



FOREMOST INCOME FUND

Condensed Consolidated Interim Financial Statements
For the period ended March 31, 2026

(Unaudited – Prepared by management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

National Instrument 51-102 *Continuous Disclosure Obligations* Part 4, subsection 4.3(3) (a) requires that, if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that they have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Foremost Income Fund (the Fund) have been prepared by management and approved by the Audit Committee and the Board of Trustees of the Fund.

The Fund's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by CPA (Chartered Professional Accountants) Canada for a review of interim financial statements by an entity's auditors.

FOREMOST INCOME FUND

Condensed Consolidated Interim Statements of Financial Position

For the period ended March 31, 2026

(Unaudited in \$ thousands of Canadian dollars)

	Notes	March 31, 2026	December 31, 2025
Assets			
Current assets			
Cash and cash equivalents	5	\$ 46,869	\$ 64,794
Derivatives	6(a)	-	73
Trade and other receivables	6(b)	21,581	16,085
Inventories	7	60,674	59,521
Contract assets		23,037	17,417
Prepaid expenses		1,943	3,420
Assets held for sale	15	1,798	-
		155,902	161,310
Property, plant and equipment	8	44,553	45,061
Investment property	9	1,835	3,660
Deferred tax assets		5,297	6,061
Intangibles and other assets		1,071	1,094
		\$ 208,658	\$ 217,186
Liabilities and Unitholders' Equity			
Current liabilities			
Trade and other payables		\$ 21,378	\$ 16,443
Distribution payable	10(c)	-	24,395
Trust unit option payable	13	2,978	2,714
Derivatives	6(a)	48	-
Provisions		1,337	1,370
Contract liabilities		21,201	18,606
		46,942	63,528
Unitholders' equity			
Unitholders' capital		52,890	52,908
Retained earnings		108,826	100,750
		161,716	153,658
		\$ 208,658	\$ 217,186

The notes are an integral part of these condensed consolidated interim financial statements.

Approved by the Board of Trustees

(Signed – Bevan May)
Bevan May
Trustee

(Signed – Gord Wiebe)
Gord M. Wiebe
Trustee

FOREMOST INCOME FUND

Condensed Consolidated Interim Statements of Net Income and Comprehensive Income

For the three months ended March 31, 2026 and 2025

(Unaudited in \$ thousands of Canadian dollars, except per Trust Unit amounts)

	Notes	Three-month period ended	
		March 31, 2026	March 31, 2025
Revenue	4	\$ 60,049	\$ 60,193
Cost of sales		46,485	46,613
Gross profit		13,564	13,580
Administrative expenses		5,289	5,245
Income from operating activities		8,275	8,335
Interest income		438	281
Other income		92	103
Loss on disposal of property, plant and equipment		(15)	(5)
Foreign exchange gain (loss)		71	(177)
Net non-operating income		586	202
Income before income tax		8,861	8,537
Tax expense		763	1,012
Net and comprehensive income for the year		\$ 8,098	\$ 7,525
Basic earnings per Trust Unit	12	\$ 0.53	\$ 0.49

The notes are an integral part of these condensed consolidated interim financial statements.

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Condensed Consolidated Interim Statements of Changes in Unitholders' Equity

For the period ended March 31, 2026

(Unaudited in \$ thousands of Canadian dollars, except per Trust Unit amounts)

	Note	Number of Trust Units	Unitholders' Capital	Retained Earnings	Total Equity
December 31, 2024		15,264,876	\$ 52,918	\$ 91,280	\$ 144,198
Redemption of Trust Units	10(b)	(23,737)	(82)	(101)	(183)
Distribution payable to Unitholders	10(c)	-	-	(24,395)	(24,395)
Unit option expense		6,000	72	-	72
Net income and comprehensive income		-	-	33,966	33,966
December 31, 2025		15,247,139	\$ 52,908	\$ 100,750	\$ 153,658
Redemption of Trust Units	10(b)	(4,984)	(18)	(22)	(40)
Net income and comprehensive income		-	-	8,098	8,098
March 31, 2026		15,242,155	\$ 52,890	\$ 108,826	\$ 161,716

The notes are an integral part of these condensed consolidated interim financial statements.

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Condensed Consolidated Interim Statements of Cash Flows

For the period ended March 31, 2026

(Unaudited in \$ thousands of Canadian dollars)

	Notes	For the three months ended March 31,	
		2026	2025
Cash flows provided by (used in):			
Operations:			
Net income and comprehensive income for the year		\$ 8,098	\$ 7,525
Items not involving the use of cash:			
Depreciation and amortization	8	1,322	1,195
Trust unit option expense		264	300
Loss on disposal of property, plant and equipment		15	5
Tax expense		763	1,012
Unrecognized foreign exchange loss (gain) on forward contract	6(a)	121	(272)
Change in non-cash working capital:			
Trade and other receivables		(5,496)	1,546
Inventories		(1,153)	874
Contract assets		(5,620)	(1,223)
Prepaid expenses		1,477	(621)
Trade and other payables		4,935	4,703
Provisions		(33)	(57)
Contract liabilities		2,595	(2,739)
Net cash provided by operating activities		7,288	12,248
Investments:			
Purchase of property, plant and equipment	8	(745)	(1,764)
Purchase of intangibles		(36)	-
Net proceeds from disposal of property, plant and equipment		3	-
Net cash used in investing activities		(778)	(1,764)
Financing:			
Distribution payments	10(c)	(24,395)	(18,318)
Redemption of Trust Units	10(b)	(40)	(132)
Net cash used in financing activities		(24,435)	(18,450)
Net decrease in cash and cash equivalents		(17,925)	(7,966)
Cash and cash equivalents, beginning of the period		64,794	35,824
Cash and cash equivalents, end of period		\$ 46,869	\$ 27,858
Supplemental disclosure of operating cash flows			
Cash interest received		438	281

The notes are an integral part of these condensed consolidated interim financial statements.

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Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

All amounts in thousands of Canadian dollars unless otherwise stated (Unaudited)

1. Reporting Entity

Foremost Income Fund (the Fund) is an unincorporated, open-ended unit trust established by a Deed of Trust under the laws of Alberta dated November 12, 2005, and amended and restated on March 11, 2022 (the Deed of Trust). The Deed of Trust limits the Unitholders' ability to sell, transfer, consign, mortgage, pledge, or dispose of any Trust Units in any manner other than a transfer to a similar beneficiary without the prior written consent of the Board of Trustees. The Board of Trustees will evidence its consent by resolution, and any attempt to do any of the above without that consent will be void.

The Fund intends, as described within the Deed of Trust, to distribute all of its taxable income and realized capital gains to the common trust Unitholders (Unitholders). As distributions are paid annually, any remaining undistributed taxable income and realized capital gains will be distributed to the Unitholders of record as at the distribution record date in December of each fiscal year. Distribution of this taxable income can be in the form of cash or additional common Trust Units (Trust Units). Under the terms of the Deed of Trust, if taxable income is distributed in the form of additional Trust Units, there will be an immediate reconsolidation of the number of Trust Units outstanding. After the consolidation, each Unitholder will hold the same number of Trust Units as held before the distribution of additional Trust Units.

The Fund conducts its business through three limited partnerships: Foremost Universal LP, Foremost Equipment LP, and Foremost Industries LP. Consistent with the Fund's focus on customer and market responsiveness, the Fund's operating segments clearly reflect the two distinct product lines, Foremost Energy Equipment (FEE) and Foremost Mobile Equipment (FME). FEE consists of two active manufacturing and service locations in Alberta. These locations manufacture shop tanks, gas separation units, pressure vessels, field tanks, oil treating units, gas processing units, fuel tanks, agricultural products, and steam generators. FME manufactures hydrovac trucks and equipment, off-highway large wheeled and tracked vehicles, and equipment for custom drilling, construction, water-wells, and mining sectors. FME maintains a focus on custom-built vehicles for its clientele and serves them through two manufacturing and service locations across Alberta.

2. Basis of Preparation

a. Statement of Compliance

The condensed consolidated interim financial statements (statements) have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as issued by the International Accounting Standards Board.

These statements were authorized for issue by the Board of Trustees on May 21, 2026, and should be read with the Fund's 2025 annual audited consolidated financial statements.

b. Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis, except for the liabilities relating to cash-settled-Trust Unit-based payment arrangements and derivatives, which are measured at fair value.

c. Functional and Presentation Currency

These statements are presented in Canadian dollars, which is the functional currency of the Fund and all its subsidiaries. All financial information presented in Canadian dollars has been rounded to the nearest thousand except where otherwise stated.

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d. Use of Estimates and Judgments

The preparation of the statements in conformity with IFRS requires that management make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, and disclosures of contingent assets and liabilities at the dates of the statements. Actual results may differ materially from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant estimates used in the preparation of these statements are consistent with those disclosed in the 2025 annual audited consolidated financial statements and include:

- the assessment of the percentage completion on cost-plus and fixed-fee contracts (including estimated total costs and provisions for estimated losses)
- the recognition of claims, variations in contract work (that is, change orders), and incentive payments on contracts
- assumptions used to value financial instruments
- estimates and assumptions used to determine the allowance for impairment of trade receivables; useful lives and impairment of property, plant and equipment; warranty provisions; and allowance relating to deferred tax assets

Management applies judgment to determine whether a contract is, or contains, a lease, from both a lessee and a lessor perspective. This assessment is based on whether the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Key judgments include whether a contract identifies an asset, whether the lessee obtains substantially all of the asset's economic benefits over the contract term, and whether the lessee has the right to direct the asset's use. Management also applies judgment to determine the rate used to discount the lease payments. Estimates are applied with respect to the incremental borrowing rate used.

3. Significant Accounting Policies

The Fund's accounting policies have not changed from those previously disclosed in note 3 of the 2025 annual audited consolidated financial statements.

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4. Operating Segments

The Fund has three reportable operating segments, as described below, each of which are the Fund's strategic business units. For each strategic business unit, the Fund's President reviews internal management reports monthly. The following summary describes the operations in each of the Fund's reportable segments:

- Foremost Mobile Equipment—FME designs, manufactures, sells, and services drilling equipment, heavy all-terrain vehicles, hydrovac equipment, and related parts and tooling
- Foremost Energy Equipment—FEE designs, manufactures, sells, and services oil treating systems, shop tanks, field tanks, oil and gas process treating equipment, fuel storage tanks, protective coatings, agricultural products, and gas separators
- Corporate and Eliminations—Corporate includes administrative operations with expenses incurred at the Fund level and within Foremost Financial Ltd. Eliminations include adjustments for internal rent agreements between segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that the President reviews. Segment profit is used to measure performance, as management believes it is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Transfer pricing is based on third-party rates.

For the three months ended March 31,	Foremost Energy Equipment		Foremost Mobile Equipment		Corporate		Total	
	2026	2025	2026	2025	2026	2025	2026	2025
Revenue	\$ 18,042	\$ 15,780	\$ 42,129	\$ 44,535	\$ (122)	\$ (122)	\$ 60,049	\$ 60,193
Cost of sales	16,118	13,551	30,489	33,184	(122)	(122)	46,485	46,613
Gross profit	1,924	2,229	11,640	11,351	-	-	13,564	13,580
Administrative expenses	1,805	1,855	3,109	2,964	375	426	5,289	5,245
Net income (loss) from operating activities	119	374	8,531	8,387	(375)	(426)	8,275	8,335
Interest (expense) income	(13)	(94)	(46)	(157)	497	532	438	281
Other income	64	81	28	22	-	-	92	103
Loss on disposal of property, plant and equipment	(6)	(5)	(9)	-	-	-	(15)	(5)
Foreign exchange gain (loss)	4	(11)	94	(293)	(27)	127	71	(177)
Net non-operating income	49	(29)	67	(428)	470	659	586	202
Income before tax	168	345	8,598	7,959	95	233	8,861	8,537
Income tax expense	38	716	710	148	15	148	763	1,012
Net income (loss) and comprehensive income (loss)	\$ 130	\$ (371)	\$ 7,888	\$ 7,811	\$ 80	\$ 85	\$ 8,098	\$ 7,525

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Disaggregation of revenue

	Primary Geographical Markets							
	Canada		United States		International		Total	
For the three month period ended March 31,	2026	2025	2026	2025	2026	2025	2026	2025
Major Product Lines								
Shop Tanks	9,734	\$ 9,171	\$ -	\$ -	\$ -	\$ -	\$ 9,734	\$ 9,171
Vessels & Gas Separation	5,423	4,486	-	-	-	-	5,423	4,486
Field Tanks	696	739	-	-	-	-	696	739
ULC Tanks	1,341	480	-	-	-	-	1,341	480
Agricultural Products	297	498	-	-	-	-	297	498
Other	549	406	2	-	-	-	551	406
Total FEE	18,040	15,780	2	-	-	-	18,042	15,780
Trucks	16,907	10,239	4,543	15,763	-	-	21,450	26,002
Drills	820	2,158	10,001	9,660	3,452	714	14,273	12,532
Parts	2,099	1,508	2,182	2,733	1,801	1,760	6,083	6,001
Vehicles	-	-	323	-	-	-	323	-
Total FME	19,826	13,905	17,049	28,156	5,254	2,474	42,129	44,535
Corporate and Eliminations	(122)	(122)	-	-	-	-	(122)	(122)
Total	\$ 37,744	\$ 29,563	\$ 17,051	\$ 28,156	\$ 5,254	\$ 2,474	\$ 60,049	\$ 60,193

Major Customers

For the three-month period ended March 31, 2026, the Fund had two customers who accounted for 35.7% of revenues. For the same period ended 2025, two customers accounted for 43.1% of revenues. Within the Energy Equipment segment, two customers accounted for 29.0% of segment revenues for the three-month period ended March 31, 2026. For the same period ended March 31, 2025, two customers accounted for 37.7% of segment revenues. Within the Mobile Equipment segment, two customers accounted for 50.9% of revenues for the three-month period ended March 31, 2026. For the same period ended March 31, 2025, two customers accounted for 58.4% of revenues.

5. Cash and Cash Equivalents

	March 31, 2026	December 31, 2025
Bank balances	\$ 46,869	\$ 64,114
Short-term investments	-	680
	\$ 46,869	\$ 64,794

At March 31, 2026, the Fund held short-term deposits of nil (December 31, 2025 – \$0.7 million).

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Notes to the Condensed Consolidated Interim Financial Statements

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All amounts in thousands of Canadian dollars unless otherwise stated (Unaudited)

6. Risk Management

a. Market Risk

Fluctuations in foreign currency are a source of market risk for the Fund and arise when dealing with foreign customers. As part of managing this risk, the Fund reviews its exposure, specifically the size and jurisdiction (including political and economic factors), under all foreign contracts. Where market risk is deemed unacceptably high, the Fund will enter into forward exchange contracts to reduce exposure. Derivative instruments will impact future cash flows as foreign exchange rates change over the contract terms. Both contract currency and term will have an impact on this outcome.

The Fund enters into currency exchange contracts to mitigate a portion of the foreign currency exposure risk on funds to be received for existing contracts denominated in US Dollars. The fair value of the forward contracts is measured on the difference between the contracted rate and the current forward rate. At March 31, 2026, three contracts were in place, which recorded an unrealized loss of \$0.1 million. Four contracts were in place on December 31, 2025, which recorded an unrealized gain of \$0.1 million. The unrealized gain/loss was recorded in the Foreign Exchange loss section.

	Notational Amount	Fair Value	Fixed Rate to Sell	Forward Rate	Term
Forward contract	\$2.0 million USD	\$ (53)	1.359065	1.385632	March 31, 2026
Forward contract	\$2.0 million USD	\$ 3	1.378170	1.376773	September 29, 2026
Forward contract	\$2.0 million USD	\$ 2	1.381788	1.380833	December 29, 2026
	\$6.0 million USD	\$ (48)			

b. Credit Risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Fund's receivables from customers.

Trade and Other Receivables

In the normal course of business, the Fund is exposed to credit risk through its accounts receivable and construction work in progress from its customers, primarily in the oil and natural gas industry in Canada and the United States. At March 31, 2026, two customers represented 39.2% of the Fund's accounts receivable balance. At December 31, 2025, two customers represented 26.9% of the Fund's accounts receivable balance. One customer represented 32.8% of work in progress at March 31, 2026, and two customers represented 50.5% of work in progress at December 31, 2025.

The Fund has established credit policies and limits, according to which counterparties are analyzed individually for creditworthiness before being offered the Fund's standard delivery terms. Management also reviews all past-due receivable balances to identify matters at an early stage that could potentially delay the collection of funds. For the three months ended March 31, 2026, the Fund provided an allowance for doubtful accounts of \$0.3 million (December 2025 — \$0.3 million), calculated using an expected credit loss assessment for specifically identifiable customer balances assessed to have credit risk exposure. The aging of trade and other receivables is as follows:

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For the three months ended March 31, 2026 and 2025

All amounts in thousands of Canadian dollars unless otherwise stated (Unaudited)

As at:	March 31, 2026		December 31, 2025	
	Gross	Impairment	Gross	Impairment
Current	\$ 11,188	\$ -	\$ 10,024	\$ -
Past due 1 - 30 days	8,663	-	3,662	-
Past due 31 - 60 days	521	-	926	-
Past due 60 days	981	214	863	225
Total trade receivables	21,353	214	15,475	225
Other receivables	442	-	835	-
Total trade and other receivables	\$ 21,795	\$ 214	\$ 16,310	\$ 225

7. Inventories

Inventory, net of allowance

As at:	March 31, 2026	December 31, 2025
Raw materials and consumables	\$ 42,418	\$ 41,640
Work in progress related to capital equipment	8,258	8,238
Finished goods	9,998	9,643
	\$ 60,674	\$ 59,521

Valuation Allowances

For the year ended December 31,	2026	2025
Raw materials and consumables	\$ (5,764)	\$ (5,719)
Finished goods	(434)	(433)
	\$ (6,198)	\$ (6,152)

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Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

All amounts in thousands of Canadian dollars unless otherwise stated (Unaudited)

8. Property, Plant and Equipment

Cost

	Land and Buildings	Assets Under Construction	Equipment	Total
Balance at December 31, 2024	55,173	4,212	49,201	108,586
Additions	1,409	851	2,998	5,258
Transfer	192	(3,923)	3,731	-
Transfer to investment property	(3,576)	-	-	(3,576)
Disposals	(16)	-	(1,322)	(1,338)
Balance at December 31, 2025	53,182	1,140	54,608	108,930
Additions	111	161	471	743
Transfer	319	(472)	153	-
Disposals	-	-	(422)	(422)
Balance at March 31, 2026	\$ 53,612	\$ 829	\$ 54,810	\$ 109,251

Accumulated Depreciation

	Land and Buildings	Assets Under Construction	Equipment	Total
Balance at December 31, 2024	\$ 32,791	\$ -	\$ 29,233	\$ 62,024
Depreciation for the year	1,305	-	3,388	4,693
Transfer from investment property	(1,643)	-	-	(1,643)
Disposals	(12)	-	(1,193)	(1,205)
Balance at December 31, 2025	32,441	-	31,428	63,869
Depreciation for the year	337	-	896	1,233
Disposals	-	-	(404)	(404)
Balance at March 31, 2026	\$ 32,778	\$ -	\$ 31,920	\$ 64,698

Carrying Amount

	Land and Buildings	Assets Under Construction	Equipment	Total
Balance at December 31, 2025	\$ 20,741	\$ 1,140	\$ 23,180	\$ 45,061
Balance at March 31, 2026	\$ 20,834	\$ 829	\$ 22,890	\$ 44,553

Depreciation included in the cost of sales category for the period is \$1.2 million, and \$0.1 million is included in administrative expenses.

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9. Investment Property

Cost		
	March 31, 2026	December 31, 2025
Opening Balance	\$ 8,949	\$ 5,373
Transfer from property, plant, and equipment	-	3,576
Transfer to held for sale	(3,577)	-
	\$ 5,372	\$ 8,949
Accumulated Depreciation		
	March 31, 2026	December 31, 2025
Opening Balance	\$ 5,289	\$ 3,538
Depreciation	27	108
Transfer from property, plant, and equipment	-	1,643
Transfer to held for sale	(1,778)	-
	\$ 3,538	\$ 5,289
Balance, end of the period	\$ 1,835	\$ 3,660

Investment property consists of one idle manufacturing facility located in Alberta. The property is carried at cost less accumulated depreciation and impairment. During the quarter, one vacant property was reclassified to assets held for sale, refer to note 15 for more information.

10. Unitholders' Equity

a. Unitholders' Capital

The Fund is authorized to issue an unlimited number of Trust Units and an unlimited number of special voting units. Special voting units may be issued by Trustee resolution. These special voting units entitle the holders to the number of votes prescribed by the resolution. These special voting units do not entitle the holder to participate in any distributions from the Fund or beneficial interest in any assets of the Fund.

b. Redemption of Trust Units

Trust Units are redeemable in whole or in part at any time on demand by the Unitholder. Upon receipt of an executed redemption notice and related Trust Unit certificate, the Unitholder ceases to have any rights with respect to those Trust Units. The Unitholder is entitled to receive a cash redemption price equal to the tangible book value, plus or minus 10%. The cash redemption price is set at the discretion of the Board of Trustees. In conjunction with its delisting, the Fund increased the monthly redemption limit to \$1.5 million per month, which can be paid in cash or, in certain circumstances, by the issuance of an unsecured promissory note.

As previously disclosed, under s. 6.4(ii)(B) of the Deed of Trust, the Trustees have exercised their discretion to reduce the monthly redemption limit to \$0.35 million for each month until otherwise notified. This means that if redemptions exceed the monthly limit, the excess will be paid by promissory notes, but Unitholders tendering notices of redemption will be

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allowed to withdraw notices. All promissory notes are subject to the terms and conditions of the Deed of Trust.

The Deed of Trust also limits the Unitholders' ability to sell, transfer, consign, mortgage, pledge, or dispose of any Trust Units in any manner without the prior written consent of the Board of Trustees. The Board of Trustees will evidence its consent by resolution, and any attempt to do any of the above without consent will be void.

During the three month period ended March 31, 2026, there were 4,984 Trust Units redeemed (2025 – 18,369) and cash payments of \$0.1 million (2025 – \$0.1 million). As at March 31, 2026, the stated redemption price was \$8.65 per unit.

c. Trust Unit Distributions

The Fund intends to distribute taxable income annually via a cash distribution at the Trustees' discretion. For the year ended December 31, 2025, the Fund announced a \$24.4 million distribution, representing \$1.60 per unit. This was paid in the first quarter of 2026.

11. Related Parties

The Fund uses the consulting services of TOM Capital Management Inc. (TOM Capital), a company that is partially owned by a Trustee of the Fund. The services consist of professional, M&A advisory, shared services support and investor relations advice, at market rates confirmed from time to time and agreed to by all parties. For the three month period ended March 31, 2026, the total amount invoiced for consulting services through TOM Capital was \$0.1 million (2025 – \$0.1 million).

12. Per Trust Unit Amounts

Earnings per Trust Unit are calculated using the weighted average number of Trust Units outstanding. The reconciliation of the denominators used to determine the basic earnings per Trust Unit and the diluted earnings per Trust Unit is below:

For the three month period ended March 31,	2026	2025
Basic weighted-average Trust Units	15,245,410	15,258,420
Diluted weighted-average Trust Units	15,719,410	16,542,420
Net income for the year (in thousands of Canadian dollars)	\$ 8,098	\$ 7,525
Basic earnings per share	\$ 0.53	\$ 0.49
Diluted earnings per share	\$ 0.52	\$ 0.45

13. Trust Unit-Based Compensation Plan

In March 2022, the requisite majority of Unitholders approved an amended and restated unit option plan. The Fund has reserved 2,123,013 unit options under the amended and restated unit option plan. During 2021, 480,000 options were granted at an exercise price of \$6.00 per unit. These options vest annually over five years, on each of the five anniversaries of the date of the grant, and expire one year after the fifth anniversary.

No additional options were granted in 2024 or 2025. As at March 31, 2026, all outstanding Trust Unit Options had vested.

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Trust Units-Based Compensation Expense

The fair value of these unit options is \$2.9 million at March 31, 2026 (2025 – \$1.4 million). For the period ended March 31, 2026, an expense of \$0.3 million (2025 – \$0.3 million) was recorded in administrative expenses with an equal amount offset to other payables.

The 2021 weighted average fair value per option with an exercise price of \$6.00 was \$2.65. This was calculated using the Black-Scholes model, with the assumptions being a risk-free rate of 4.45%, a forfeiture rate of nil, an expected option life of five years, a volatility of 10.93%, and a quarterly dividend rate of 16.49%.

14. Management of Capital

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern to:

- provide returns to Unitholders and benefits for other stakeholders
- maintain financial liquidity and flexibility to fulfill existing financial obligations, support capital requirements of current operations, pay Trust Unit distributions in cash, and provide capital for accretive acquisitions

The Fund is not subject to any externally imposed capital requirements.

In the definition of capital, the Fund includes Unitholders' capital, retained earnings, cash and cash equivalents, and undrawn credit facilities.

15. Assets Held for Sale

During the first quarter of 2026, the Fund received an offer to sell its Lloydminster West property, which had previously been classified as investment property. Accordingly, the property was reclassified to assets held for sale, as Management believes the sale is highly probable and expected to occur within the next twelve months. The property continues to be measured at carrying value, as the carrying value is lower than the fair value less costs to sell.

FOREMOST INCOME FUND

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2026 and 2025

All amounts in thousands of Canadian dollars unless otherwise stated (Unaudited)

16. Fair Values of Financial Instruments

Fair Values versus Carrying Amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the condensed consolidated interim statement of financial position, are as follows:

	March 31, 2026		December 31, 2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets carried at cost				
Cash and cash equivalents	\$ 46,869	\$ 46,869	\$ 64,794	\$ 64,794
Trade and other receivables	21,581	21,581	16,085	16,085
Assets carried at fair value through profit and loss				
Derivatives	-	-	73	73
	\$ 68,450	\$ 68,450	\$ 80,952	\$ 80,952

	March 31, 2026		December 31, 2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Liabilities carried at cost				
Trade and other payables	\$ 21,378	\$ 21,378	\$ 16,443	\$ 16,443
Distribution payable	-	-	24,395	24,395
Liabilities carried at fair value through profit and loss				
Trust unit option payable	2,978	2,978	2,714	2,714
Derivatives	48	48	-	-
	\$ 24,404	\$ 24,404	\$ 43,552	\$ 43,552

Fair Value Hierarchy

The Fund has segregated all financial assets and liabilities that are measured at fair value into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date.

Financial instruments measured at fair value on the consolidated statement of financial position require classification into one of the following levels of the fair value hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The fair value of the forward contract is measured based on the difference between the contracted rate and the current forward rate provided from the financial institution. The Fund continues to classify the forward contract as level 2, as the inputs used in the valuation are observable in the open market.