



News Release

Foremost Income Fund...for Immediate Release

Foremost Income Fund Reports Q1 2026 Results

May 22, 2026 – Calgary, Alberta – Foremost Income Fund ("Foremost" or the "Fund") announces its financial results for the three month period ended March 31, 2026.

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 Q1 2026

Foremost delivered a solid first quarter in 2026, with revenue consistent with Q1 2025 and improved EBITDA despite a more challenging operating environment.

For the quarter, the Fund generated revenue of **\$60.0 million**, compared to **\$60.2 million** in Q1 2025. Gross margin remained consistent at **23%**, and EBITDA increased to **\$9.7 million** from **\$9.5 million** in Q1 2025. Adjusted EBITDA increased to **\$9.8 million**, compared to **\$9.5 million** in Q1 2025.

SG&A expenses accounted for **9% of revenue**, consistent with Q1 2025. This level of administrative expenses remains near the low end of the Fund's historical range and reflects continued discipline in managing overhead costs while supporting current activity levels.

Foremost remains in a good financial position. During the quarter, the Fund paid the previously announced **\$24.4 million** distribution related to 2025 taxable income and ended Q1 with **\$46.9 million** of cash, no long-term debt, and working capital of **\$108.9 million**.

Foremost Mobile Equipment

Revenue: \$42.1 million in Q1 2026, compared to \$44.5 million in Q1 2025.

Gross Margin: \$11.6 million, representing 28% of revenue, compared to 25% in Q1 2025.

FME delivered strong margins in the quarter, supported by higher drill revenue, steady parts activity, improved production throughput, and favourable foreign exchange. Hydrovac truck revenue was lower than Q1 2025, primarily due to timing differences between production and deliveries. Production levels remained close to the prior year; however, fewer US units were delivered in the quarter due to constrained U.S. chassis availability and the impact of evolving tariff conditions.

FME derived about 40% of its revenue from the US in Q1, and trade conditions with the U.S. remain challenging. Tariffs are affecting several product categories, and we continue to work closely with customers, suppliers, and dealers to manage these impacts through pricing, sourcing, and production planning.

Foremost Energy Equipment

Revenue: \$18.0 million in Q1 2026, compared to \$15.8 million in Q1 2025.

Gross Margin: \$1.9 million, representing 11% of revenue, compared to 14% in Q1 2025.

FEE generated higher revenue compared to Q1 2025, driven mainly by shop tank, vessel and ULC activity. Gross margin was lower than the prior year due to increased pricing pressure on new work and softer activity levels in certain markets.

Lower energy prices during the quarter created a more competitive quoting environment, particularly for shorter-cycle work. The large multi-year vessel project continues to support revenue and backlog, with work expected to continue through 2026 and into 2027.

Summary of Key Fund Metrics for Q1 2026 Compared to Q4 2025

- **Revenue:** \$60.0 million, a 3% increase over the \$58.1 million in Q4 2025.
- **Gross Margin:** \$13.6 million, representing 23% of revenue, compared to \$12.8 million (22% of revenue) in the previous quarter.
- **SG&A Expenses:** Accounted for 9% of revenue, at \$5.3 million compared to 11% and \$6.3 million in Q4 2025.
- **EBITDA:** \$9.7 million, representing 16% of revenue, compared to \$8.3 million (14% of revenue) in the previous quarter.
- **Adjusted EBITDA:** (refer to page 21 of the MD&A): After removing non-operating items, increased from \$7.8 million in Q4 2025 to \$9.8 million in Q1 2026.

2026 Outlook

As we move through 2026, our focus remains on maintaining execution, protecting margins, and managing working capital through a more uncertain trade and commodity price environment. Tariffs and chassis availability continue to affect the timing of hydrovac deliveries and cost structures, particularly for U.S.-bound units. At the same time, Calgary drilling and parts activity remains strong, and FEE continues to benefit from contracted vessel work despite increased pricing pressure on new opportunities. Foremost remains well positioned with a strong balance sheet providing flexibility to manage through near-term volatility while continuing to pursue opportunities for growth.

Kevin Johnson
President, Foremost Income Fund

Q1 2026 VS Q1 2025 Highlights

- Revenue for the first quarter of 2026 was \$60.0 million, compared to \$60.2 million for the same period of the previous year. More information is in the Segmented Results of Operations section of the MD&A.
- Gross profit for Q1 2026 was \$13.6 million and 23% of revenue, consistent with Q1 2025 gross profit of \$13.6 million and 23% of revenue. More information is in the Segmented Results of Operations section of the MD&A.
- Administrative expenses accounted for 9% of revenue in Q1 2026 and Q1 2025. In absolute terms, these costs increased \$0.04 million from the previous year. The increase was primarily driven by finance and IT costs with an offsetting decrease in personnel expenses.
- Adjusted EBITDA (defined on page 21) was \$9.8 million for Q1 2026 compared to \$9.5 million in Q1 2025. Note that one-time non-operating items have been removed for purposes of adjusted EBITDA.
- EBITDA and Adjusted EBITDA are non-GAAP financial measures and do not have standardized meanings under IFRS. Refer to the Non-GAAP Measures section of the Fund's Q1 2026 MD&A for definitions, usefulness to management, and reconciliations to the most directly comparable IFRS measures.
- During the first quarter of 2026, the Fund paid an annual distribution of \$24.4 million related to the Fund's 2025 taxable income.
- As of May 21, 2026, the stated redemption price increased to \$9.20 per trust unit.

The Fund's Q1 2026 financial statements and MD&A are available at www.sedarplus.ca and www.foremost.ca.

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. Forward-looking statements include statements regarding tariff impacts, chassis availability, expected continuation of vessel work, pricing and sourcing responses, margin protection, working capital management, and future growth opportunities. 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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