01 change of USD to CAD	+/- 900	+/- 0.02

The senior debt facility was drawn to $216.1 million as at December 31, 2022 in the Trust's statement of financial position. The annual interest rate on that debt, inclusive of standby charges on available capacity, was approximately 5.3% for the year ended December 31, 2022. Subsequent to December 31, 2022, proceeds from the partial redemptions of Unify, Fleet, and BCC, along with excess cashflow, were used to repay senior debt. Following these repayments the total drawn on the facility on the date of this release is approximately $150 million with the capacity to draw up to an additional $300 million based on the covenants and terms.

The Condensed Consolidated Interim Statements of Financial Position, Condensed Consolidated Interim Statements of Comprehensive Income, and Condensed Consolidated Interim Statements 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.alarisequitypartners.com.

Earnings Release Date and Conference Call Details

Alaris management will host a conference call at 9am MT (11am ET), Friday, March 10, 2023 to discuss the financial results and outlook for the Trust.

Participants must register for the call using this link: Q4 2022 Conference Call. Pre-register to receive the dial-in numbers and unique PIN to access the call seamlessly. It is recommended that you join 10 minutes prior to the event start (although you may register and dial in at any time during the call). Participants can access the webcast here: Q4 Webcast. A replay of the webcast will be available two hours after the call and archived on the same web page for six months. Participants can also find the link on our website, stored under the "Investors" section - "Presentations and Events", at www.alarisequitypartners.com.

An updated corporate presentation will be posted to the Trust's website within 24 hours at www.alarisequitypartners.com.

About the Trust:

Alaris, through its subsidiaries, provides alternative financing to private companies ("Partners") in exchange for distributions, dividends or interest (collectively, "Distributions") with the principal objective of generating stable and predictable cash flows for distribution payments to its unitholders. 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-GAAP and Other Financial Measures
The terms EBITDA, Actual Payout Ratio, Run Rate Revenue, Run Rate Payout Ratio, Earnings Coverage

Ratio, Run Rate Cash Flow, IRR and Per Unit amounts (collectively, the "Non-GAAP and Other Financial Measures") are financial measures used in this news release that are not standard measures under International Financial Reporting Standards ("IFRS"). The Trust's method of calculating EBITDA, Actual Payout Ratio, Run Rate Revenue, Run Rate Payout Ratio, Earnings Coverage Ratio, Run Rate Cash Flow, IRR and Per Unit amounts may differ from the methods used by other issuers. Therefore, the Trust's EBITDA, Actual Payout Ratio, Run Rate Revenue, Run Rate Payout Ratio, Earnings Coverage Ratio, Run Rate Cash Flow, IRR and Per Unit amounts may not be comparable to similar measures presented by other issuers.

(1) "EBITDA" and "EBITDA per unit" are Non-GAAP financial measures and refer to earnings determined in accordance with IFRS, before depreciation and amortization, interest expense (finance costs) and income tax expense and the same amount divided by weighted average basic units outstanding. EBITDA and EBITDA per unit are used by management and many investors to determine the ability of an issuer to generate cash from operations, aside from still including fluctuations due to changes in exchange rates and changes in the Trust's investments at fair value. Management believes EBITDA and EBITDA per unit are useful supplemental measures from which to determine the Trust's ability to generate cash available for servicing its loans and borrowings, income taxes and distributions to unitholders. Refer to the reconciliation of EBITDA and calculation of EBITDA per unit in the table below.

	Three months ended December 31			Year ended December 31		
$ thousands except per unit amounts	2022	2021	% Change	2022	2021	% Change
Earnings	$ 34,504	$ 46,102	-25.2%	$ 130,676	$ 144,244	-9.4%
Depreciation and amortization	55	46	+19.6%	216	211	+2.4%
Finance costs	7,543	6,723	+12.2%	28,185	24,988	+12.8%
Total income tax expense	4,956	3,756	+31.9%	24,280	21,801	+11.4%
EBITDA	$ 47,058	$ 56,627	-16.9%	$ 183,357	$ 191,244	-4.1%
Weighted average basic units (000's)	45,280	45,121		45,249	43,994	
EBITDA per unit	$ 1.04	$ 1.26	-17.5%	$ 4.05	$ 4.35	-6.9%

(2) "Actual Payout Ratio" is a supplementary financial measure and refers to Alaris' total distributions paid during the period (annually or quarterly) divided by the actual net cash from operating activities Alaris generated for the period. It represents the net cash from operating activities after distributions paid to unitholders available for either repayments of senior debt and/or to be used in investing activities.

(3) "Run Rate Revenue" is a supplementary financial measure and refers to Alaris' total revenue expected to be generated over the next twelve months based on contracted distributions from current Partners, excluding any potential Partner redemptions, it also includes an estimate for common dividends or distributions based on past practices, where applicable. Run Rate Revenue is a useful metric as it provides an expectation for the amount of revenue Alaris can expect to generate in the next twelve months based on information known.

(4) "Run Rate Payout Ratio" is a Non-GAAP financial ratio that refers to Alaris' distributions per unit expected to be paid over the next twelve months divided by the net cash from operating activities per unit calculated in the Run Rate Cash Flow table. Run Rate Payout Ratio is a useful metric for Alaris to track and to outline as it provides a summary of the percentage of the net cash from operating activities that can be used to either repay senior debt during the next twelve months and/or be used for additional investment purposes. Run Rate Payout Ratio is comparable to Actual Payout Ratio as defined above.

(5) "Earnings Coverage Ratio ("ECR")" is a supplementary financial measure and refers to the EBITDA of a Partner divided by such Partner's sum of debt servicing (interest and principal), unfunded capital expenditures and distributions to Alaris. Management believes the earnings coverage ratio is a useful metric in assessing our partners continued ability to make their contracted distributions.

(6) "Run Rate Cash Flow" is a Non-GAAP financial measure and outlines the net cash from operating activities, net of distributions paid, that Alaris is expecting to have after the next twelve months. This measure is comparable to net cash from operating activities less distributions paid, as outlined in Alaris' consolidated statements of cash flows.

(7) "Per Unit" values, other than earnings per unit, refer to the related financial statement caption as defined

under IFRS or related term as defined herein, divided by the weighted average basic units outstanding for the period.

(8) "IRR" is a supplementary financial measure and refers to internal rate of return, which is a metric used to determine the discount rate that derives a net present value of cash flows to zero. Management uses IRR to analyze partner returns. The Trust's method of calculating this supplementary financial measure may differ from the methods used by other issuers. Therefore, it may not be comparable to similar measures presented by other issuers.

The terms EBITDA, Actual Payout Ratio, Run Rate Revenue, Run Rate Payout Ratio, Earnings Coverage Ratio, Run Rate Cash Flow and Per Unit amounts should only be used in conjunction with the Trust's annual audited financial statements, complete versions of which available on SEDAR at www.sedar.com.

Forward-Looking Statements

This news release contains forward-looking information and forward-looking statements (collectively, "forward-looking statements") under applicable securities laws, including any applicable "safe harbor" provisions. 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 Trust and the Partners, the future financial position or results of the Trust, business strategy and plans and objectives of or involving the Trust 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; the attractiveness of Alaris structural equity offering; Alaris' ability to perform during a recession; the Trust's Run Rate Payout Ratio, Run Rate Cash Flow, Run Rate Revenue and total revenue; the impact of recent new investments and follow-on investments; expectations regarding receipt (and amount of) any common equity distributions or dividends from Partners in which Alaris holds common equity, including the impact on the Trust's net cash from operating activities, Run Rate Revenue, Run Rate Cash Flow and Run Rate Payout Ratio; the use of proceeds from the senior credit facility; impact of future deployment; the Trust's ability to deploy capital; the yield on the Trust's investments and expected resets on Distributions; the Trust's return on its investments; and Alaris' expenses for 2023. To the extent any forward-looking statements herein constitute a financial outlook or future oriented financial information (collectively, "FOFI"), including estimates regarding revenues, Distributions from Partners (including expected resets, restarting full or partial Distributions and common equity distributions), Run Rate Payout Ratio, Run Rate Cash Flow, net cash from operating activities, expenses and impact of capital deployment, 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 over the next 24 months and how that will affect Alaris' business and that of its Partners (including, without limitation, any ongoing impact of COVID-19) are material factors considered by Alaris management when setting the outlook for Alaris. Key assumptions include, but are not limited to, assumptions that: the Russia/Ukraine conflict and other global economic pressures over the next twelve months will not materially impact the economy; interest rates will not rise in a matter materially different from the prevailing market expectation over the next 12 to 24 months; that COVID-19 or any variants there of will not impact the economy or our partners operations in a material way in the next 12 months; the businesses of the majority of our Partners will continue to grow; more private companies will require access to alternative sources of capital; the businesses of new Partners and those of existing Partners will perform in line with Alaris' expectations and diligence; 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 the Canadian and U.S. dollar trading pair will remain in a range of approximately plus or minus 15% of the current rate 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 as well as prevailing economic conditions at the time of such determinations.

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 Trust 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: an increase in COVID-19 (or its variants) or other widespread health crises; and other global economic factors (including, without limitation, the Russia/Ukraine conflict, inflationary measures and global supply chain disruptions on the Trust and the Partners (including how many Partners will experience a slowdown of their business and the length of time of such slowdown), the dependence of Alaris on the Partners; leverage and restrictive covenants under credit facilities; reliance on key personnel; general economic conditions, including any new investment structures; 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 or collect proceeds from any redemptions in a timely fashion on anticipated terms, or at all; a change in the ability of the Partners to continue to pay Alaris at expected Distribution levels or restart distributions (in full or in part); a failure to collect material deferred Distributions; a change in the unaudited information provided to the Trust; and a failure to realize the benefits of any concessions or relief measures provided by Alaris to any Partner or to successfully execute an exit strategy for a Partner where desired. Additional risks that may cause actual results to vary from those indicated are discussed under the heading "Risk Factors" and "Forward Looking Statements" in Alaris' Management Discussion and Analysis and Annual Information Form for the year ended December 31, 2022, which is or will be (in the case of the AIF) filed under Alaris' profile at www.sedar.com and on its website at www.alarisequitypartners.com.

Readers are cautioned that the assumptions used in the preparation of forward-looking statements, including FOFI, although considered reasonable at the time of preparation, based on information in Alaris' possession as of the date hereof, may prove to be imprecise. In addition, there are a number of factors that could cause Alaris' actual results, performance or achievement to differ materially from those expressed in, or implied by, forward looking statements and FOFI, or if any of them do so occur, what benefits the Trust will derive therefrom. As such, undue reliance should not be placed on any forward-looking statements, including FOFI.

The Trust has included the forward-looking statements and FOFI in order to provide readers with a more complete perspective on Alaris' future operations and such information may not be appropriate for other purposes. The forward-looking statements, including FOFI, contained herein are expressly qualified in their entirety by this cautionary statement. Alaris disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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Alaris Equity Partners Income Trust
Consolidated statements of financial position

	31-Dec	31-Dec
$ thousands	2022	2021
Assets		
Cash	$ 60,193	$ 18,447
Derivative contracts	2,507	71
Accounts receivable and prepayments	2,689	3,181
Income taxes receivable	22,675	28,991
Promissory notes and other assets	-	13,555
Current Assets	$ 88,064	$ 64,245
Property and equipment	485	658
Other long-term assets	33,395	24,979
Investments	1,248,159	1,185,327
Non-current assets	$ 1,282,039	$ 1,210,964

Total Assets	$ 1,370,103	$ 1,275,209
Liabilities		
Accounts payable and accrued liabilities	$ 11,517	$ 8,214
Distributions payable	15,395	14,899
Derivative contracts	2,818	-
Office Lease	352	500
Income tax payable	306	740
Current Liabilities	$ 30,388	$ 24,353
Deferred income taxes	67,386	43,903
Loans and borrowings	216,077	326,569
Convertible debenture	93,446	89,592
Senior unsecured debenture	62,613	-
Other long-term liabilities	1,938	1,933
Non-current liabilities	$ 441,460	$ 461,997
Total Liabilities	$ 471,848	$ 486,350
Equity		
Unitholders' capital	$ 757,220	$ 754,622
Translation reserve	51,391	15,052
Retained earnings	89,644	19,185
Total Equity	$ 898,255	$ 788,859
Total Liabilities and Equity	$ 1,370,103	$ 1,275,209

[Alaris Equity Partners Income Trust]()

Consolidated statements of comprehensive income

	Year ended December 31	
$ thousands except per unit amounts	2022	2021
Revenues, including realized foreign exchange gain	$ 190,046	$ 147,664
Net realized gain from investments	37,941	9,921
Net unrealized gain / (loss) on investments at fair value	(29,906)	53,275
Bad debt recovery	-	4,030
Total revenue and other operating income	$ 198,081	$ 214,890
General and administrative	22,032	13,273
Transaction diligence costs	4,640	4,246
Unit-based compensation	2,762	5,362
Depreciation and amortization	216	211
Total operating expenses	29,650	23,092
Earnings from operations	$ 168,431	$ 191,798
Finance costs	28,185	24,988
Net unrealized loss on derivative contracts	106	1,419
Foreign exchange gain	(14,816)	(654)
Earnings before taxes	$ 154,956	$ 166,045
Current income tax expense / (recovery)	3,970	(5,682)
Deferred income tax expense	20,310	27,483
Total income tax expense	24,280	21,801
Earnings	$ 130,676	$ 144,244
Other comprehensive income		
Foreign currency translation differences	36,339	2,621
Total comprehensive income	$ 167,015	$ 146,865
Earnings per unit		

Basic	$ 2.89	$ 3.28
Fully diluted	$ 2.79	$ 3.13
Weighted average units outstanding		
Basic	45,249	43,994
Fully Diluted	49,728	48,432

Alaris Equity Partners Income Trust

Consolidated statements of cash flows

	Year ended December 31	
$ thousands	2022	2021
Cash flows from operating activities		
Earnings for the period	$ 130,676	$ 144,244
Adjustments for:		
Finance costs	28,185	24,988
Deferred income tax expense	20,310	27,483
Depreciation and amortization	216	211
Bad debt recovery	-	(4,030)
Net realized (gain) / loss from investments	(32,097)	(9,921)
Net unrealized (gain) / loss of investments at fair value	29,906	(53,275)
Unrealized (gain) / loss on derivative contracts	106	1,419
Unrealized foreign exchange (gain) / loss	(13,690)	(654)
Transaction diligence costs	4,640	4,246
Unit-based compensation	2,762	5,362
Cash from operations, prior to changes in working capital	171,014	140,073
Changes in working capital:		
Accounts receivable and prepayments	492	(2,200)
Income tax receivable / payable	9,056	(15,997)
Other long-term assets	(7,448)	-
Accounts payable, accrued liabilities	1,466	2,805
Cash generated from operating activities	174,580	124,681
Cash interest paid	(22,164)	(20,523)
Net cash from operating activities	$ 152,416	$ 104,158
Cash flows from investing activities		
Acquisition of investments	$ (155,884)	$ (357,750)
Transaction diligence costs	(4,640)	(4,246)
Proceeds from partner redemptions	161,838	119,600
Promissory notes and other assets issued	(2,738)	(1,030)
Promissory notes and other assets repaid	16,274	14,435
Net cash from / (used in) investing activities	$ 14,850	$ (228,991)
Cash flows from financing activities		
Repayment of loans and borrowings	$ (267,692)	$ (219,624)
Proceeds from loans and borrowings	142,528	318,130
Debt amendment and extension fees	(2,317)	(552)
Issuance of unitholders' capital, net of unit issue costs	-	90,287
Proceeds from senior unsecured debenture, net of fees	62,192	-
Distributions paid	(59,721)	(54,844)
Office lease payments	(148)	(159)
Deposits with CRA	-	(4,773)
Net cash from / (used in) financing activities	$ (125,158)	$ 128,465
Net increase in cash	$ 42,108	$ 3,632
Impact of foreign exchange on cash balances	(362)	(1,683)

Cash, Beginning of year	18,447	16,498
Cash, End of year	$ 60,193	$ 18,447
Cash taxes paid / (received)	$ (3,010)	$ 14,267