



News Release

Foremost Income Fund...for Immediate Release

Foremost Income Fund Reports Q1 2025 Results

May 8th, 2025 – Calgary, Alberta – Foremost Income Fund ("Foremost" or the "Fund") announces its financial results for the period ended March 31, 2025.

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 three 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 Q1 2025

Foremost Income Fund (Foremost or the Fund) began 2025 with its strongest quarterly operational performance in over a decade, generating revenue of \$60.2 million in Q1—up 27% from Q1 2024 and a 2% increase from Q4 2024. Gross margin remains healthy at 23%, and EBITDA was \$9.5 million, underscoring a continued focus on profitable growth across our businesses.

Looking ahead, our priorities are clear: capitalize on domestic and international growth opportunities, maintain tight cost control, and protect and enhance our balance sheet.

Foremost Mobile Equipment

Revenue: \$44.5 million in the first quarter of 2025, a 9% increase from \$40.8 million in the last quarter of 2024.

Gross Margin: \$11.4 million, representing 25% of revenue, up from \$10.3 million (25% of revenue) in the previous quarter.

FME posted a 9% revenue increase over Q4 2024 and a 28% increase over Q1 2024, with robust sales of hydrovacs, dual rotary drills, and aftermarket parts. Gross margin remains consistent at 25%, reflecting disciplined operational execution despite challenging market conditions in the key U.S. market.

Foremost Energy Equipment

Revenue: \$15.8 million in the first quarter of 2025, a 15% decrease from \$18.6 million in the last quarter of 2024, which had included contract termination revenue of \$2.7 million.

Gross Margin: \$2.2 million, representing 14% of revenue, a drop from \$4.7 million (25% of revenue) from the previous quarter. The contract termination revenue discussed above had a \$2.7 million impact on the prior quarter's revenue.

FEE also delivered solid performance, with a 22% revenue increase and margin improvement from 10% to 14% compared to Q1 2024, driven by higher volumes in shop tanks and vessel separation systems. While results declined from Q4 2024, this was primarily due to one-time contract termination revenue recorded last quarter.

Summary of Key Fund Metrics for Q1 2025 compared to Q4 2024

- **Revenue:** Increased to \$60.2 million, a 2% increase from \$59.3 million in the last quarter of 2024.
- **Gross Margin:** \$13.6 million, representing 23% of revenue, compared to \$15.0 million (25% of revenue) in the previous quarter.
- **SG&A Expenses:** Accounted for 9% of revenue, at \$5.2 million, compared to 9% and \$5.6 million in Q4 2024.
- **EBITDA:** \$9.5 million, representing 16% of revenue, compared to \$10.8 million (18% of revenue) in the last quarter of 2024.
- **Adjusted EBITDA:** (refer to page 21 of the MD&A): After removing non-operating items, decreased slightly from \$10.1 million in Q4 2024 to \$9.5 million in 2025.

Foremost Income Fund

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2025 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. However, significant new challenges in the key U.S. market, including trade re-negotiations and uncertainties regarding export tariffs, have emerged and are being closely monitored. Management is focused on adjusting to evolving market conditions to maintain and enhance the Fund's balance sheet and to improve revenue and profit performance.

Q1 2025 VS Q1 2024 Highlights

- Revenue for the first quarter of 2025 was \$60.2 million, compared to \$47.5 million for the same period in the previous year. More information is available in the Segmented Results of Operations section of the MD&A.
- Gross profit for Q1 2025 was \$13.6 million and 23% of revenue, compared to \$7.9 million and 17% of revenue in Q1 2024. More information is in the Segmented Results of Operations section of the MD&A.
- Administrative expenses accounted for 9% of revenue in Q1 2025, down from 11% in the same quarter of 2024. In absolute terms, these costs rose to \$5.2 million, up from \$5.0 million the previous year. The increase was primarily driven by higher personnel and marketing expenditure, partially offset by a reduction in IT-related spending.
- Adjusted EBITDA (defined on page 21 of the MD&A) was \$9.5 million for 2025, compared to \$3.7 million in 2024. Note that one-time non-operating items have been removed for purposes of adjusted EBITDA.
- During the first quarter of 2025, the Fund paid an annual distribution of \$18.3 million related to the Fund's 2024 taxable income.
- As of May 8th, 2025, 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.

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