

Interim Condensed Consolidated Financial Statements

Element Fleet Management Corp.

March 31, 2023

Element Fleet Management Corp.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited, in thousands of Canadian dollars)

	As at March 31, 2023	As at December 31, 2022
	\$	\$
ASSETS		
Cash	145,121	68,876
Restricted funds (note 5)	382,024	433,327
Finance receivables (notes 3 and 15)	8,611,256	8,069,386
Equipment under operating leases (note 4)	3,012,215	2,806,841
Accounts receivable and other assets	221,156	215,817
Derivative financial instruments (note 15)	98,777	131,943
Property, equipment and leasehold improvements, net	92,035	80,899
Intangible assets, net	858,209	864,611
Deferred tax assets	349,818	365,430
Goodwill	1,294,994	1,295,088
	<u>15,065,605</u>	<u>14,332,218</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued liabilities	1,453,550	1,465,198
Derivative financial instruments (notes 15)	66,455	81,730
Borrowings (note 5)	9,385,852	8,807,859
Convertible debentures (notes 6 and 15)	165,257	163,933
Deferred tax liabilities	136,611	132,525
	<u>11,207,725</u>	<u>10,651,245</u>
Shareholders' equity (note 7)	<u>3,857,880</u>	<u>3,680,973</u>
	<u>15,065,605</u>	<u>14,332,218</u>

See accompanying notes

On behalf of the Board:



Director



Director

Element Fleet Management Corp.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited, in thousands of Canadian dollars, except for per share amounts)

	Three-month period ended	Three-month period ended
	March 31, 2023	March 31, 2022
	\$	\$
NET REVENUE		
Interest income, net (note 9)	147,311	82,929
Rental revenue and other (note 9)	245,426	200,269
Depreciation of equipment under operating leases (notes 4 and 9)	<u>(142,981)</u>	<u>(122,550)</u>
	249,756	160,648
Interest expense	<u>116,876</u>	<u>45,467</u>
Net financing revenue	132,880	115,181
Fleet service revenue (note 9)	169,394	143,596
Direct costs of fixed rate service contracts (note 9)	<u>(13,195)</u>	<u>(11,754)</u>
Servicing income, net	156,199	131,842
Syndication revenue, net (note 9)	14,880	13,777
Net revenue	<u>303,959</u>	<u>260,800</u>
OPERATING EXPENSES		
Salaries, wages and benefits	85,611	76,212
General and administrative expenses	36,558	27,797
Depreciation and amortization (note 14)	16,297	13,935
Amortization of convertible debenture discount (note 6)	999	933
Share-based compensation (note 8)	<u>16,399</u>	<u>6,163</u>
	155,864	125,040
OTHER EXPENSES		
Amortization of intangible assets from acquisitions	9,433	8,909
Loss on investments	<u>737</u>	<u>1,442</u>
Income before income taxes from operations	137,925	125,409
Provision for income taxes	<u>31,441</u>	<u>31,805</u>
Net income for the period	<u>106,484</u>	<u>93,604</u>
Basic earnings per share (note 11)	<u>\$ 0.26</u>	<u>\$ 0.21</u>
Diluted earnings per share (note 11)	<u>\$ 0.25</u>	<u>\$ 0.21</u>

See accompanying notes

Element Fleet Management Corp.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited, in thousands of Canadian dollars)

	Three-month period ended	Three-month period ended
	March 31, 2023	March 31, 2022
	\$	\$
Net income for the period	106,484	93,604
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss:		
Cash flow and foreign exchange hedges (loss)/gain	(11,620)	34,540
Net unrealized foreign exchange gain	140,127	10,361
	128,507	44,901
(Recovery) provision for income taxes	(4,875)	9,525
Total other comprehensive income	133,382	35,376
Comprehensive income for the period	239,866	128,980

See accompanying notes

Element Fleet Management Corp.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited, in thousands of Canadian dollars)

	Common share capital	Preferred share capital	Equity component of convertible debentures	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Total shareholders' equity
	\$	\$	\$	\$	\$	\$
Balance, December 31, 2022	2,868,078	365,113	13,799	129,290	304,693	3,680,973
Comprehensive income for the period	—	—	—	106,484	133,382	239,866
Dividends - Preferred shares (note 7)	—	—	—	(5,946)	—	(5,946)
Dividends - Common shares (note 7)	—	—	—	(39,157)	—	(39,157)
Issuance of shares (note 6)	9	—	(1)	—	—	8
Options exercised (notes 7 and 8)	2,902	—	—	(733)	—	2,169
Shares repurchased for cancellation (note 7)	(8,281)	—	—	(11,752)	—	(20,033)
Balance, March 31, 2023	2,862,708	365,113	13,798	178,186	438,075	3,857,880
Balance, December 31, 2021	2,951,596	511,869	13,829	(22,536)	(3,809)	3,450,949
Comprehensive income for the period	—	—	—	93,604	35,376	128,980
Dividends - Preferred shares (note 7)	—	—	—	(8,103)	—	(8,103)
Dividends - Common shares (note 7)	—	—	—	(30,982)	—	(30,982)
Options exercised (notes 7 and 8)	4,506	—	—	(963)	—	3,543
Shares repurchased for cancellation (note 7)	(43,130)	—	—	(31,382)	—	(74,512)
Balance, March 31, 2022	2,912,972	511,869	13,829	(362)	31,567	3,469,875

See accompanying notes

Element Fleet Management Corp.**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited, in thousands of Canadian dollars)

	Three-month period ended	
	March 31, 2023	March 31, 2022
	\$	\$
OPERATING ACTIVITIES		
Net income for the period	106,484	93,604
Items not affecting cash		
Depreciation of property, equipment and leasehold improvements	4,812	5,604
Amortization of intangible assets, including from acquisitions	20,918	17,240
Amortization of deferred lease costs	7,881	7,146
Amortization of deferred financing costs	3,667	3,901
Depreciation of equipment under operating leases (note 4)	142,981	122,550
Amortization of convertible debenture discount and deferred costs (note 6)	1,332	1,249
Loss on investments	737	1,442
Provision for credit losses	(106)	138
	<u>288,706</u>	<u>252,874</u>
Changes in non-cash operating assets and liabilities		
Investment in finance receivables	(1,813,543)	(1,284,213)
Repayments of finance receivables	704,172	867,476
Investment in equipment under operating leases	(344,763)	(287,511)
Proceeds on disposal of equipment under operating leases	82,763	72,105
Syndications of finance receivables	704,993	671,816
Cash payments for interest portion of lease liability	(569)	(506)
Other non-cash operating assets and liabilities	(75,949)	(42,279)
Cash (used in) provided by operating activities	<u>(454,190)</u>	<u>249,762</u>
INVESTING ACTIVITIES		
Investments	(654)	938
Purchase of property, equipment and leasehold improvements	(3,930)	283
Proceeds on disposals of property, equipment and leasehold improvements and intangible assets	158	392
Purchase of intangible assets, including computer software	(14,234)	(17,270)
Decrease in notes receivable	—	284
Cash used in investing activities	<u>(18,660)</u>	<u>(15,373)</u>
FINANCING ACTIVITIES		
Cash payments for principal portion of lease liability	(2,310)	(2,368)
Decrease (increase) in restricted funds	50,628	(85,500)
Increase in deferred financing costs	(2,159)	(43)
Issuance of share capital, net	2,169	3,543
Shares repurchased (note 7)	(20,394)	(77,182)
Repayments of borrowings, net	555,693	(73,764)
Dividends paid (note 7)	(45,198)	(39,518)
Cash provided by (used in) financing activities	<u>538,429</u>	<u>(274,832)</u>
Effects of foreign exchange rates on cash	<u>10,666</u>	<u>28,378</u>
Net increase (decrease) in cash during the period	<u>76,245</u>	<u>(12,065)</u>
Cash, beginning of the period	<u>68,876</u>	<u>45,271</u>
Cash, end of the period	<u>145,121</u>	<u>33,206</u>
Supplemental cash flow information:		
Cash taxes paid	20,314	17,421
Cash interest paid	99,900	45,350

See accompanying notes

Element Fleet Management Corp.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts)

March 31, 2023

1. CORPORATE INFORMATION

Element Fleet Management Corp. ("Element" or the "Company"), was incorporated under the *Business Corporations Act (Ontario)* on May 11, 2007 and commenced operations on that date. The registered office of the Company is 161 Bay Street, Suite 3600, Toronto, Ontario. The Company is a public corporation traded on the Toronto Stock Exchange (the "TSX") under the symbol "EFN".

Element is a publicly traded fleet management company with \$15.1 billion in assets and operations in the United States ("US"), Canada, Mexico, Australia and New Zealand. Element is a leading global fleet management company, providing services and financings for commercial vehicle and equipment fleets, reaching 56 countries worldwide through the Element-Arval Global Alliance. Element provides a comprehensive range of fleet services that span the total lifecycle, from vehicle acquisition and financing to program management and remarketing with approximately 1.5 million fleet vehicles under management which include all leased vehicles, including syndicated leases and interim funding.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These unaudited interim condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board.

These unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2022, which include information necessary or useful in understanding the Company's business and financial statement presentation. The results reported in these unaudited interim condensed consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year.

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 9, 2023.

Accounting policies

These unaudited interim condensed consolidated financial statements have been prepared in conformity with accounting policies disclosed in the consolidated financial statements for the year ended December 31, 2022, except as discussed below.

Interest Rate Benchmark Reform

The Company adopted amendments ("Amendments") to IFRS 9, *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7, *Financial Instruments: Disclosures (Amendments)*, applicable from November 1, 2019. These Amendments modify certain hedge accounting requirements to provide relief from the effect of uncertainty caused by interbank offered rate ("IBOR") reform ("the IBOR Reform") prior to the transition to alternative interest rates. The adoption of the Amendments had no impact to the Company's unaudited interim condensed consolidated financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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The Company adopted *Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16* ("Phase 2 Amendments") effective January 1, 2021. The Phase 2 Amendments include additional disclosure requirements for financial instruments that have yet to transition to an alternative interest rate at the end of the reporting period.

The Company will cease to apply the Amendments and Phase 2 Amendments as IBOR based cash flows transition to new alternative interest rates or when the hedging relationships to which the relief is applied to are discontinued.

Effective December 31, 2021, the publication of LIBOR settings has ceased for the 1-week and 2-month US LIBOR setting. The overnight, one-month, three-month, six-month and 12-month US LIBOR settings is expected to be terminated on June 30, 2023. Effective January 1, 2023, the Company has migrated all floating rate leases tied to LIBOR to the Secured Overnight Financing Rate ("SOFR") as well as the majority of its derivatives. The Company will continue to work on the transition of any remaining derivatives tied to LIBOR by June 30, 2023.

The following table shows the Company's exposure for financial asset and liabilities at March 31, 2023 and December 31, 2022 subject to IBOR reform that have yet to transition to SOFR. These exposures will remain outstanding as of June 30, 2023 until IBOR ceases and will then transition to SOFR:

	As at March 31, 2023		
	Non-derivative financial assets - carrying value	Non-derivative financial liabilities - carrying value	Derivative Notional/Principal amount⁽¹⁾
	\$	\$	\$
USD LIBOR (1 month)	—	—	68,234
USD LIBOR (3 month)	—	—	—
	—	—	68,234
	As at December 31, 2022		
	Non-derivative financial assets - carrying value	Non-derivative financial liabilities - carrying value	Derivative Notional/Principal amount ⁽¹⁾
	\$	\$	\$
USD LIBOR (1 month)	1,154,829	—	3,687,647
USD LIBOR (3 month)	542,600	—	—
	1,697,429	—	3,687,647

1. Excludes interest rate contracts and non-derivative instruments which reference rates to multi-rate jurisdictions, including the Australian Bank Bill Swap Rates ("BBSW"), New Zealand Bank Bill Rates ("BBR"), and MXN-TIIE-Banxico ("MXIBTIIE").

On May 16, 2022, Refinitiv Benchmark Services (UK) Ltd. ("RBSL"), the administrator of the Canadian Dollar Offered Rate ("CDOR"), announced that the calculation and publication of all tenors of CDOR will permanently cease following a final publication on June 28, 2024. The Company has determined that its exposure to CDOR is immaterial.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts)

March 31, 2023

3. FINANCE RECEIVABLES

The following tables present finance receivables based on the ultimate obligor's location:

	As at March 31, 2023			
	US and Canada	Australia and New Zealand	Mexico	Total
	\$	\$	\$	\$
Minimum lease payments	5,564,577	249,461	789,697	6,603,735
Unguaranteed residual values	—	71,152	—	71,152
Gross investment	5,564,577	320,613	789,697	6,674,887
Unearned income	(689,730)	(41,201)	(115,598)	(846,529)
Net investment	4,874,847	279,412	674,099	5,828,358
Net realizable value of impaired receivables	6,905	840	—	7,745
Unamortized deferred costs and subsidies	(50,626)	—	800	(49,826)
Prepaid lease payments and security deposits	(13,264)	—	(42,598)	(55,862)
Interim funding	1,271,731	—	139,081	1,410,812
Fleet management receivables	701,210	45,842	53,214	800,266
Other receivables	383,995	97,275	136,686	617,956
Continuing involvement asset	62,012	—	—	62,012
Allowance for credit losses (Subsection B)	(6,291)	(1,963)	(1,951)	(10,205)
Total finance receivables	7,230,519	421,406	959,331	8,611,256

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts)

March 31, 2023

	As at December 31, 2022			
	US and Canada	Australia and New Zealand	Mexico	Total
	\$	\$	\$	\$
Minimum lease payments	5,296,256	245,716	703,992	6,245,964
Unguaranteed residual values	—	67,915	—	67,915
Gross investment	5,296,256	313,631	703,992	6,313,879
Unearned income	(585,459)	(38,982)	(102,022)	(726,463)
Net investment	4,710,797	274,649	601,970	5,587,416
Net realizable value of impaired receivables	2,432	4,173	—	6,605
Unamortized deferred costs and subsidies	(38,294)	—	—	(38,294)
Prepaid lease payments and security deposits	(19,502)	—	(35,458)	(54,960)
Interim funding	962,274	—	222,588	1,184,862
Fleet management receivables	729,701	49,302	23,806	802,809
Other receivables	329,370	89,352	118,422	537,144
Continuing involvement asset	54,173	—	—	54,173
Allowance for credit losses (Subsection B)	(6,837)	(1,934)	(1,598)	(10,369)
Total finance receivables	6,724,114	415,542	929,730	8,069,386

A) Interest rate characteristics of net investment in finance lease receivables and loan receivables

	As at March 31, 2023		As at December 31, 2022	
	Leases	Loans	Leases	Loans
Net investment	\$ 5,478,654	\$ 349,704	\$ 5,284,600	\$ 302,816
Weighted average fixed interest rate	5.77 %	9.94 %	5.42 %	9.35 %
Weighted average floating interest rate	7.35 %	7.76 %	6.92 %	6.84 %
Percentage of portfolio with fixed interest rate	50.03 %	99.99 %	49.33 %	99.98 %

B) Allowance for credit losses

The Company continues to monitor its inputs to the expected credit loss ("ECL") model to ensure it appropriately reflects current market conditions in light of a potential recession, current inflationary environment, rising interest rates, supply chain disruptions, and information available to the Company as at March 31, 2023.

The Company evaluates its credit risk exposure broadly in line with Standard & Poor's and Moody's ratings outlined below and will adjust internal classifications based on additional information the Company has available to it at the time of the assessment. In conjunction with the Company's evaluation of the probability of default ("PD") as at March 31, 2023, and consistent with the ECL model, the Company reviewed its classifications and updated its internal assessment of PD based on current information.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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March 31, 2023

The Company's lease and loan portfolio is secured by the underlying assets and, in the event of an obligor bankruptcy, leases are typically affirmed, resulting in continued collection of lease payments. Further, all the vehicles in a client portfolio are cross-collateralized, such that the surplus collateral on (usually older) vehicles can be used to offset under-collateralized positions (usually newer vehicles), such that the net full value of the lease and loan would be recovered. As a result, the Company is often able to recover 100% of the net investment. Although used vehicle prices have steadily declined starting in the second quarter of 2022 attributable to a shift in consumer confidence, along with rising interest rates leading to lower levels of vehicle affordability, prices remain high from a historical basis leading to continued low loss given default ("LGD") levels as at March 31, 2023. The Company expects the used vehicle market to remain relatively resilient through 2023 due to continuing supply/demand imbalance. Under a recessionary scenario, we expect to continue seeing an increasing number of drivers of vehicles keep their cars for longer periods of time (or purchase used vehicles instead of new vehicles) consequently pressuring the supply in the used car market which would contribute to propping up used vehicle demand and prices.

In determining the appropriate allowance for credit losses, the Company considered forward-looking macroeconomic information, pointing to an increasing possibility of an economic recession given the inflationary environment and rising interest rates, namely the impact that potential upward or downward trends in Gross Domestic Product ("GDP") and default rates might have on the Company's lease and loan portfolio. The Company has also evaluated multiple scenarios related to this environment, including how it is expected to affect markets and as it pertains to specific industries or customers most susceptible to be impacted by recession. Despite unfavorable forward-looking macroeconomic expectations, the creditworthiness of our clients and the favorable evolution of our portfolio allowed Element to modestly reduce the Company's allowance for credit losses to \$10,205 as at March 31, 2023.

An analysis of the Company's allowance for credit losses under IFRS 9 is as follows:

Finance receivables	Performing	Impaired	Total
	\$	\$	\$
Balance as at January 1, 2023	10,302	67	10,369
Transfer to Performing	5	(5)	—
Transfer to Impaired	(39)	39	—
Lease originations	3,926	—	3,926
Changes in models and inputs, derecognition, and repayments	(4,146)	114	(4,032)
Total	10,048	215	10,263
Charge-offs, net of recoveries	—	(151)	(151)
Foreign exchange	80	13	93
Balance as at March 31, 2023	10,128	77	10,205

Element Fleet Management Corp.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts)

March 31, 2023

Finance receivables	Performing \$	Impaired \$	Total \$
Balance as at January 1, 2022	10,218	28	10,246
Transfer to Performing	4	(4)	—
Transfer to Impaired	(46)	46	—
Lease originations	14,239	—	14,239
Changes in models and inputs, derecognition, and repayments	(14,695)	431	(14,264)
Total	9,720	501	10,221
Charge-offs, net of recoveries	—	(431)	(431)
Foreign exchange	582	(3)	579
Balance as at December 31, 2022	10,302	67	10,369

A summary view of the Company's allowance for credit losses is as follows:

	Three-month period ended	Year ended
Allowance for credit losses	March 31, 2023	December 31, 2022
	\$	\$
Allowance for credit losses, beginning of the period	10,369	10,246
Recovery of credit losses	(106)	(25)
Charge-offs, net of recoveries	(151)	(431)
Impact of foreign exchange rates	93	579
Allowance for credit losses, end of the period	10,205	10,369
Allowance as a percentage of total finance receivables before allowance	0.12 %	0.13%

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts)

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C) Credit risk exposure

The following table sets out the credit risk exposure for finance receivables, fleet management service receivables, and the impaired values and allowances for credit losses recorded.

As at March 31, 2023			
Finance receivables	Performing	Impaired	Total
	\$	\$	\$
Internal risk rating grade ⁽¹⁾			
Low	3,614,111	—	3,614,111
Medium	2,091,874	—	2,091,874
High	122,373	—	122,373
Fleet management receivables	799,418	848	800,266
Other finance receivables	617,956	—	617,956
Impaired	—	7,745	7,745
	7,245,732	8,593	7,254,325
Allowance for credit losses	(10,128)	(77)	(10,205)
Net carrying value	7,235,604	8,516	7,244,120

1. Loan balances of \$15,328, \$334,373 and \$3 are included in the Performing category in internal risk rating grade low, medium, and high, respectively, and nil in Impaired.

As at December 31, 2022			
Finance receivables	Performing	Impaired	Total
	\$	\$	\$
Internal risk rating grade ⁽²⁾			
Low	3,375,906	—	3,375,906
Medium	2,064,243	—	2,064,243
High	147,267	—	147,267
Fleet management receivables	802,050	759	802,809
Other finance receivables	537,144	—	537,144
Impaired	—	6,605	6,605
	6,926,610	7,364	6,933,974
Allowance for credit losses	(10,302)	(67)	(10,369)
Net carrying value	6,916,308	7,297	6,923,605

2. Loan balances of \$15,670, \$287,142 and \$4 are included in the Performing category in internal risk rating grade low, medium, and high, respectively, and nil in Impaired.

Element Fleet Management Corp.

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The Company's internal risk rating grades broadly align to external ratings as follows:

Internal risk rating grade	Standard & Poor's	Moody's
Low risk	AAA to BBB-	Aaa to Baa3
Medium risk	BB+ to B-	Ba1 to B3
High risk	CCC+ and below	Caa1 and below
Impaired receivables	Default	Default

4. EQUIPMENT UNDER OPERATING LEASES

The Company acts as a lessor in connection with operating leases and recognizes the leased assets in its unaudited interim condensed consolidated statements of financial position. The lease payments received are recognized in income as rental revenue. Leased assets under operating leases were as follows:

	As at March 31, 2023	As at December 31, 2022
	\$	\$
Cost	4,351,934	4,078,247
Accumulated depreciation	1,339,719	1,271,406
Net carrying amount	3,012,215	2,806,841

5. BORROWINGS

The Company's outstanding borrowings were as follows:

	As at March 31, 2023			
	Balance outstanding	Weighted average interest rate ⁽¹⁾	Pledged finance receivables and equipment under operating leases	Cash reserves
	\$	%	\$	\$
Revolving term notes in amortization	925,534	1.37	1,132,834	11,078
Variable funding notes	4,213,900	5.64	4,875,270	30,113
Other	71,017	4.44	69,764	—
Vehicle management asset-backed debt	5,210,451	4.88	6,077,868	41,191
Revolving senior credit facilities	2,654,291	6.97	—	—
Senior notes	1,218,924	2.60	—	—
Term facilities	292,208	5.71	—	—
	9,375,874	5.20	6,077,868	41,191
Deferred financing costs	(17,715)			
Hedge accounting fair value adjustments	(34,319)			
Continuing involvement liability	62,012			
Total borrowings	9,385,852			

Element Fleet Management Corp.

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	As at December 31, 2022			
	Balance outstanding	Weighted average interest rate ⁽¹⁾	Pledged finance receivables and equipment under operating leases	Cash reserves
	\$	%	\$	\$
Revolving term notes in amortization	1,115,459	1.50	1,353,553	18,448
Variable funding notes	4,120,361	5.04	4,737,687	29,379
Other	83,639	4.08	82,483	—
Vehicle management asset-backed debt	5,319,459	4.29	6,173,723	47,827
Revolving senior credit facilities	1,893,323	6.61	—	—
Senior notes	1,219,032	2.60	—	—
Term facilities	387,034	5.30	—	—
	8,818,848	4.60	6,173,723	47,827
Deferred financing costs	(19,227)			
Hedge accounting fair value adjustments	(45,935)			
Continuing involvement liability	54,173			
Total borrowings	8,807,859			

1. Represents the weighted average stated interest rate of outstanding debt at period-end, and excludes amortization of deferred financing costs, premiums or discounts, stand-by fees and the effects of hedging.

The Company was in compliance with all financial and reporting covenants with all of its lenders at March 31, 2023.

Vehicle management asset-backed debt

As at March 31, 2023, the Company had available capacity in variable funding notes of \$1,199,473 (December 31, 2022 – \$1,462,068) under its vehicle management asset-backed debt facilities.

Revolving senior credit facilities

As at March 31, 2023, the Company had access to \$663,891 (December 31, 2022 - \$612,465) of available financing under the revolving senior credit facilities.

Senior notes

As at March 31, 2023, the Company had \$1,218,924 (US \$900,000) in outstanding senior unsecured notes (December 31, 2022 - \$1,219,032 (US \$900,000)).

Term facilities

As at March 31, 2023, the Company had \$292,208 in outstanding term facilities (December 31, 2022 - \$387,034).

Restricted funds

As at March 31, 2023, restricted funds include (i) cash reserves of \$41,191 (December 31, 2022 - \$47,827), which represent collateral for secured borrowing arrangements; (ii) cash accumulated in the collection

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accounts of \$339,654 (December 31, 2022 - \$385,500), which represents repayments received on assets financed pursuant to the secured borrowing facilities, which are subsequently utilized in accordance with applicable provisions and other payments received that are due back to clients in accordance with their contracts; and (iii) cash of \$1,179 (December 31, 2022 - nil) provided to counter-parties as collateral against derivative liabilities.

6. CONVERTIBLE DEBENTURES

Convertible debentures consist of:

As at March 31, 2023							
Issue Date	Final maturity date	Conversion price per share ⁽¹⁾	Interest rate ⁽²⁾	Face value	Deferred costs	Discount	Net carrying value
		\$	%	\$	\$	\$	\$
April 5, 2019	June 30, 2024	11.91	4.250	172,224	(1,722)	(5,245)	165,257

As at December 31, 2022							
Issue Date	Final maturity date	Conversion price per share	Interest rate ⁽²⁾	Face value	Deferred costs	Discount	Net carrying value
		\$	%	\$	\$	\$	\$
April 5, 2019	June 30, 2024	11.91	4.250	172,232	(2,055)	(6,244)	163,933

1. The conversion price was adjusted on March 31, 2022, the ex-dividend date for dividends to be paid on April 14, 2022, to \$11.9084 for the April 5, 2019 issuance.
2. Stated interest rate on principal face value.

Conversions

During January 2023, holders of the April 2019 Convertible Debentures ("2019 Debentures") redeemed \$8 at a conversion price equal to \$11.90841 per share, representing a conversion ratio of approximately 83.97427 shares per \$1,000 principal amount of the 2019 Debentures. As a result of the conversion, holders of the 2019 Debentures received an interest payment of nil and 671 common shares.

During December 2022, holders of the 2019 Debentures redeemed \$106 at a conversion price equal to \$11.90841 per share, representing a conversion ratio of approximately 83.97427 shares per \$1,000 principal amount of the 2019 Debentures. As a result of the conversion, holders of the 2019 Debentures received an interest payment of \$2 and 8,899 common shares.

During September 2022, holders of the 2019 Debentures redeemed \$162 at a conversion price equal to \$11.90841 per share, representing a conversion ratio of approximately 83.97427 shares per \$1,000 principal amount of the 2019 Debentures. As a result of the conversion, holders of the 2019 Debentures received an interest payment of \$1 and 13,603 common shares.

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7. SHARE CAPITAL

The Company is currently authorized to issue (i) an unlimited number of common shares without nominal or par value and (ii) an unlimited number of preferred shares, issuable in series.

	Common shares	
	Shares	Amount
	#	\$
Balance, December 31, 2021	405,077,227	2,951,596
Convertible debenture	22,502	287
Share repurchase	(13,906,200)	(103,267)
Exercise of options	1,301,758	19,462
Balance, December 31, 2022	392,495,287	2,868,078
Convertible debenture	671	9
Share repurchase	(1,096,533)	(8,281)
Exercise of options	172,033	2,902
Balance, March 31, 2023	391,571,458	2,862,708

Share repurchase

On November 11, 2022, the TSX approved the Company's notice of intention to renew its Normal Course Issuer Bid ("NCIB"). The renewal allows the Company to repurchase on the open market (or as otherwise permitted), at its discretion during the period commencing on November 15, 2022 and ending on the earlier of November 14, 2023 or the completion of purchases under the NCIB, up to 39,228,719 common shares of the Company, subject to the normal terms and limitations of such bids, which include the number of common shares purchased in any 12 month period being limited to 10% of the common shares outstanding at the commencement of such period.

For the three-month period ended March 31, 2023, 1,096,533 common shares have been repurchased for cancellation for \$20,033, including commission, at a volume weighted average price of \$18.27, per common share. For the three-month period ended March 31, 2022, 5,810,200 common shares have been repurchased for cancellation for \$74,512, including commission, at a volume weighted average price of \$12.82 per common share. The Company applies trade date accounting in determining the date on which the share repurchase is reflected in the interim condensed consolidated financial statements. The trade date is the date on which the Company commits itself to purchase the shares.

Common share dividends

For the three-month period ended March 31, 2023, the Company declared \$39,157 in common share dividends or \$0.10 per common share (March 31, 2022 - \$30,982 or \$0.0775 per common share).

As at March 31, 2023, the accrued common share dividends were \$39,157 (December 31, 2022 – \$39,252).

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Increase in common share dividend

On November 8, 2022, the Board approved an increase in the quarterly common share dividend from \$.0775 to \$0.10 per share.

Preferred shares

The Company's cumulative 5-Year rate reset Preferred Shares series as at March 31, 2023 consist of the following:

Series	Issue date	Interest rate %	Gross \$	After tax transaction costs \$	Net proceeds \$	Shares #
A	December 17, 2013	6.93 ¹	115,000	4,625	110,375	4,600,000
C	March 7, 2014	6.21 ²	128,160	3,416	124,744	5,126,400
E	June 18, 2014	5.903 ³	133,048	3,054	129,994	5,321,900

1. On December, 20, 2018, Preferred Shares Series A dividend rate was reset from 6.60% to 6.93%.

2. On June 21, 2019, Preferred Shares Series C dividend rate was reset from 6.50% to 6.21%.

3. On September 19, 2019, Preferred Shares Series E dividend rate was reset from 6.40% to 5.903%.

Series I Preferred Shares Redemption

On June 30, 2022, the Company redeemed all of its 6,000,000 Series I Preferred Shares for a redemption price equal to \$25.00 per share for a total of \$150,000 together with all accrued and unpaid dividends.

Preferred share dividends

For the three-month period ended March 31, 2023, the Company declared \$5,946 in preferred share dividends (March 31, 2022 – \$8,103).

As at March 31, 2023, the accrued preferred share dividends were \$65 (December 31, 2022 – \$65).

8. SHARE-BASED COMPENSATION

Share-based compensation expense consists of the following:

	Three-month period ended	
	March 31, 2023	March 31, 2022
	\$	\$
(b) Deferred share units	1,073	386
(c) Performance share units	9,512	4,114
(d) Restricted share units	5,814	1,662
	16,399	6,163

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(a) Stock options

The changes in the number of stock options during the periods were as follows:

	Number of options #	Weighted average exercise price \$
Outstanding, December 31, 2021	5,524,785	8.45
Forfeited	(1,667)	12.65
Expired	(411,412)	12.49
Exercised ⁽¹⁾	(1,301,758)	10.94
Outstanding, December 31, 2022	3,809,948	7.17
Expired	(55,836)	12.65
Exercised ⁽¹⁾	(172,033)	12.61
Outstanding, March 31, 2023	3,582,079	6.82

1. Weighted average share price of options exercised during the three-month period ended March 31, 2023 was \$18.38 (year ended December 31, 2022 – \$14.92).

(b) Deferred share units, performance share units and restricted share units

	Deferred share units #	Performance share units #	Restricted share units #
Outstanding, December 31, 2021	771,453	2,119,340	1,531,924
Granted	136,526	1,863,612	928,360
Forfeited	—	(95,050)	(162,909)
Redeemed	(119,797)	(2,135,422)	(521,461)
Outstanding, December 31, 2022	788,182	1,752,480	1,775,914
Granted	28,913	1,093,210	671,231
Forfeited	—	—	(47,748)
Redeemed	(70,810)	(976,528)	(629,616)
Outstanding, March 31, 2023	746,285	1,869,162	1,769,781

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9. REVENUE

Set out below is the disaggregation of the Company's revenue before interest expense.

	Three-month period ended	
	March 31,	March 31,
	2023	2022
	\$	\$
Major service lines		
Interest income, net	147,311	82,929
Rental revenue	207,739	170,598
Gain on sale of equipment under operating leases	37,687	29,671
Depreciation of equipment under operating leases	<u>(142,981)</u>	<u>(122,550)</u>
Financing revenue before interest expense	249,756	160,648
Service revenue, net	130,426	110,452
Vehicle sales and end of contract fees	<u>25,773</u>	<u>21,390</u>
Servicing income, net	156,199	131,842
Syndication revenue, net	14,880	13,777
Net revenue before interest expense	<u>420,835</u>	<u>306,267</u>
Primary geographical markets		
US and Canada	277,818	199,498
Australia and New Zealand	73,773	62,952
Mexico	<u>69,244</u>	<u>43,817</u>
Net revenue before interest expense	<u>420,835</u>	<u>306,267</u>
Timing of revenue recognition		
Revenue earned at a point in time	150,491	125,034
Revenue earned over time	<u>270,344</u>	<u>181,233</u>
Net revenue before interest expense	<u>420,835</u>	<u>306,267</u>

Revenue earned at a point in time includes gain on sale of equipment under operating leases, commissions from repairs due to accidents, fuel, title and registration fees, syndication revenue, and vendor commissions. Revenue earned over time includes interest income and rental revenue, fleet maintenance and accident management fees, and telematics fees.

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A) Contract balances

	As at March 31, 2023	As at December 31, 2022
	\$	\$
Contract assets	19,819	21,574

Contract assets represent the costs the Company incurs to enter into service contracts with clients including certain commissions. Contract assets are recorded in the unamortized deferred costs and subsidies line within note 3. For the three-month period ended March 31, 2023, the Company has recorded \$3,132 of amortization on its service contract assets (March 31, 2022 - \$1,955).

B) Performance obligations

Fixed-fee Service Contracts. The Company provides separately priced and contracted service contracts to its fleet clients that include fuel cards, accident management services, and maintenance services. These service contracts generally have open-ended terms and can be in place as long as the client uses the underlying vehicle that is being serviced. Fees are billed monthly and revenue is recognized over the term of the agreement proportionally over the passage of time.

10. INCOME TAXES

The Company calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. IAS 34 requires this annual tax rate to be reviewed each quarter and applied to the profits earned to date.

The effective income tax rate was 22.80% for the three-month period ended March 31, 2023 (three-month period ended March 31, 2022 - 25.36%). The effective tax rate is lower than prior years reflecting year-over-year variances in pre-tax income and other tax related adjustments.

11. EARNINGS PER SHARE

Basic earnings per share is as follows:

	Three-month period ended	
	March 31, 2023	March 31, 2022
Net income attributable to shareholders	\$ 106,484	\$ 93,604
Cumulative dividends on preferred shares	(5,946)	(8,103)
Net income available to common shareholders	\$ 100,538	\$ 85,501
Weighted average number of common shares outstanding – basic (number)	392,220,198	401,574,625
Basic earnings per share	\$ 0.26	\$ 0.21

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Diluted earnings per share is as follows:

	Three-month period ended	
	March 31, 2023	March 31, 2022
Net income available to common shareholders adjusted for the effects of dilution	\$ 102,194	\$ 87,091
Weighted average number of common shares outstanding – basic (number)	392,220,198	401,574,625
Convertible debentures (number)	14,462,387	14,485,564
Dilutive stock options and warrants (number)	2,283,170	1,756,569
Weighted average number of common shares outstanding – diluted (number)	408,965,755	417,816,758
Diluted earnings per share	\$ 0.25	\$ 0.21

Instruments outstanding as at March 31, 2023 that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they were anti-dilutive, included nil stock options for the three-month period ended March 31, 2023 (March 31, 2022 - 1,241,554 stock options).

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12. CAPITALIZATION

The Company's objectives when managing capital are to ensure sufficient liquidity to support its financial objectives and strategic plans, to ensure its financial covenants are met and to maximize shareholder value. Element's funding activities are well diversified by facility, geography, investor, and lender and include both secured and unsecured sources.

The Company's capitalization is as follows, as at:

As at	March 31, 2023	December 31, 2022
	\$	\$
Cash	145,121	68,876
Unsecured debt		
Revolving senior credit facilities	2,654,291	1,893,323
4.250% Convertible Debentures due 2024	165,257	163,933
3.850% Senior Notes due 2025	541,744	541,792
1.600% Senior Notes due 2024	677,180	677,240
Term facilities	292,208	387,034
Vehicle Management Asset-Backed Debt		
Revolving term notes in amortization	925,534	1,115,459
Variable funding notes	4,213,900	4,120,361
Other	71,017	83,639
Deferred financing costs	(17,715)	(19,227)
Continuing involvement liability	62,012	54,173
Hedge accounting fair value adjustments	(34,319)	(45,935)
Total debt	9,551,109	8,971,792
Shareholders' equity		
Common share capital	2,862,708	2,868,078
Preferred share capital	365,113	365,113
Other	630,059	447,782
Total Shareholders' Equity	3,857,880	3,680,973
Total Capitalization	13,408,989	12,652,765

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13. GEOGRAPHIC INFORMATION

The Company primarily operates in the US and Canada, Australia and New Zealand, and Mexico.

Selected geographic assets are as follows:

	As at March 31, 2023				As at December 31, 2022			
	US and Canada	Australia and New Zealand	Mexico	Total	US and Canada	Australia and New Zealand	Mexico	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Select assets								
Finance receivables	7,230,519	421,406	959,331	8,611,256	6,724,114	415,542	929,730	8,069,386
Equipment under operating leases	33,912	1,304,678	1,673,625	3,012,215	35,329	1,318,913	1,452,599	2,806,841
Goodwill and intangible assets	2,110,907	30,466	11,830	2,153,203	2,118,822	30,307	10,570	2,159,699
Property, equipment and leasehold improvements	67,466	9,907	14,662	92,035	57,341	10,391	13,167	80,899
	9,442,804	1,766,457	2,659,448	13,868,709	8,935,606	1,775,153	2,406,066	13,116,825

Geographic selected assets are based on the location of the assets.

14. LEASES

The Company leases its office space and certain office equipment. The Company accounts for the lease components (fixed payments including rent and variable payments that depend on an index or rate) separately from the non-lease components (e.g. common-area maintenance costs).

Most leases include one or more options to renew, with renewal terms that can extend the lease term from one to 10 years or more. The exercise of lease renewal options is at the sole discretion of the Company and is included in determining the lease liability and right-of-use asset if the Company assesses it is highly likely to exercise the lease renewal options at the inception of the lease. Subsequent to the inception of the lease, management continues to evaluate the likelihood of exercising the lease renewal options to ensure it aligns with the Company's business strategy. Adjustments to the lease liability and right-of-use asset as a result of a modification to the expected lease term are made in accordance with IFRS 16.

The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. Certain of the Company's leases include rental payments adjusted periodically for inflation. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Management evaluates all facilities to ensure the Company's footprint continues to support business activities, employees and client needs. In support of this and to align with the Company's growth strategy, the Company closed certain facilities in the US, Canada, Australia and New Zealand during the year ended December 31, 2020. The remaining lease liability for the closed facilities is \$1,874 as at March 31, 2023 (December 31, 2022 - \$2,135).

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		As at March 31, 2023	As at December 31, 2022
		\$	\$
Assets	Classification		
Right-of-use assets	Buildings, net of accumulated depreciation ⁽¹⁾	64,521	55,748
Liabilities	Classification		
Lease liabilities	Accounts payable and accrued liabilities	72,667	64,272

1. As at March 31, 2023, right-of-use assets are recorded net of accumulated amortization of \$53,578 (December 31, 2022 - \$54,324).

		Three-month period ended	
		March 31, 2023	March 31, 2022
		\$	\$
Lease cost	Classification		
Amortization of leased assets	Depreciation and amortization	2,958	2,809
Interest on lease liabilities	Interest expense	569	506
Net lease cost		3,527	3,315

	As at March 31, 2023
	\$
Maturity of lease liabilities	
2023	8,605
2024	7,077
2025	5,522
2026	5,444
2027	5,771
Thereafter	40,248

	As at March 31, 2023	As at December 31, 2022
Lease Term and Discount Rate		
Weighted-average remaining lease term (years)	11.5	11.7
Weighted-average discount rate	3.22 %	2.91 %

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, between market participants in an orderly transaction in the principal market at the measurement date under current market conditions (i.e., the exit price). The determination of fair value requires judgment and is based on market information, where available and appropriate. Fair value measurements are categorized into three levels within a fair value hierarchy (Level 1, 2, or 3) based on the valuation inputs used in measuring the fair value, as outlined below.

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- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities the Company can access at the measurement date. Bid prices, ask prices or prices within the bid and ask, which are the most representative of the fair value, are used as appropriate to measure fair value. Fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where transactions are occurring with sufficient frequency and volume to provide quoted prices on an ongoing basis.
- Level 2 – Quoted prices for identical assets or liabilities in markets that are inactive or observable market quotes for similar instruments, or use of valuation techniques where all significant inputs are observable. Inactive markets may be characterized by a significant decline in the volume and level of observed trading activity or through large or erratic bid/offer spreads. In instances where traded markets do not exist or are not considered sufficiently active, we measure fair value using valuation models.
- Level 3 – Non-observable or indicative prices or use of valuation techniques where one or more significant inputs are non-observable.

Valuation methods and assumptions

Finance lease receivables, finance loan receivables, and borrowings on finance receivables

The assertion that the carrying value of the finance receivables and borrowings approximates fair value requires the use of estimates and significant judgment. The finance receivables securing the borrowings were credit scored based on an internal model that is not used in market transactions. They comprise a large number of transactions with commercial clients in different businesses, are secured by liens on various types of equipment and may be guaranteed by third parties and cross collateralized. The fair value of any receivable would be affected by a potential buyer's assessment of the transaction's credit quality, collateral value, guarantees, payment history, yield, term, documents and other legal matters, and other subjective considerations. Value received in a fair market sale transaction would be based on the terms of the sale, the buyer's views of the economic and industry conditions, the Company's and the buyer's tax considerations, and other factors.

Convertible debentures

The debt component of convertible debentures is recorded at fair value on initial recognition and subsequently carried at amortized cost. The fair market value of the debt component is calculated by discounting the stream of remaining payments at 5.50%, which represents the rate of interest prevailing for instruments of similar terms and risks without the conversion feature.

Derivatives

The fair values of derivatives are determined by the derivative counterparty using the related interest rate swap curves, foreign exchange forward values, intrinsic values and/or the Company's stock price for the total return swaps.

Investments

The fair value through profit and loss ("FVTPL") investments are valued based on bids received in the private market or using valuation techniques and/or inputs that are based on unobservable market data.

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Accounts receivable, accounts payable, and accrued liabilities

The carrying value of the accounts receivable, accounts payable, and accrued liabilities approximates their fair value.

The tables below summarize the Company's fair value measurement hierarchy for its financial assets and financial liabilities. There were no transfers between Level 2 and Level 3 for the years presented and there were no significant changes in valuation techniques or the range of significant non-observable inputs used in measuring the Company's Level 3 financial assets and liabilities during the year.

	As at March 31, 2023				Total
	Carrying value	Level 1 Quoted market price	Level 2 Observable market inputs	Level 3 Non-observable market inputs	
	\$	\$	\$	\$	\$
Financial assets					
Assets not carried at fair value					
Cash	145,121	145,121	—	—	145,121
Finance lease receivables ¹	8,199,540	—	—	8,199,540	8,199,540
Finance loans receivables	349,704	—	—	349,704	349,704
Accounts receivable and other assets	212,983	—	—	212,983	212,983
Assets held at fair value					
Derivative financial assets					
Interest rate swaps	78,456	—	78,456	—	78,456
Interest rate caps	—	—	—	—	—
Equity swaps	20,321	—	20,321	—	20,321
Investments classified as FVTPL	8,173	—	—	8,173	8,173
Total financial assets	9,014,298	145,121	98,777	8,770,400	9,014,298
Financial liabilities					
Liabilities not carried at fair value					
Accounts payable and accrued liabilities	1,453,550	—	—	1,453,550	1,453,550
Borrowings on finance receivables ¹	9,323,840	—	—	9,323,840	9,323,840
Convertible debentures	165,257	—	168,910	—	168,910
Liabilities held at fair value					
Derivative financial liabilities					
Interest rate swaps	66,455	—	66,455	—	66,455
Total financial liabilities	11,009,102	—	235,365	10,777,390	11,012,755

1. As at March 31, 2023, the finance lease receivables and borrowings on finance receivables exclude the continuing involvement asset and liability, respectively, of \$62,012.

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	As at December 31, 2022				Total \$
	Carrying value	Level 1 Quoted market price	Level 2 Observable market inputs	Level 3 Non- observable market inputs	
	\$	\$	\$	\$	
Financial assets					
Assets not carried at fair value					
Cash	68,876	68,876	—	—	68,876
Finance lease receivables	7,712,397	—	—	7,712,397	7,712,397
Finance loans receivables	302,816	—	—	302,816	302,816
Accounts receivable and other assets	206,267	—	—	206,267	206,267
Assets held at fair value					
Derivative financial assets					
Interest rate swaps	109,833	—	109,833	—	109,833
Interest rate caps	170	—	170	—	170
Equity Swaps	21,940	—	21,940	—	21,940
Investments classified as FVTPL	9,550	—	—	9,550	9,550
Total financial assets	8,431,849	68,876	131,943	8,231,030	8,431,849
Financial liabilities					
Liabilities not carried at fair value					
Accounts payable and accrued liabilities	1,465,198	—	—	1,465,198	1,465,198
Borrowings on finance receivables	8,753,686	—	—	8,753,686	8,753,686
Convertible debentures	163,933	—	168,432	—	168,432
Liabilities held at fair value					
Derivative financial liabilities					
Interest rate swaps	81,730	—	81,730	—	81,730
Total financial liabilities	10,464,547	—	250,162	10,218,884	10,469,046

1. As at December 31, 2022, the finance lease receivables and borrowings on finance receivables exclude the continuing involvement asset and liability, respectively, of \$54,173.

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16. SYNDICATIONS

The following represents the detail of the Company's syndicated assets that qualify for full derecognition:

		As at March 31, 2023	As at December 31, 2022
	Classification	\$	\$
Allowance for early termination	Accounts payable and accrued liabilities	9,058	7,518
Deferred servicing fee	Finance receivables	282	323

The following represents the detail of the Company's syndicated assets subject to continuing involvement:

		As at March 31, 2023	As at December 31, 2022
	Classification	\$	\$
Continuing involvement in syndicated assets	Finance receivables	62,012	54,173
Liabilities associated with continuing involvement in syndicated assets	Secured borrowings	62,012	54,173
Allowance for early termination	Accounts payable and accrued liabilities	8,458	9,181
Net book value of assets related to deals remaining in continuing involvement	N/A	2,584,428	2,339,900

The following represents the detail of the Company's syndicated assets for the:

		Three-month period ended March 31, 2023	March 31, 2022
	Classification	\$	\$
Syndication revenue, net	Syndication revenue, net	14,880	13,777
Net book value of assets syndicated	n/a	689,605	660,698

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**

(unaudited, in thousands of Canadian dollars, except where otherwise noted and per share amounts)

March 31, 2023

17. SUBSEQUENT EVENTS

On April 25, 2023, the Company issued USD \$750,000 of vehicle management asset-backed term notes. The proceeds from this issuance were used to pay down variable funding notes, increasing the available capacity in variable note borrowings by a similar amount.