



News Release

Foremost Income Fund...for Immediate Release

Foremost Income Fund Reports Q2 2025 Results

August 28th, 2025 – Calgary, Alberta – Foremost Income Fund ("Foremost" or the "Fund") announces its financial results for the period ended June 30, 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 Q2 2025

Foremost Income Fund (Foremost or the Fund) continued to perform strongly in Q2 2025, maintaining solid revenue and achieving higher profitability. For Q2, the Fund generated revenue of \$60.2 million—up 10% from Q2 2024 and on par with Q1 2025. Gross margin increased to 24% (compared to 23% in Q1 2025), and EBITDA increased strongly to \$11.2 million (compared to \$9.5 million in Q1 2025), as strong product demand and a focus on operational efficiency supported profit growth.

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

Foremost Mobile Equipment

Revenue: \$39.5 million in the second quarter of 2025, an 11% decrease from \$44.5 million in the first quarter of 2025.

Gross Margin: \$10.6 million, representing 27% of revenue, down from \$11.4 million (25% of revenue) in the previous quarter.

Foremost Mobile Equipment (FME) recognized a revenue decrease over Q1 2025 and a slight increase over Q2 2024. The hydrovac product line saw a \$4.4 million revenue drop from Q1 2025 to Q2 2025, as Q1 saw a surge of shipments in response to US tariff deadlines (tariffs that ultimately did not materialize). Despite continuing uncertainty in the U.S. trade environment and persistent pricing pressures, FME operations remained profitable and efficient. FME gross margin improved to 27% as stable pricing and effective cost management offset revenue fluctuations. Underlying demand for all FME product lines remains stable in both Canada and the U.S., supported by infrastructure, mining and water well drilling activity.

Foremost Energy Equipment

Revenue: \$20.8 million in the second quarter of 2025, a 32% increase from \$15.8 million in the first quarter of 2025.

Gross Margin: \$3.9 million, representing 19% of revenue, an increase from \$2.2 million (14% of revenue) from the previous quarter.

Foremost Energy Equipment (FEE) delivered solid performance, with a 36% revenue increase and margin improvement from 13% to 19% compared to Q2 2024, driven by higher volumes in shop tanks, field tanks and vessel separation systems. Backlogs in both FEE plants remain healthy as new orders come in. Western Canadian energy activity is facing some headwinds as commodity prices have declined recently, but FEE quoting activity remains high.



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Summary of Key Fund Metrics for Q2 2025 Compared to Q1 2025

- **Revenue:** \$60.2 million, which is consistent with the first quarter of the year.
- **Gross Margin:** \$14.5 million, representing 24% of revenue, compared to \$13.6 million (23% of revenue) in the previous quarter.
- **SG&A Expenses:** Accounted for 8% of revenue, at \$4.8 million compared to 9% and \$5.2 million in Q1 2025.
- **EBITDA:** \$11.4 million, representing 19% of revenue, compared to \$9.5 million (16% of revenue) in the previous quarter.
- **Adjusted EBITDA:** (refer to page 21 of the MD&A): After removing non-operating items, increased from \$9.5 million in Q1 2025 to \$11.2 million in Q2 2025.

2025 Outlook

Significant new challenges in the key U.S. market, including trade re-negotiations and uncertainties regarding export tariffs, have emerged in 2025 and are being closely monitored for their potential impact on Foremost's outlook. 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.

Kevin Johnson

President, Foremost Income Fund

Q1 2025 VS Q1 2024 Highlights

- Revenue for the second quarter of 2025 was \$60.2 million, compared to \$54.6 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 Q2 2025 was \$14.5 million and 24% of revenue, compared to \$10.5 million and 19% of revenue in Q2 2024. More information is in the Segmented Results of Operations section of the MD&A.
- Administrative expenses accounted for 8% of revenue in Q2 2025, down from 9% in the same quarter of 2024. In absolute terms, these costs decreased \$0.1 million from the previous year. The decrease was primarily driven by lower costs on professional fees and IT-related spending, offset by an increase in personnel expenses.
- Adjusted EBITDA (defined on page 21 of the MD&A) was \$11.2 million for 2025 compared to \$6.8 million in 2024. Note that one-time non-operating items have been removed for purposes of adjusted EBITDA.
- As of August 28th, 2025, the stated redemption price increased to \$8.95 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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