



News Release

Foremost Income Fund...for Immediate Release

Foremost Income Fund Reports Q3 2024 Results

November 25, 2024 – Calgary, Alberta – Foremost Income Fund ("Foremost" or the "Fund") announces its financial results for the period ended September 30, 2024.

Overview

The Fund is an unincorporated open end mutual fund trust conducting its business through three operating segments, Foremost Energy Equipment (FEE), Foremost Mobile Equipment (FME), and Corporate. FEE, with its focus on the oil and gas industry in Western Canada, consists of two active manufacturing and service locations across Alberta. The locations manufacture oil-treating systems, shop tanks, field tanks, agriculture equipment, oil and gas process-treating equipment, and gas separators. FME manufactures and services hydrovac and vacuum trucks and equipment; off-highway, large-wheeled and tracked vehicles; and equipment for the custom drilling, construction, water well, and mining sectors. FME focuses on custom-built vehicles for its global clientele whom it serves through two manufacturing and service locations across Alberta.

Message to Unitholders

Summary of Q3 2024

Foremost Income Fund (Foremost or the Fund) closed the third quarter of 2024 with a revenue of \$59.1 million, a \$4.5 million increase over the previous quarter. Foremost Energy Equipment (FEE) saw revenue growth, while Foremost Mobile Equipment (FME) recorded a slight drop. The Fund's gross margin improved compared to the previous quarter, strengthening in both FEE and FME. Earnings before income tax, depreciation, and amortization (EBITDA) for the quarter were \$11.0 million, including \$1.6 million in insurance proceeds from a fire event at one building.

When normalized for non-operating items, adjusted EBITDA increased by \$2.6 million to \$9.4 million, compared to the previous quarter's figure of \$6.8 million.

Foremost Mobile Equipment

Revenue: \$38.6 million in Q3 2024, a 2% decrease from the previous quarter's \$39.5 million.

Gross Margin: \$8.9 million, representing 23% of revenue, up from \$8.5 million and 21% in Q2 2024.

FME Q3 revenue decreased slightly from Q2 due to lower part sales at the Calgary plant, offset by strong demand for vacuum trucks and water well drills.

The Stettler plant maintained production at 63 trucks for the second consecutive quarter, marking the highest quarterly production since the introduction of the vacuum truck product line. The Calgary plant maintained a strong sales backlog of 18 months, supported by spending in the infrastructure, mining, and water well sectors across North and South America.

Foremost Energy Equipment

Revenue: \$20.6 million in Q3 2024, a notable 35% increase from the previous quarter.

Gross Margin: Improved to \$4.0 million, or 19% of revenue, up from \$2.0 million, or 13% of revenue, in Q2 2024.

FEE recorded good revenue growth as demand for product lines has increased over the last twelve months. This growth is due to strong oil and gas infrastructure construction activity in the Peace River region (Montney formation), driving orders for shop tanks for process facilities. Additionally, the Lloydminster plant is generating higher revenues than in past quarters due to increased pressure vessel and shop tank orders.



News Release

Foremost Income Fund...for Immediate Release

Summary of Key Fund Metrics for Q3 2024 compared to Q2 2024

- **Revenue:** Increased to \$59.2 million, an 8% increase from \$54.6 million
- **Gross Margin:** \$12.9 million, representing 22% of revenue, an increase from 19% of revenue in the previous quarter
- **SG&A Expenses:** Accounted for 8% of revenue, with Q3 2024 spending at \$4.8 million compared to \$4.9 million in Q2 2024
- **EBITDA:** Increased to \$11.0 million, representing 19% of revenue compared to the 13% of revenue in Q2 2024
- **Adjusted EBITDA** (*refer to page 13 of the MD&A): After removing non-operating items related to insurance proceeds, adjusted EBITDA increased from \$6.8 million in Q2 2024 to \$9.4 million in Q3 2024

2024 Outlook

Most of the factors that caused instability in business operations over the past few years, such as supply chain disruptions and input cost uncertainties, have now stabilized. Management remains focused on monitoring evolving market conditions to strengthen the Fund's revenue and profit performance.

Kevin Johnson

President, Foremost Income Fund

Q3 2024 VS Q3 2023 Highlights

- Revenue for the third quarter of 2024 was \$59.1 million, compared to \$45.0 million for the same period in the previous year. More information is in the Segmented Results of Operations section of the MD&A.
- Gross profit for Q3 2024 was \$12.9 million and 22% of revenue, compared to \$7.9 million and 17% of revenue in Q3 2023. More information is in the Segmented Results of Operations section of the MD&A.
- Administration costs were \$4.8 million in Q3 2024, up from \$4.4 million incurred in the same quarter of the previous year. Most of this increase was due to personnel spending. Additionally, attendance at a large tradeshow caused an increase in sales and marketing expenses quarter over quarter.
- The Fund received a payment in the amount of \$1.6 million as part of an insurance claim included in other income, which relates to the fire that occurred in March 2024 at the Lloydminster facility.
- Adjusted EBITDA (defined on page 21 of the MD&A) was \$9.4 million for Q3 2024 compared to \$4.3 million in Q3 2023. Note that one-time items have been removed for purposes of Adjusted EBITDA.
- As of November 25, 2024, the stated redemption price increased to \$8.30 per trust unit.

FORWARD-LOOKING STATEMENT

Certain statements in this news release may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Fund to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this news release, such statements use words such as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this news release. These forward-looking statements involve a number of risks and uncertainties, including: the impact of general economic conditions, industry conditions, changes in laws and regulations, increased competition, fluctuations in commodity prices and foreign exchange, and interest rates and stock market volatility.

For further Investor Relations information please contact:

Jackie Schenn, CA

Tel: (403) 295-5800 or toll free 1-800-661-9190 (Canada/US) - Fax: (403) 295-5832 E-mail: investorrelations@foremost.ca - Website: www.foremost.ca

Foremost Income Fund

1225 64th Avenue NE – Calgary, AB T2E 8P9 - Tel: (403) 295-5800 - Fax: (403) 295-5832