

Big Pharma Split Corp.

Annual Financial Statements
December 31, 2025



Big Pharma Split Corp.

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by Harvest Portfolios Group Inc. in its capacity as Manager of the Fund and approved by the Board of Directors of the Manager. The Fund's Manager is responsible for the information and representation contained in these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board and include certain amounts that are based on estimates and judgments made by the Manager. The significant accounting policies, which the Manager believes are appropriate, are described in Note 3 to the financial statements.

PricewaterhouseCoopers LLP is the external auditor of the Fund. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the financial statements. Their report is included as an integral part of the financial statements.

On behalf of Harvest Portfolios Group Inc.,

Signed "Michael Kovacs"
Michael Kovacs
Chief Executive Officer

Signed "Daniel Lazzer"
Daniel Lazzer
Chief Financial Officer

Oakville, Canada
March 19, 2026





Independent auditor's report

To the Shareholders of Big Pharma Split Corp. (the Fund)

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2025 and December 31, 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Fund's financial statements comprise:

- the statements of financial position as at December 31, 2025 and December 31, 2024;
- the statements of comprehensive income (loss) for the years then ended;
- the statements of changes in net assets attributable to holders of redeemable Class A shares for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2500, Toronto, Ontario,
Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215, Fax to mail:
ca_toronto_18_york_fax@pwc.com

*PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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

Independence

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

Other information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Patrizia Ferrari.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

March 19, 2026

Big Pharma Split Corp.

STATEMENT OF FINANCIAL POSITION		
As at December 31,	2025	2024
Assets		
Current assets		
Investments	\$ 29,869,357	\$ 25,174,569
Cash	1,352,243	1,030,641
Dividends receivable	112,089	95,355
Unrealized appreciation on foreign currency forward contracts (Note 6)	507,333	-
Income taxes recoverable (Note 9)	-	1,387
	31,841,022	26,301,952
Liabilities		
Current liabilities		
Distributions payable (Note 4)	299,074	263,990
Payable for options contracts written	104,437	32,599
Unrealized depreciation on foreign currency forward contracts (Note 6)	-	747,822
Class J shares (Note 4)	100	100
Preferred shares (Note 4)	13,169,380	11,573,380
Payable to manager	-	1,387
	13,572,991	12,619,278
Net assets attributable to holders of redeemable Class A shares	\$ 18,268,031	\$ 13,682,674
Net assets attributable to holders of redeemable shares per share		
Class A shares	\$ 14.01	\$ 11.82
Preferred shares	10.00	10.00
Class J shares	1.00	1.00

The accompanying notes are an integral part of these financial statements.



Big Pharma Split Corp.

STATEMENT OF COMPREHENSIVE INCOME (LOSS)				
For the period (Note 1) ended December 31,	2025		2024	
Income				
Net gain (loss) on investments				
Dividends	\$	930,140	\$	792,855
Net realized gain (loss) on sale of investments		1,307,595		1,608,275
Net change in unrealized appreciation (depreciation) of investments		2,966,334		104,289
Net gain (loss) on investments		5,204,069		2,505,419
Net gain (loss) on derivatives				
Net realized gain (loss) on options written		(111,061)		448,777
Net realized gain (loss) on foreign exchange		(564,288)		(886,756)
Net change in unrealized appreciation (depreciation) of options written		17,154		53,259
Net change in unrealized appreciation (depreciation) of foreign exchange		1,238,363		(1,460,294)
Net gain (loss) on derivatives		580,168		(1,845,014)
Other income		-		500
Total income (net)	\$	5,784,237	\$	660,905
Expenses (Note 5)				
Management fees	\$	229,475	\$	225,323
Withholding taxes		108,716		114,602
Shareholder reporting costs		77,471		82,243
Audit fees		80,236		60,902
Transfer agency fees		11,085		11,481
Custodian fees and bank charges		50,226		52,808
Independent Review Committee fees		340		515
Filing fees		74,167		26,789
Legal fees		88,839		35,017
Transaction costs (Note 10)		34,023		37,817
Total expenses	\$	754,578	\$	647,497
Net investment income (loss) before distributions, agent fees and issue costs on Preferred shares	\$	5,029,659	\$	13,408
Distribution on Preferred shares		(629,143)		(552,032)
Agent fees and issue cost on Preferred shares		(12,261)		(7,945)
Premium (discount) on issuance of Preferred shares		12,261		7,945
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	\$	4,400,516	\$	(538,624)
Increase (decrease) in net assets attributable to holders of redeemable shares per share - Class A shares (Note 4)	\$	3.59	\$	(0.47)

The accompanying notes are an integral part of these financial statements.



Big Pharma Split Corp.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE CLASS A SHARES			
For the period (Note 1) ended December 31,	2025		2024
Net assets attributable to holders of redeemable Class A shares beginning of period	\$	13,682,674	\$ 15,850,981
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	\$	4,400,516	\$ (538,624)
Redeemable Class A shares transactions			
Proceeds from issue of redeemable Class A shares		1,734,296	351,326
Redemption of redeemable Class A shares		-	(469,119)
Cost of issue		(27,260)	(8,751)
Net Class A shares transactions	\$	1,707,036	\$ (126,544)
Distributions to holders of redeemable Class A shares			
Dividend		(254,861)	(239,106)
Capital gain		(1,267,334)	(1,264,033)
Total distributions to holders of redeemable Class A shares	\$	(1,522,195)	\$ (1,503,139)
Net assets attributable to holders of redeemable Class A shares end of period	\$	18,268,031	\$ 13,682,674

The accompanying notes are an integral part of these financial statements.



Big Pharma Split Corp.

STATEMENT OF CASH FLOWS				
For the period (Note 1) ended December 31,	2025		2024	
Operating activities				
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	\$	4,400,516	\$	(538,624)
Add (deduct) items not affecting cash				
Foreign exchange (gain) loss on cash		(12,696)		1,879
Distribution on Preferred shares		629,143		552,032
(Premium) discount on issuance of Preferred shares		(12,261)		(7,945)
Realized (gain) loss on sale of investments		(1,307,595)		(1,608,275)
Realized (gain) loss on options written		111,061		(448,777)
Net change in unrealized (appreciation) depreciation of investments		(2,966,334)		(104,289)
Net change in unrealized (appreciation) depreciation of options written		(17,154)		(53,259)
Net change in unrealized (appreciation) depreciation of foreign exchange		(1,238,363)		1,460,294
Proceeds from sale of investments		5,733,994		11,415,885
Purchases of investments		(6,178,309)		(8,945,655)
Net change in non-cash assets and liabilities		(32,139)		(12,477)
Net cash flow provided by (used in) operating activities	\$	(890,137)	\$	1,710,789
Financing activities				
Proceeds from redeemable Class A shares issued		1,734,296		351,326
Proceeds from issuance of Preferred shares		1,608,261		1,596,945
Redemption of redeemable Class A shares		-		(469,119)
Redemption of Preferred shares		-		(313,000)
Distributions paid on Preferred shares		(609,194)		(536,082)
Distributions paid to holders of redeemable Class A shares		(1,507,060)		(1,503,778)
Issuance costs on Class A shares		(27,260)		(8,751)
Net cash flow provided by (used in) financing activities	\$	1,199,043	\$	(882,459)
Net increase (decrease) in cash during the period		308,906		828,330
Foreign exchange gain (loss) on cash		12,696		(1,879)
Cash, beginning of the period		1,030,641		204,190
Cash, end of the period	\$	1,352,243	\$	1,030,641
Supplemental disclosure of cash flow information				
Dividends received, net of withholding taxes *	\$	804,690	\$	660,011

* included in operating activities

The accompanying notes are an integral part of these financial statements.



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SCHEDULE OF INVESTMENTS		As at December 31, 2025	
Number of Shares*	Security	Average Cost (\$)	Fair Value (\$)
EQUITIES			
Health Care – 163.5%			
11,770	Johnson & Johnson	2,471,080	3,343,259
25,950	AstraZeneca PLC ADR	1,934,249	3,274,333
2,200	Eli Lilly and Company	1,456,549	3,245,115
22,200	Merck & Co., Inc.	2,529,142	3,207,336
47,200	GSK PLC ADR	2,684,143	3,177,025
9,610	AbbVie Inc.	2,106,499	3,013,830
38,400	Bristol-Myers Squibb Company	2,988,922	2,842,957
6,210	Amgen Inc.	1,979,010	2,789,838
72,800	Pfizer Inc.	3,292,676	2,488,049
37,400	Sanofi ADR	2,326,109	2,487,615
Total equities – 163.5%		23,768,379	29,869,357
OPTIONS			
Health Care – (0.6%)			
(8,400)	Bristol-Myers Squibb Company – Jan 2026 @ USD \$55	(10,574)	(4,151)
(18,200)	Pfizer Inc. – Jan 2026 @ USD \$25.5	(10,512)	(4,746)
(9,300)	Sanofi – Jan 2026 @ USD \$50	(5,499)	(5,106)
(1,300)	Amgen Inc. – Jan 2026 @ USD \$335	(11,424)	(6,156)
(2,500)	Johnson & Johnson – Jan 2026 @ USD \$210	(11,438)	(6,897)
(2,100)	AbbVie Inc. – Jan 2026 @ USD \$230	(12,746)	(10,376)
(5,700)	AstraZeneca PLC – Jan 2026 @ USD \$92.5	(13,017)	(11,188)
(11,800)	GSK PLC – Jan 2026 @ USD \$49	(13,794)	(14,576)
(4,800)	Merck & Co., Inc. – Jan 2026 @ USD \$104	(18,861)	(20,094)
(700)	Eli Lilly and Company – Jan 2026 @ USD \$1085	(28,971)	(21,147)
Total options – (0.6%)		(136,836)	(104,437)
Total investments – 162.9%		23,631,543	29,764,920
Foreign currency forward contracts (Note 6) – 2.8%			507,333
Preferred shares – (72.1%)			(13,169,380)
Other assets less liabilities – 6.4%			1,165,158
Net assets attributable to holders of redeemable Class A shares – 100.0%			18,268,031

* For options, this represents the total number of shares of the equity position available for assignment under the terms of the option contracts.



Big Pharma Split Corp.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

1. GENERAL INFORMATION

Big Pharma Split Corp. (the “Company” or “Fund”) is a closed end mutual fund corporation established under the laws of the Province of Ontario pursuant to Articles of Incorporation dated September 15, 2017, being the inception date. Harvest Portfolios Group Inc. (“Harvest” or the “Manager”) is the manager and portfolio manager of the Fund.

The address of the Fund’s registered office is 610 Chartwell Road, Suite 204, Oakville, Ontario, L6J 4A5.

The Fund invests with equal weighting as a percentage of its net asset value (“NAV”) in equity securities of ten issuers, primarily from the pharmaceutical sector and that have the largest market capitalization, with the objectives of providing:

(i) holders of Preferred shares a fixed cumulative preferential quarterly cash distributions in the amount of \$0.125 per Preferred share (\$0.50 per annum or 5.0% per annum on the issue price of \$10.00 per Preferred share) until December 31, 2027 (the “Maturity Date”) and to return the original issue price of \$10.00 to holders on the Maturity Date.

(ii) holders of Class A shares a regular monthly non-cumulative cash distributions targeted to be \$0.1031 per Class A share representing a yield on the issue price of the Class A shares of 8.25% per annum on the issue price of \$15.00 per Class A Share and to provide holders with the opportunity for growth in the NAV per Class A share.

The Fund is reconstituted and rebalanced semi-annually to include issuers that: (i) are listed on a North American exchange; (ii) pay a dividend; and (iii) have options in respect of its equity securities that, in the opinion of the Manager, are sufficiently liquid to permit the Portfolio Manager to write options in respect of such securities.

Reporting Period

The Statement of Financial Position is as of December 31, 2025 with comparative information as of December 31, 2024. The Statement of Comprehensive Income (Loss), Statement of Changes in Net assets Attributable to Holders of Redeemable Class A Shares and Statement of Cash Flows are for the period from January 1, 2025 to December 31, 2025 with comparative information for the period from January 1, 2024 to December 31, 2024. For 2025 and 2024, the term period represents a full year.

2. BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with International Financial Reporting Standard as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). These financial statements were authorized for issue by the Board of Directors of the Company on March 19, 2026.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Financial instruments

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments not measured at fair value through profit or loss (“FVTPL”). Transaction costs on financial assets and liabilities at FVTPL are expensed as incurred. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund’s investments and derivative assets and liabilities are measured at FVTPL based on its business model. The Fund’s obligation for net assets attributable to holders of redeemable Class A shares is presented at the redemption amount. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid. Carrying values of other financial assets and liabilities (excluding Preferred shares) at amortized cost approximate their fair values due to the short term to maturity. Preferred shares are carried at amortized cost. Amortization of premiums or discounts on the issuance of Preferred shares is included in the Statement of Comprehensive Income (Loss) as “Premium (discount) on issuance of Preferred shares”. The Fund’s accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its NAV for transactions with securityholders. As at December 31, 2025 and 2024, there were no differences between the Fund’s NAV per security and its net assets per security calculated in accordance with IFRS Accounting Standards.

Fair value of investments and derivatives

Investments and derivatives that are traded in an active market are valued at their closing prices through recognized public stock exchanges or through recognized investment dealers on the valuation date. The Fund uses the last traded market price that falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on specific facts and circumstances. Investments held are represented by equities. Derivatives held include options and foreign currency forward contracts.

Investments and derivatives held that are not traded in an active market are valued using valuation techniques, on such basis and in such a manner established by the Manager. The value of any security for which, in the opinion of the Manager, the published market quotations are not readily available shall be the fair value as determined by the Manager. The fair values of certain securities may be determined using valuation models that are based, in part, on assumptions that are not supported by observable market inputs. These methods and procedures may include, but are not limited to, performing comparisons with prices of comparable or similar securities, obtaining valuation related information from issuers and/or other analytical data relating to the investment and using other available indication of value. These values are independently assessed internally to ensure that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for the aforementioned securities and interests may be materially different from the values that would be used had a ready market for the security existed. The fair values of such securities are affected by the perceived credit risks of the issuer, predictability of cash flows and length of time to maturity.

Classification of redeemable shares

Under IFRS Accounting Standards, IAS 32 Financial Instruments – Presentation requires that shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as a financial liability unless certain criteria are met. The Class A shares contain multiple redemption features, and the Preferred shares are not the most subordinate class of shares. The Preferred shares rank prior to the Class A and Class J shares and are therefore not subordinate to all other classes. As a result, all share classes are presented as financial liabilities as they do not meet the criteria for classification as equity.

Cash

Cash is comprised of cash on deposit.



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Investment transactions and income recognition

Net realized gain (loss) on sale of investments and net change in unrealized appreciation (depreciation) of investments are determined on an average cost basis. Dividend income is accounted for on the ex-dividend date. Interest for distribution purposes includes interest on cash balances and any coupon interest received by the Fund is accounted for on an accrual basis. The cost of investments is determined using the average cost method.

Foreign currency translation

The Fund's functional and presentation currency is Canadian dollars. Purchases and sales of investments denominated in foreign currencies and foreign currency dividend and interest income are translated into Canadian dollars at the rate of exchange prevailing at the time of the transactions. Realized and unrealized foreign currency gains or losses on investments are included in the Statement of Comprehensive Income (Loss) in "Net realized gain (loss) on sale of investments" and "Net change in unrealized appreciation (depreciation) of investments", respectively. Realized and unrealized foreign currency gains or losses on options are included in the Statement of Comprehensive Income (Loss) in "Net realized gain (loss) on options written" and "Net change in unrealized appreciation (depreciation) of options written", respectively. Realized and unrealized foreign currency gains or losses on assets and liabilities, other than investments and options, denominated in foreign currencies are included in the Statement of Comprehensive Income (Loss) in "Net realized gain (loss) on foreign exchange" and "Net change in unrealized appreciation (depreciation) of foreign exchange", respectively. Foreign currency assets and liabilities in the Statement of Financial Position are translated into Canadian dollars on the statement date.

Foreign currency forward contracts

The Fund will enter into foreign currency forward contracts to hedge against exposure to foreign currency fluctuations. The fair value of these contracts is based on the difference between the contract rate and current forward market rate for the underlying currency at the measurement date applied to the contract's notional amount and adjusted for counterparty risk. Upon closing of a contract, the gain or loss is included in the Statement of Comprehensive Income (Loss) in "Net realized gain (loss) on foreign exchange". The unrealized gains or losses on forward contracts are included in the Statement of Comprehensive Income (Loss) in "Net change in unrealized appreciation (depreciation) of foreign exchange".

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Redeemable Class A shares valuation

The NAV on a particular date will be equal to the aggregate value of the assets of the Fund less the aggregate value of the liabilities (including Preferred shares) of the Fund, expressed in Canadian dollars at the applicable exchange rate on such date. The NAV and NAV per share will be calculated on any day on which the Toronto Stock Exchange ("TSX") is open for trading ("Business Day").

Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific number of securities or a financial instrument at a pre-determined price. The seller receives a premium from the purchaser in consideration for the assumption of a future securities price.

The premium received upon writing an option is recorded at cost as "Payable for option contracts written" in the Statement of Financial Position. As long as the position of the written option is maintained, the liability for written options is revalued at an amount equal to the current market value of the option. Any gain or loss resulting from revaluation is reflected in the Statement of Comprehensive Income (Loss) in "Net changes in unrealized appreciation (depreciation) of options written".

The gain or loss on sale or expiry of options is reflected in the Statement of Comprehensive Income (Loss) in "Net realized gain (loss) on options written".

Increase (decrease) in net assets attributable to holders of redeemable Class A shares

"Increase (decrease) in net assets attributable to holders of redeemable Class A shares" in the Statement of Comprehensive Income (Loss) represents the increase (decrease) in net assets attributable to holders of redeemable Class A shares, divided by the weighted average shares outstanding for the financial period.

Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

- a) Fair value measurement of derivatives and securities not quoted in an active market

The Fund may hold financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes, as obtained from the pricing sources, may be indicative and not executable or binding.

- b) Classification and measurement of investments and derivatives under IFRS Accounting Standards

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments about the business model in which the portfolio of investments and derivatives is held. The Manager has determined that the Fund's business model is one in which its portfolio is managed and performance evaluated on a fair value basis under IFRS Accounting Standards.

Accounting standards issued not yet effective

The International Accounting Standards Board ("IASB") issued IFRS 18, Presentation and Disclosure in Financial Statements on April 9, 2024, which will replace IAS 1, Presentation of Financial Statements. This new standard, effective for annual periods beginning on or after January 1, 2027, aims to improve financial statement comparability and transparency by introducing a more structured statement of comprehensive income. Key changes include new categories for income and expenses (operating, investing, and financing), defined subtotals like operating profit, and requirements for management-defined performance measures. It is anticipated the Fund's classification of income and expenses, particularly within the operating category, will be impacted. The Manager is actively assessing the implications of IFRS 18 and its impact on the Fund's financial statements and disclosures.



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In May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 related to classification and measurement of financial instruments. The amendments include clarifying the date of recognition and derecognition of some financial assets and liabilities, further guidance on assessing the solely payments of principal and interest condition criterion, and new disclosures for certain instruments. The effective date for these amendments is for annual periods beginning on or after January 1, 2026. At this time, the Manager is evaluating the implications of these changes for the Fund's financial statements and disclosures.

4. REDEEMABLE SHARES

Offering details

On November 24, 2017, the Fund completed an initial public offering of 1,360,000 Preferred shares at \$10.00 per share for gross proceeds of \$13,600,000 and 1,360,000 Class A shares at \$15.00 per share for gross proceeds of \$20,400,000 (the "Offering"). As part of the initial Offering the Fund paid agent fees of \$1,428,000 and issue costs of \$408,000. Also, at the initial Offering, 100 Class J shares were issued at \$1 per share.

On March 4, 2021, the Fund completed a secondary offering and raised a total of \$9,341,100 (before fees and issue costs) issuing an additional 385,200 Class A Shares at \$13.75 per share and 385,200 Preferred Shares at \$10.50 per share. As part of the secondary offering the Fund paid agent fees of \$359,681 and issue costs of \$73,862.

On June 7, 2021, the Fund announced commencement of an at-the-market equity program (the "ATM Program") which allows the Fund to issue shares to the public from time to time, at the Fund's discretion. Any Class A shares or Preferred shares sold in the ATM Program will be sold through the TSX or any other marketplace in Canada on which the Class A shares and Preferred shares are listed, quoted or otherwise traded at the prevailing market price at the time of sale. The initial ATM Program expired on December 4, 2022, and was subsequently renewed December 7, 2022, with an expiry date of January 7, 2025. Following the expiration of this secondary ATM Program in 2025, it was again renewed.

On October 24, 2022, the Board of Directors of the Company resolved to extend the term of the Class A shares and Preferred shares for a further period of five years to the Maturity Date. As a result of the extension and associated non-current retraction 233,133 Class A shares were retracted for a total of \$3,591,344 and 548,527 Preferred shares were retracted for a total of \$5,485,270 on December 30, 2022.

Class A shares

The Fund is authorized to issue an unlimited number of Class A shares. The Fund intends to pay monthly, non-cumulative distributions to the holders of Class A shares. No distributions will be paid on Class A shares if (i) distributions payable on the Preferred shares are in arrears or (ii) after the payment of the distributions by the Fund, the NAV per share (a notional share consists of one Preferred share and one Class A share) is less than \$15.00. In addition, for so long as the Preferred shares are rated by DBRS Limited, the Fund will not pay special distributions, meaning distributions in excess of the targeted \$0.1031 per month in distributions, on the Class A shares if after the payment of such special distribution the NAV per share would be less than \$23.50 unless the Fund would need to make such distributions so as to fully recover refundable taxes. The Class A shares rank subsequent to the Preferred shares and Class J shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation or winding-up of the Fund. Each Class A share is entitled to one vote on certain shareholder matters.

The Class A shares trade on the TSX under the symbol PRM. The closing price per share was as follows:

	December 31, 2025	December 31, 2024
Class A shares	\$13.91	\$13.01

All Class A shares outstanding on the Maturity Date are scheduled to be redeemed by the Fund on that date, the terms of which may be extended for an additional term up to five years as determined by the Board of Directors of the Company. The redemption price payable by the Fund for a Class A share on that date will be equal to the greater of (i) the NAV per share, less \$10.00, and (ii) nil.

Class A shares may be retracted at the option of the shareholders by surrendering Class A shares of the Fund on the 10th Business Day prior to the second last Business Day of a month (the "Retraction Date"). Holders of Class A shares whose Class A shares are surrendered for retraction will be entitled to receive a retraction price per Class A share equal to 96% of the difference between (i) the NAV per share determined as of the Retraction Date and (ii) the cost to the Fund of the purchase of a Preferred share for cancellation. If the NAV per share is less than \$10.00, plus any accrued and unpaid distributions on a Preferred share, the retraction price of a Class A share will be nil. A holder of Class A shares may concurrently retract an equal number of Class A and Preferred shares on the second last Business Day of June of each year commencing in 2019, other than the year of maturity where shares may concurrently be retracted on the last Business Day in December ("Annual Retraction Date"). The retraction will occur at a retraction price per share equal to the NAV per share on that date, less any costs associated with the retraction, including commissions and any other such costs. The Preferred shares and Class A shares must both be surrendered for retraction on the 10th Business Days prior to the Retraction Date.

On June 28, 2024, 31,300 Class A shares were redeemed as part of the annual retraction for \$444,657. There were no monthly retractions for the period ended December 31, 2025.

The following tables include the amount of Class A shares issued, the average selling price per Class A share, gross proceeds, net proceeds and commissions under the ATM Program during the period:

For the period ended December 31, 2025				
Number of Class A shares issued	Average selling price per Class A shares	Gross proceeds	Net proceeds	Commissions
146,800	\$11.81	\$1,734,296	\$1,707,036	\$27,260
For the period ended December 31, 2024				
Number of Class A shares issued	Average selling price per Class A shares	Gross proceeds	Net proceeds	Commissions
26,806	\$13.11	\$351,326	\$342,576	\$8,751

On February 15, 2023, the Fund entered into an agreement with an agent to purchase the Fund's Class A shares for cancellation on the TSX. The Fund can purchase for cancellation a maximum of 293,494 Class A shares at the prevailing market price but at a price not greater than the most recent NAV per share calculated prior to the repurchase.



Big Pharma Split Corp.

The following table includes the amount of Class A shares purchased for cancellation, the average purchase price per Class A share, gross proceeds, net proceeds and commissions under the agreement during the period:

For the period ended December 31, 2025				
Number of Class A shares purchased for cancellation	Average purchase price per Class A shares	Gross proceeds	Net proceeds	Commissions
-	-	-	-	-

For the period ended December 31, 2024				
Number of Class A shares purchased for cancellation	Average purchase price per Class A shares	Gross proceeds	Net proceeds	Commissions
1,700	\$14.39	\$24,462	\$24,462	-

Preferred shares

The Fund is authorized to issue an unlimited number of Preferred shares. Holders of Preferred shares are entitled to receive fixed, cumulative, preferential quarterly cash distributions of \$0.125 per share. The Preferred shares rank in priority to the Class A shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation, or winding-up of the Fund. Each Preferred share is entitled to one vote on certain shareholder matters.

The Preferred shares trade on the TSX under the symbol PRM.PR.A. The closing price per share was as follows:

	December 31, 2025	December 31, 2024
Preferred shares	\$10.24	\$10.05

All Preferred shares outstanding on the Maturity Date, are scheduled to be redeemed by the Fund on that date, the terms of which may be extended for an additional term up to five years as determined by the Board of Directors of the Company. The redemption price payable by the Fund for a Preferred share will be equal to the lesser of (i) \$10.00, plus any accrued and unpaid distributions thereon, and (ii) the NAV of the Fund on that date divided by the total number of Preferred shares then outstanding.

Preferred shares may be retracted at the option of shareholders by surrendering Preferred shares of the Fund on the Retraction Date. Shareholders whose Preferred shares are retracted will be entitled to receive a retraction price per share equal to 96% of the lesser of (i) the NAV per share determined as of the relevant Retraction Date, less the cost to the Fund of the purchase of a Class A share for cancellation, and (ii) \$10.00. The cost of the purchase of a Class A share will include the purchase price of the Class A share, commission and other costs, if any, related to the liquidation of any portion of the portfolio required to fund such purchase. A holder of a Preferred share may concurrently retract an equal number of Class A and Preferred shares on the second last Business Day of June of each year commencing in 2019, other than the year of maturity where shares may concurrently be retracted on the Annual Retraction Date. The retraction will occur at a price equal to the NAV per share on that date, less any costs associated with the retraction, including commissions and any costs related to the liquidation of any portion of the portfolio required to fund such retraction.

On June 28, 2024, 31,300 Preferred shares were redeemed as part of the Annual Retraction for \$313,000. There were no monthly retractions period ended December 31, 2025.

The following tables include the amount of Preferred shares issued, the average selling price per Preferred share, gross proceeds, net proceeds and commissions under the ATM Program during the period:

For the period ended December 31, 2025				
Number of Preferred shares issued	Average selling price per Preferred shares	Gross proceeds	Net proceeds	Commissions
159,600	\$10.08	\$1,608,261	\$1,596,000	\$12,261

For the period ended December 31, 2024				
Number of Preferred shares issued	Average selling price per Preferred shares	Gross proceeds	Net proceeds	Commissions
158,900	\$10.05	\$1,596,945	\$1,589,000	\$7,945

Class J shares

The Fund is authorized to issue an unlimited number of Class J shares. Class J shares are not entitled to receive distributions but are entitled to one vote per share. All the issued and outstanding Class J shares of the Company are owned by Harvest Big Pharma Split Trust, a trust whose beneficiaries include key management personnel who may also be holders of the Class A shares and Preferred shares from time to time. Until all the Class A shares and Preferred shares have been retracted, redeemed, or purchased for cancellation, no additional Class J shares shall be issued.

Issued and redeemed shares

The following shares were issued and/or redeemed during the period:

	Class A Shares	Preferred Shares	Class J Shares
Total outstanding as at January 1, 2025	1,157,338	1,157,338	100
Redeemable units issued	146,800	159,600	-
Total outstanding as at December 31, 2025	1,304,138	1,316,938	100
Weighted average number of units outstanding as at December 31, 2025	1,224,714	1,244,586	100



Big Pharma Split Corp.

	Class A Shares	Preferred Shares	Class J Shares
Total outstanding as at January 1, 2024	1,163,532	1,029,738	100
Redeemable units issued	26,806	158,900	-
Redeemable units redeemed	(33,000)	(31,300)	-
Total outstanding as at December 31, 2024	1,157,338	1,157,338	100
Weighted average number of units outstanding as at December 31, 2024	1,147,274	1,092,577	100

Distributions

The Fund intends to make monthly cash distributions to Class A shareholders of record on the last Business Day of each month and pay such cash distributions on or before the 6th Business Day of the following month. The Fund intends to make quarterly cash distributions to Preferred shareholders of record on the last Business Day of each quarter and pay such cash distributions on or before the 6th Business Day of the following month.

5. RELATED PARTY TRANSACTIONS AND OTHER EXPENSES

Management fees

The Manager is responsible for managing the Fund's overall business and operations and provides key management personnel to the Fund. The Fund pays its manager, Harvest, a management fee calculated based on the average daily NAV and paid monthly in arrears, based on an annual rate of 0.75%, plus applicable taxes, of the NAV of the Fund. For these purposes, the Preferred shares are not considered a liability of the Fund. At its sole discretion, the Manager may waive management fees or absorb expenses of the Fund.

Operating expenses

The Fund is responsible for operating expenses relating to the carrying on of its business, including custodial services, interest, taxes, legal, audit fees, transfer agency services relating to the issue and redemption of shares, and the cost of financial and other reports, costs and expenses for the Fund's Independent Review Committee ("IRC"), including fees and expenses of the IRC members and compliance with applicable laws, regulations and policies. The Manager pays for such expenses on behalf of the Fund, except for certain expenses such as interest, and is then reimbursed by the Fund.

Other expenses

The Manager will be reimbursed by the Fund for all reasonable costs, expenses and liabilities incurred by the Manager for performance of services on behalf of the Fund in connection with the discharge by the Manager of its duties hereunder. Such costs and expenses may include, without limitation: mailing and printing expenses for reports to shareholders and other shareholder communications; a reasonable allocation of salaries and benefits; and other administrative expenses and costs incurred in connection with the Fund's ongoing operations. These expenses are allocated by the Manager on a reasonable basis, across all funds managed by Harvest and/or class/series of each applicable fund.

The following expenses are included in the shareholder reporting costs on the Statement of Comprehensive Income (Loss):

For the period ended	Amount (\$)
December 31, 2025	3,951
December 31, 2024	5,505

For the year ended December 31, 2025, fees paid or payable to PricewaterhouseCoopers LLP and other PwC Network firms for audit services to public interest entity funds managed by Harvest were \$1.0 million (2024 - \$0.6 million). Fees for other services were \$0.7 million (2024 - \$0.5 million).

Waivers and absorptions

At its sole discretion, the Manager may waive management fees or absorb expenses of the Fund. There were no management fee waivers or expense absorptions for the period.

Other transactions

Officers, directors and related entities of the Manager invest in shares of the Fund from time to time in the normal course of business and on the same basis as arm's length investors. As at December 31, 2025, officers and directors did not hold any shares of the Fund (2024 - nil).

Issue costs

Certain Offering expenses such as costs of creating the Fund, the cost of printing and preparing the prospectus, legal expenses of the Fund, agent's fees payable by the Fund, out-of-pocket expenses incurred by the agents as well as brokerage commissions charged on trades under the ATM program are included in the carrying amount of the Fund's obligation for net assets attributable to holders of redeemable Class A shares. As a result of the priority of the Preferred shares, the expenses of the Offering will effectively be borne by holders of the Class A shares (as long as the NAV per share exceeds the Offering price per Preferred share plus accrued and unpaid distributions) and the NAV per Class A share will reflect the expenses of the Offering of both the Preferred shares and Class A shares.

6. FOREIGN CURRENCY FORWARD CONTRACTS

The Fund enters into foreign currency forward contracts to hedge assets and liabilities denominated in foreign currencies. Foreign currency forward contracts entered into by the Fund represent a firm commitment to buy or sell a currency at a specified value and point in time based upon an agreed or contracted quantity. The value of the foreign currency forward contract is the difference between the contract rate and the current forward rate at the measurement date applied to the contract's notional amount and adjusted for counterparty risk.



Big Pharma Split Corp.

As at December 31, 2025 and 2024, the Fund had entered into the following foreign currency forward contracts:

December 31, 2025					
Counterparty / Credit Rating	Settlement Date	Purchased Currency	Sold Currency	Unrealized gain(loss) (\$)	Contract Price
Canadian Imperial Bank of Commerce / A+	January 8, 2026	CAD \$28,341,135	USD \$20,300,000	486,217	0.7163
Canadian Imperial Bank of Commerce / A+	January 8, 2026	CAD \$1,395,543	USD \$1,000,000	23,380	0.7166
Canadian Imperial Bank of Commerce / A+	January 8, 2026	CAD \$1,616,889	USD \$1,180,000	(2,264)	0.7298
Total				507,333	

December 31, 2024					
Counterparty / Credit Rating	Settlement Date	Purchased Currency	Sold Currency	Unrealized gain(loss) (\$)	Contract Price
Canadian Imperial Bank of Commerce / A+	January 23, 2025	CAD \$25,613,814	USD \$18,353,000	(747,822)	0.7165
Total				(747,822)	

Offsetting of foreign currency forward contracts

As at December 31, 2025, the Fund had foreign exchange settlements for its foreign currency forward contracts that met the criteria for offsetting in the Statement of Financial Position. As at December 31, 2024, the Fund did not have foreign exchange settlements for its foreign currency forward contracts that met the criteria. There would be no further offsetting in the event of bankruptcy of the counterparty.

December 31, 2025			
Financial assets and liabilities	Gross assets (liabilities) (\$)	Amount eligible for offset (\$)	Net offset amounts (\$)
Derivative assets	509,597	(2,264)	507,333
Derivative liabilities	(2,264)	2,264	-

December 31, 2024			
Financial assets and liabilities	Gross assets (liabilities) (\$)	Amount eligible for offset (\$)	Net offset amounts (\$)
Derivative liabilities	(747,822)	-	(747,822)

7. FINANCIAL RISK MANAGEMENT

Investment activities of the Fund expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, other price risk and currency risk). The Manager seeks to minimize these risks by employing experienced portfolio managers that will manage the security portfolios of the Fund on a daily basis according to market events and the investment objectives of the Fund. To assist in managing risk, the Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The value of securities in the Fund's portfolio may be affected by the stock market conditions rather than each company's performance. Developments in the market are affected by general economic and financial conditions. Political, social and environmental factors can also affect the value of any investment.

The percentage of the Fund's net assets attributable to holders of redeemable Class A shares that were traded on public stock exchanges was as follows:

	% net assets
December 31, 2025	162.9
December 31, 2024	183.8

If equity prices on these exchanges had increased or decreased by 5%, as at period end, with all other factors remaining constant, net assets attributable to holders of redeemable Class A shares would have increased or decreased by approximately the following amounts:

	Amount (\$)
December 31, 2025	1,488,246
December 31, 2024	1,257,099

In practice, the actual trading results may differ, and the difference could be material.

Currency risk

Currency risk is the risk that the value of investments denominated in currencies other than the functional currency of the Fund will fluctuate as a result of changes in foreign exchange rates. When a Fund buys an investment priced in a foreign currency and the exchange rate between the Canadian dollar and the foreign currency changes unfavorably, it could reduce the value of the Fund's investment.



Big Pharma Split Corp.

The tables below summarize the Fund's net exposure to currency risk. Amounts shown are based on the carrying value of monetary and non-monetary net assets (including derivatives and the underlying principal (notional) amount of forward currency contracts, if any).

As at December 31, 2025				
Currency	Currency exposure (CAD\$)	Forward contracts (CAD\$)	Net currency exposure (CAD\$)	As a % of net assets
U.S. Dollar	30,972,720	30,846,234	126,486	0.7

As at December 31, 2024				
Currency	Currency exposure (CAD\$)	Forward contracts (CAD\$)	Net currency exposure (CAD\$)	As a % of net assets
U.S. Dollar	25,758,085	26,361,636	(603,551)	(4.4)

The Fund's currency exposure is broken down between monetary and non-monetary as follows:

	December 31, 2025	December 31, 2024
Monetary (\$)	1,207,800	616,115
Non-Monetary (\$)	29,764,920	25,141,970

If the Canadian dollar had strengthened or weakened by 5% in relation to the U.S. dollar, with all other variables held constant, the Fund's net assets attributable to holders of redeemable Class A shares would have decreased or increased, respectively, approximately as follows:

	December 31, 2025	December 31, 2024
Amount of increase (decrease) (\$)	6,324	(30,177)
Amount of increase (decrease) (%)	0.0	(0.2)

In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

As all of the securities in the portfolio investments are denominated in U.S. dollars and related dividends and premiums from call options received, if applicable, are in U.S. dollars, the Fund will enter into forward currency contracts on substantially all of the value of the portfolio investments back to the Canadian dollar at all times.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair value of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instruments. As at December 31, 2025 and 2024, the Fund did not hold any bonds or money market instruments; therefore, the Fund has no significant exposure to interest rate risk.

Liquidity risk

Liquidity risk is defined as the risk that a fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to retraction of shares as described in Note 4. For the Class A shares and Preferred shares, the Fund receives notice 10 Business Days prior to the retraction date, which gives the Manager time to sell securities. In order to maintain sufficient liquidity, the Fund primarily invests in securities that are actively traded in public markets and can be readily disposed of. All Class A shares and Preferred shares outstanding on the Maturity Date are scheduled to be redeemed by the Fund on that date, unless the terms of the Fund are extended for an additional term of up to five years as determined by the Board of Directors of the Company.

As at December 31, 2025 and 2024, all the Fund's financial liabilities (excluding Preferred shares) had maturities of less than three months.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

All transactions executed by the Fund in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Fund enters into foreign currency forward contracts which are exposed to credit risk. The maximum credit risk exposure is the unrealized gain on the forward contracts.

As at December 31, 2025 and 2024, the Fund did not have significant credit risk exposure. All cash held by the fund is held with a reputable and regulated financial institution.

Fair value of financial instruments

The Fund classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

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); and

Level 3: Inputs for the asset or liability that are not based on observable market data.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.



Big Pharma Split Corp.

The table below summarizes the fair value of the Fund's financial instruments using the following fair value hierarchy:

Securities classification:

Investments at fair value as at December 31, 2025				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial Assets				
Equities				
Common Stock	20,930,384	-	-	20,930,384
ADR	8,938,973	-	-	8,938,973
Foreign currency forward contracts	-	507,333	-	507,333
Total Financial Assets	29,869,357	507,333	-	30,376,690
Financial Liabilities				
Derivatives				
Options	(104,437)	-	-	(104,437)
Total Financial Liabilities	(104,437)	-	-	(104,437)

Investments at fair value as at December 31, 2024				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial Assets				
Equities				
Common Stock	17,783,405	-	-	17,783,405
ADR	7,391,164	-	-	7,391,164
Total Financial Assets	25,174,569	-	-	25,174,569
Financial Liabilities				
Derivatives				
Options	(32,599)	-	-	(32,599)
Foreign currency forward contracts	-	(747,822)	-	(747,822)
Total Financial Liabilities	(32,599)	(747,822)	-	(780,421)

There were no Level 3 securities held by the Fund as at December 31, 2025 or 2024, and there were no transfers between Level 1 and Level 2 for the period ended December 31, 2025 and 2024.

The value of the equities and options is based on quoted prices. The value of the foreign currency forward contract is determined as the difference between the contract rate and the current forward rate at the measurement date applied to the contract's notional amount and adjusted for counterparty risk.

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry, sector or counterparty type. The following is a summary of the Fund's concentration risk by country and industry in which the companies held in the portfolio operate.

Geography:

	December 31, 2025	December 31, 2024
	% of net assets	% of net assets
United States	132.0	147.4
United Kingdom	17.9	17.7
France	13.6	18.9
Cash and other assets and liabilities	6.4	6.3
Foreign currency forward contracts	2.8	(5.5)
Options	(0.6)	(0.2)
Preferred shares	(72.1)	(84.6)
Total	100.0	100.0



Big Pharma Split Corp.

Market Segment:

	December 31, 2025	December 31, 2024
	% of net assets	% of net assets
Health Care	163.5	184.0
Cash and other assets and liabilities	6.4	6.3
Foreign currency forward contracts	2.8	(5.5)
Options	(0.6)	(0.2)
Preferred shares	(72.1)	(84.6)
Total	100.0	100.0

8. CAPITAL MANAGEMENT

The Fund's capital is comprised of Class A, Class J and Preferred shares. The Fund's objectives in managing its capital are:

- i) to provide holders of Preferred shares with fixed, cumulative, preferential quarterly cash distributions in the amount of \$0.125 per share and to return the original issue price to their holders on the Maturity Date, the terms of which may be extended for an additional term of up to five years as determined by the Board of Directors of the Company; and
- ii) to provide holders of Class A shares with regular monthly cash distributions targeted to be \$0.1031 per share and the opportunity for growth in NAV per Class A share. The Fund manages its capital taking into consideration the risk characteristics of its holdings. In order to manage its capital structure, the Fund may adjust the amount of distributions paid to shareholders or return capital to shareholders.

9. TAXATION

The Fund qualifies as a mutual fund corporation under the Income Tax Act (Canada) and is subject to income tax in each taxation year on the amount of its net income for the taxation year, including net realized taxable capital gains, if any, at the rate applicable to mutual fund corporations. The general income tax rules associated with a public corporation also apply to a mutual fund corporation with the exception that taxes payable on net realized capital gains are refundable on a formula basis when its shares are redeemed or when it pays capital gains dividends out of its capital gains dividend account to its shareholders. The Fund's taxation year end is December 31.

Interest and foreign income are taxed at normal corporate rates applicable to mutual fund corporations and can be reduced by permitted deductions for tax purposes. All the Company's expenses including management fees, administration fees and operating expenses will be taken into account in determining its overall tax liability.

As a mutual fund corporation, taxable dividends received from taxable Canadian corporations are subject to a Part IV tax of 38 1/3%. Such taxes are fully refundable upon payment of taxable dividends to its shareholders on a basis of \$1.15 for every \$3.00 of dividends paid. Any such tax paid is reported as an amount receivable until recovered through the payment of eligible dividends to shareholders.

All tax on net taxable realized capital gains is refundable when the gains are distributed to shareholders as capital gains dividends or through redemption of shares at the request of shareholders, while the Company qualifies as a mutual fund corporation.

As a result of the capital gains refund mechanism and Part IV tax refunds, the Company recovers any Canadian income taxes paid in respect of its capital gains and taxable Canadian dividends. During the period ended December 31, 2025 and 2024, the Fund did not receive any dividends from taxable Canadian corporations.

The Fund has not accrued any income taxes payable for the period ended December 31, 2025 and 2024.

As at the last taxation year end, the Fund had the following capital losses, which can be carried forward indefinitely and applied against future capital gains.

	Amount (\$)
Capital Losses	-

As at the last taxation year, the Fund had the following non-capital losses available to offset against income in future years.

	Amount (\$)	Year of expiry
Non-Capital Losses	-	-

The Fund may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis, and the related withholding taxes are shown as a separate expense in the Statement of Comprehensive Income (Loss).

As the Manager is a resident of Ontario, the expenses paid by the Fund generally include HST of 13%. HST is calculated using the residency of shareholders in the Fund as of specific times, rather than the physical location of the Manager. A blended rate refund is filed with the Canada Revenue Agency on behalf of the Fund, in arrears, using each province's HST rate or GST rate in the case of non-participating provinces.

10. SOFT DOLLAR COMMISSIONS

Brokerage commissions paid to certain brokers may, in addition to paying for the cost of brokerage services in respect of security transactions, also provide for the cost of investment research services provided to the investment manager. The value of such research services included in commissions paid to brokers for the period ended December 31, 2025 and 2024 amounted to \$nil.





Harvest
PORTFOLIOS GROUP

Head Office

610 Chartwell Rd, Suite 204 Oakville, Ontario L6J 4A5

Phone Number: 416.649.4541

Toll Free: 866.998.8298

Fax Number: 416.649.4542

Email: info@harvestportfolios.com

harvestportfolios.com