



Q3 Report to Shareholders



Move the world
through intelligent mobility



Our Purpose focuses on what we do and our unwavering commitment to client-centric service, leadership within the industry, and the positive impact we make today for a better tomorrow. To *Move the world* is an embodiment of our dedication to seamless, intelligent mobility — reinforcing the impact we can make in reshaping the world through our services and commitment to building a sustainable future.

The following management discussion and analysis ("MD&A") dated November 13, 2024, provides information management believes is relevant to an assessment and understanding of the consolidated financial condition and consolidated results of operations of Element Fleet Management Corp. (the "Company", "we" or "Element") as at and for the three and nine-month periods ended September 30, 2024. This MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and accompanying notes as at and for the three and nine-month periods ended September 30, 2024 and the Company's latest annual information form (AIF) both filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and are incorporated by reference herein. All dollar amounts in this MD&A are expressed in U.S. dollars unless otherwise specified and all numbers are in thousands, unless otherwise specified or for per share amounts or percentages or ratios. Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's website at www.elementfleet.com. The Company's functional currency is the Canadian dollar.

This MD&A refers to certain non-GAAP and supplemental financial measures, which we believe are useful in assessing our financial performance. Readers are cautioned that these measures do not have any standard meaning prescribed by GAAP under International Financial Reporting Standards ("IFRS") and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information related to non-GAAP measures and a reconciliation to their nearest IFRS measures, please read "IFRS to Non-GAAP Reconciliations" section at the end of this MD&A. Our Board of Directors has authorized this MD&A.

CAUTIONARY STATEMENT

THIS ANALYSIS HAS BEEN PREPARED TAKING INTO CONSIDERATION INFORMATION AVAILABLE TO NOVEMBER 13, 2024. CERTAIN STATEMENTS IN THIS MD&A, OTHER THAN STATEMENTS OF HISTORICAL FACT, ARE FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF APPLICABLE SECURITIES LAWS AND MAY CONTAIN FORWARD-LOOKING INFORMATION. SUCH STATEMENTS ARE BASED UPON ELEMENT'S AND ITS MANAGEMENT'S CURRENT INTERNAL EXPECTATIONS, ESTIMATES, PROJECTIONS, ASSUMPTIONS AND BELIEFS. THESE STATEMENTS MAY INCLUDE, WITHOUT LIMITATION, STATEMENTS REGARDING THE OPERATIONS, BUSINESS, FINANCIAL CONDITION, EXPECTED FINANCIAL RESULTS, PERFORMANCE, PROSPECTS, OPPORTUNITIES, PRIORITIES, TARGETS, GOALS, ONGOING OBJECTIVES, STRATEGIES AND OUTLOOK OF ELEMENT. FORWARD-LOOKING STATEMENTS INCLUDE STATEMENTS THAT ARE PREDICTIVE IN NATURE, AND DEPEND UPON OR REFER TO FUTURE EVENTS OR CONDITIONS. IN SOME CASES, WORDS SUCH AS "PLAN", "EXPECT", "INTEND", "BELIEVE", "ANTICIPATE", "ESTIMATE", "TARGET", "PROJECT", "FORECAST", "MAY", "IMPROVE", "WILL", "POTENTIAL", "PROPOSED" AND OTHER SIMILAR WORDS, OR STATEMENTS THAT CERTAIN EVENTS OR CONDITIONS "MAY" OR "WILL" OCCUR ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS AND FORWARD-LOOKING INFORMATION. FORWARD-LOOKING STATEMENTS (INCLUDING THOSE REGARDING FINANCIAL OUTLOOK) ARE PROVIDED FOR THE PURPOSES OF ASSISTING THE READER IN UNDERSTANDING ELEMENT AND ITS BUSINESS, OPERATIONS, RISKS, SUSTAINABILITY, FINANCIAL PERFORMANCE, FINANCIAL POSITION AND CASH FLOWS AS AT AND FOR THE PERIODS ENDED ON CERTAIN DATES AND TO PRESENT INFORMATION ABOUT MANAGEMENT'S CURRENT EXPECTATIONS AND PLANS RELATING TO THE FUTURE AND THE READER IS CAUTIONED THAT SUCH STATEMENTS MAY NOT BE APPROPRIATE FOR OTHER PURPOSES. THESE STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS OR EVENTS TO DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THE FORWARD-LOOKING STATEMENTS OR INFORMATION. UNDUE RELIANCE SHOULD NOT BE PLACED ON THESE FORWARD-LOOKING STATEMENTS, AS THERE CAN BE NO ASSURANCE THAT THE PLANS, INTENTIONS OR EXPECTATIONS UPON WHICH THEY ARE BASED WILL OCCUR. BY ITS NATURE, FORWARD-LOOKING INFORMATION INVOLVES NUMEROUS ASSUMPTIONS, KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES, BOTH GENERAL AND SPECIFIC, THAT CONTRIBUTE TO THE POSSIBILITY THAT THE EXPECTATIONS, PREDICTIONS, FORECASTS, PROJECTIONS, CONCLUSIONS OR OTHER FORWARD-LOOKING STATEMENTS WILL NOT OCCUR OR PROVE ACCURATE, THAT ASSUMPTIONS MAY NOT BE CORRECT AND THAT OBJECTIVES, STRATEGIC GOALS AND PRIORITIES WILL NOT BE ACHIEVED. SUCH FORWARD-LOOKING STATEMENTS AND INFORMATION IN THIS MD&A SPEAK ONLY AS OF THE DATE OF THIS MD&A. THE FORWARD-LOOKING INFORMATION AND STATEMENTS CONTAINED IN THIS MD&A REFLECT SEVERAL MATERIAL FACTORS, EXPECTATIONS AND ASSUMPTIONS OF ELEMENT INCLUDING, WITHOUT LIMITATION: THAT ELEMENT WILL CONDUCT ITS OPERATIONS IN A MANNER CONSISTENT WITH ITS EXPECTATIONS AND, WHERE APPLICABLE, CONSISTENT WITH PAST PRACTICE; SUCCESSFUL IMPLEMENTATION OF STRATEGIC INITIATIVES AND THE EXPECTED BENEFITS AND COSTS OF SUCH INITIATIVES; ACCEPTABLE NEGOTIATIONS WITH THIRD PARTIES; THE CONTINUANCE OF EXISTING (AND IN CERTAIN CIRCUMSTANCES, THE IMPLEMENTATION OF PROPOSED) TAX AND REGULATORY REGIMES; EXPECTATIONS REGARDING GOVERNMENT POLICIES, LEGISLATION AND REGULATORY ACTIONS IN RESPECT OF SUSTAINABILITY AND RELATED MATTERS; CERTAIN COST ASSUMPTIONS; THE CONTINUED AVAILABILITY OF ADEQUATE DEBT AND/OR EQUITY FINANCING AND CASH FLOW TO FUND ITS CAPITAL AND OPERATING REQUIREMENTS AS

NEEDED; THE EXTENT OF ITS ASSETS AND LIABILITIES; THE COMPANY'S NET FINANCING REVENUE YIELD ON AVERAGE NET EARNING ASSETS; GROWTH IN LEASE RECEIVABLES AND SERVICE INCOME; EXPECTATIONS REGARDING SYNDICATION; RATE OF COST INFLATION; APPLICABLE FOREIGN EXCHANGE RATES AND APPLICABLE INCOME TAX RATES; THE COMPANY'S FUNDING MIX; THE IMPACT OF VEHICLE MANUFACTURERS' ABILITY TO DELIVER VEHICLES; AND ANY IMPACTS OF PANDEMICS OR OTHER HEALTH THREATS ON INDUSTRY AND MARKET CONDITIONS. ELEMENT BELIEVES THE MATERIAL FACTORS, EXPECTATIONS AND ASSUMPTIONS REFLECTED IN THE FORWARD-LOOKING INFORMATION AND STATEMENTS ARE REASONABLE BUT NO ASSURANCE CAN BE GIVEN THAT THESE FACTORS, EXPECTATIONS AND ASSUMPTIONS WILL PROVE TO BE CORRECT.

FORWARD-LOOKING STATEMENTS AND INFORMATION IN THIS MD&A INCLUDE, BUT ARE NOT LIMITED TO, STATEMENTS WITH RESPECT TO: ELEMENT'S REVENUES, EXPENSES, RUN-RATE AND OPERATIONS, FUTURE CASH FLOWS, FINANCIAL CONDITION, OPERATING PERFORMANCE, SUSTAINABILITY PERFORMANCE AND TARGETS, FINANCIAL RATIOS, PROJECTED ASSET BASE AND CAPITAL STRUCTURE; ELEMENT'S EXPECTATIONS REGARDING THE IMPLEMENTATION OF STRATEGIC INITIATIVES AND THE EXPECTED BENEFITS AND COSTS OF SUCH INITIATIVES; ELEMENT'S ABILITY TO ACHIEVE ITS SUSTAINABILITY OBJECTIVES; ELEMENT ACHIEVING ITS DIGITAL PLATFORM AMBITIONS; THE AUTOFLEET ACQUISITION ENABLING THE COMPANY TO SCALE ITS BUSINESS MORE QUICKLY, ACHIEVE OPERATIONAL EFFICIENCIES, INCREASE CLIENT AND SHAREHOLDER VALUE AND UNLOCK NEW REVENUE STREAMS; ELEMENT'S EXPECTATIONS IN RESPECT OF ITS SUPPLY CHAIN AND THE TIMING AND VOLUME OF VEHICLE PRODUCTION; ELEMENT'S ABILITY TO RENEW OR REFINANCE CREDIT AND SECURITIZATION FACILITIES; ELEMENT'S STRATEGY TO IMPROVE AND OPTIMIZE THE CLIENT EXPERIENCE AND CLIENT ACQUISITION AND RETENTION; ELEMENT'S EXPECTATIONS REGARDING SYNDICATION; ELEMENT'S ANTICIPATED CASH NEEDS, CAPITAL REQUIREMENTS AND ITS NEEDS FOR ADDITIONAL FINANCING; ELEMENT'S FUTURE GROWTH PLANS; ELEMENT'S EXPECTATIONS REGARDING ITS ORIGINATION VOLUMES; ELEMENT'S ANTICIPATED DELINQUENCY RATES AND CREDIT LOSSES; ELEMENT'S ABILITY TO ATTRACT AND RETAIN PERSONNEL; ELEMENT'S TECHNOLOGY AND DATA, AND EXPECTED USES AND BENEFITS; ELEMENT'S COMPETITIVE POSITION AND ITS EXPECTATIONS REGARDING COMPETITION; ANTICIPATED TRENDS AND CHALLENGES IN ELEMENT'S BUSINESS AND THE MARKETS IN WHICH IT OPERATES; THE EVOLUTION OF ELEMENT'S BUSINESS AND THE FLEET MANAGEMENT INDUSTRY; ELEMENT'S GROWTH PROSPECTS AND ITS OBJECTIVES, VISION AND STRATEGIES; ELEMENT'S OPERATIONS AND ABILITY TO DRIVE OPERATIONAL EFFICIENCIES; ELEMENT'S ASSESSMENT AND EXPECTATIONS REGARDING ITS ASSETS; ELEMENT'S BUSINESS STRATEGY; ELEMENT'S EXPECTATION REGARDING THE AVAILABILITY OF FUNDS FROM OPERATIONS, CASH FLOW GENERATION AND CAPITAL ALLOCATION; ELEMENT'S BUSINESS OUTLOOK AND OTHER EXPECTATIONS REGARDING FINANCING OR OPERATING PERFORMANCE METRICS; THE EVOLUTION OF OPERATIONS AND THE DEVELOPMENT OF PERFORMANCE INDICATORS, AND OTHER FINANCIAL PERFORMANCE METRICS; THE FUTURE FINANCIAL REPORTING OF ELEMENT; FUTURE DEMAND FOR ELEMENT'S SERVICES; ELEMENT'S BORROWING BASE; THE EXTENT, NATURE AND IMPACT OF ANY VALUE DRIVER TO CREATE, AND THE ABILITY TO GENERATE, PRE-TAX RUN-RATE OPERATING INCOME; ELEMENT'S ABILITY TO INCREASE TOTAL SHAREHOLDER RETURN; ELEMENT'S DIVIDEND POLICY AND THE PAYMENT OF FUTURE DIVIDENDS; ELEMENT'S PROPOSED SHARE PURCHASES, INCLUDING THE NUMBER OF COMMON SHARES TO BE REPURCHASED, THE TIMING THEREOF AND TSX ACCEPTANCE OF ANY RENEWAL OF THE NORMAL COURSE ISSUER BID; ANY IMPACT THAT PANDEMICS OR OTHER HEALTH EVENTS MAY HAVE ON ELEMENT'S FINANCIAL CONDITION, OPERATING RESULTS AND CASH FLOWS. THE READER IS CAUTIONED TO CONSIDER THESE AND OTHER FACTORS, UNCERTAINTIES AND POTENTIAL EVENTS CAREFULLY AND NOT TO PUT UNDUE RELIANCE ON FORWARD-LOOKING STATEMENTS. INFORMATION CONTAINED IN FORWARD-LOOKING STATEMENTS IS BASED UPON CERTAIN MATERIAL ASSUMPTIONS THAT WERE APPLIED IN DRAWING A CONCLUSION OR MAKING A FORECAST OR PROJECTION, INCLUDING MANAGEMENT'S PERCEPTIONS OF HISTORICAL TRENDS, CURRENT CONDITIONS AND EXPECTED FUTURE DEVELOPMENTS, AS WELL AS OTHER CONSIDERATIONS THAT ARE BELIEVED TO BE APPROPRIATE IN THE CIRCUMSTANCES. ALTHOUGH ELEMENT BELIEVES THAT THE EXPECTATIONS REFLECTED IN THE FORWARD-LOOKING STATEMENTS ARE REASONABLE, THERE CAN BE NO ASSURANCE THAT SUCH EXPECTATIONS WILL PROVE TO BE CORRECT. ELEMENT CANNOT GUARANTEE FUTURE RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS. MOREOVER, NEITHER ELEMENT NOR ANY OTHER PERSON ASSUMES RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE FORWARD-LOOKING STATEMENTS AND INFORMATION.

SOME OF THE RISKS AND OTHER FACTORS, SOME OF WHICH ARE BEYOND ELEMENT'S CONTROL, WHICH COULD CAUSE RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED IN THE FORWARD-LOOKING STATEMENTS AND INFORMATION CONTAINED IN THIS MD&A, INCLUDE, BUT ARE NOT LIMITED TO, THOSE SET FORTH UNDER THE HEADING "RISK MANAGEMENT" HEREIN AND UNDER THE HEADING "RISK FACTORS" IN ELEMENT'S ANNUAL INFORMATION FORM FOR THE YEAR ENDED DECEMBER 31, 2023. READERS ARE CAUTIONED THAT SUCH RISK FACTORS ARE NOT EXHAUSTIVE. THE FORWARD-LOOKING STATEMENTS CONTAINED IN THIS MD&A ARE EXPRESSLY QUALIFIED BY THIS CAUTIONARY STATEMENT. OTHER THAN AS SPECIFICALLY REQUIRED BY APPLICABLE CANADIAN LAW, ELEMENT UNDERTAKES NO OBLIGATION TO UPDATE ANY FORWARD-LOOKING STATEMENT TO REFLECT EVENTS OR CIRCUMSTANCES AFTER THE DATE ON WHICH SUCH STATEMENT IS MADE, OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR RESULTS, OR OTHERWISE.

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Selected Financial Highlights

	For the three-month period ended			For the nine-month period ended	
(in US\$000's except per share amounts unless otherwise noted)	September 30, 2024	June 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	US\$	US\$	US\$	US\$	US\$
Reported results					
Servicing income, net	146,903	140,123	131,087	434,079	373,002
Net financing revenue	116,090	122,409	104,719	345,677	308,642
Syndication revenue, net	16,643	12,045	12,890	36,914	32,326
Net revenue	279,636	274,577	248,696	816,670	713,970
Operating expenses	139,367	131,581	117,227	403,447	347,664
Operating income¹	140,269	142,996	131,469	413,223	366,306
Operating margin²	50.2 %	52.1 %	52.9 %	50.6 %	51.3 %
Total expenses	145,669	139,393	124,026	424,540	368,437
Income before income taxes	133,967	135,184	124,670	392,130	345,533
Net Income	98,565	102,698	95,971	295,080	264,032
Earnings per share (EPS) – basic	0.24	0.26	0.24	0.73	0.64
Earnings per share (EPS) – diluted	0.24	0.26	0.23	0.73	0.63
<i>Earnings per share (EPS) – basic [\$CAD]</i>	<i>0.33</i>	<i>0.35</i>	<i>0.32</i>	<i>0.99</i>	<i>0.86</i>
<i>Earnings per share (EPS) – diluted [\$CAD]</i>	<i>0.33</i>	<i>0.35</i>	<i>0.31</i>	<i>0.99</i>	<i>0.84</i>
Adjusted results⁴					
Adjusted net revenue	279,636	274,577	248,696	816,670	713,970
Adjusted operating expenses³	118,209	121,724	108,089	358,783	318,411
Adjusted operating income (AOI)¹	161,427	152,853	140,607	457,887	395,559
Adjusted operating margin²	57.7 %	55.7 %	56.5 %	56.1 %	55.4 %
Adjusted net income	119,537	115,404	106,861	343,364	300,574
Adjusted EPS [basic]	0.29	0.29	0.26	0.85	0.74
Adjusted EPS [diluted]	0.29	0.29	0.26	0.84	0.72
<i>Adjusted EPS [basic] [\$CAD]</i>	<i>0.40</i>	<i>0.39</i>	<i>0.35</i>	<i>1.16</i>	<i>0.99</i>
<i>Adjusted EPS [diluted] [\$CAD]</i>	<i>0.40</i>	<i>0.39</i>	<i>0.34</i>	<i>1.16</i>	<i>0.97</i>
Other highlights					
Originations (excluding Armada) ⁴	1,715,828	1,976,014	1,556,966	5,233,725	4,850,430
Vehicles under management (VUM) ⁴ – end of period	1,497	1,499	1,501	1,497	1,501
Adjusted free cash flow per share ⁴	0.36	0.38	0.32	1.09	0.94
<i>Adjusted free cash flow per share [\$CAD]</i>	<i>0.49</i>	<i>0.52</i>	<i>0.42</i>	<i>1.48</i>	<i>1.25</i>
Weighted average common shares outstanding – basic	403,609	390,013	389,511	394,295	390,696
Weighted average common shares outstanding – diluted	403,768	390,163	404,509	394,447	405,677
<i>Dividends declared per common share [\$CAD]</i>	<i>0.12</i>	<i>0.12</i>	<i>0.10</i>	<i>0.36</i>	<i>0.30</i>
Return on equity (ROE)	12.8 %	12.6 %	12.8 %	12.8 %	12.8 %

¹ Calculated as net revenue less operating expenses.

² Calculated as operating income divided by net revenue.

³ Adjusted operating expenses are calculated as operating expenses less one-time strategic initiatives costs, share-based compensation and amortization of convertible debenture discount.

⁴ Considered to be a non-GAAP or supplemental financial measures, which do not have any standard meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information, please see the "IFRS to Non-GAAP Reconciliations" section in this MD&A. The Company utilizes non-GAAP or supplemental financial measures, such as adjusted results, originations and VUM to assess its businesses and to measure performance. To arrive at adjusted results, the Company adjusts reported results for "adjusting items".

Company Overview

Element Fleet Management Corp. ("Element") is the largest publicly traded, pure-play automotive fleet manager in the world, driven by our purpose to *Move the world through intelligent mobility*.

We provide a full range of fleet services and solutions to a growing base of world-class clients – corporations, governments and not for profits – across North America, Australia and New Zealand.

Our services address every aspect of clients' fleet requirements, from vehicle acquisition, maintenance, accidents and remarketing, to integrating EVs and managing the complexity of gradual fleet electrification. Clients benefit from our expertise as one of the largest fleet solutions providers in our markets, offering economies of scale and insight used to reduce fleet operating costs, improve productivity of both vehicles and their drivers, and improve performance.

Element has 1.5 million vehicles under management ("VUM"¹) (September 30, 2024).

We utilize various revenue levers to deliver revenue growth. These include:



1. Every "VUM" is one unique vehicle (a) receiving or subscribed to one or more of our services, and/or (b) financed by us, whether or not subsequently syndicated. In calculating VUM, we apply certain judgements and make certain estimates, including in respect of a small number of single-service usage-based VUM. Certain estimates rely on information provided by our clients that could not be definitively validated. While there are inherent subjectivities in the VUM calculation due to these judgements and estimates, we believe that such judgements and estimates are reasonable.

Completion of Autofleet Acquisition

On October 1, 2024, we completed the acquisition of Autofleet Solutions Ltd. ("Autofleet"), an innovator in fleet and mobility solutions, for a purchase price of \$110 million plus standard working capital adjustments. Autofleet has a robust and highly scalable fleet optimization technology platform alongside optimized mobility solutions tailored for the fleet industry.

This transaction marks an important milestone for our clients and our business, unlocking new growth and value creation potential. By accelerating our digitization and automation initiatives, we aim to deliver innovative and efficient fleet and mobility solutions tailored to our clients' needs. The addition of Autofleet will enhance our position in the evolving mobility and vehicle connectivity landscape.

As a wholly owned subsidiary of the Company, Autofleet's financial results will be consolidated with our financial results beginning in the fourth quarter of 2024. In connection with this acquisition, we issued 1.3 million common shares from Treasury, which represented 25% of the total consideration paid. This acquisition does not affect the Company's previously issued full-year 2024 guidance. Q3 2024 included \$7 million in acquisition-related costs in connection with the completion of this transaction.

Strategic Initiatives Update

As previously disclosed, we are optimizing our business by centralizing accountability for our U.S. and Canadian leasing operations and establishing a strategic sourcing presence in Asia. We continue to expect these initiatives to generate between \$30 - \$45 million of run-rate net revenue, and between \$22 - \$37 million of run-rate adjusted operating income ("AOI"), by full-year 2028.

Both initiatives are fully operational. The expected payback period from our investments remains unchanged at less than 2.5 years.

Effect of Foreign Currency Exchange Rate Changes

Effective Q1 2024, we transitioned our financial reporting currency from the Canadian dollar to the U.S. dollar. Element cautions readers that the transition to U.S. dollar reporting does not entirely eliminate foreign exchange fluctuations from our financial performance. We are exposed to fluctuations in certain foreign currencies from operations we conduct in Mexico, Australia, New Zealand, and Canada. We performed a foreign exchange sensitivity analysis to assess potential mitigating actions. Additionally, we instituted certain designated hedges that further mitigate the effects of FX exposure on our financial performance. Notwithstanding, our assets, liabilities, and foreign operating results do fluctuate as a result of fluctuations in these currencies against the reporting currency, now being the U.S. dollar. Based on our latest analysis, a 1% depreciation (appreciation) in the value of the U.S. dollar against all of the Mexican peso, Australian dollar, New Zealand dollar, and Canadian dollar simultaneously would be expected to increase (decrease) adjusted operating income by approximately \$3.6 million with Mexico representing approximately 68% of the total aggregate impact.

Average exchange rate for the three-months ended	September 30, 2024	June 30, 2024	September 30, 2023
Canadian dollar/U.S. dollar	0.7331	0.7297	0.7454
Mexican Peso/U.S. dollar	0.0529	0.0551	0.0586
Australian dollar/U.S. dollar	0.6700	0.6639	0.6546
New Zealand dollar/U.S. dollar	0.6114	0.6131	0.6048

For further information relating to items impacting our Unaudited Interim Condensed Consolidated Financial Statements please refer to Note 2 (*Summary of Significant Accounting Policies*) of our Interim Condensed Consolidated Financial Statements dated September 30, 2024.

Global Balanced Scorecard

We use a global balanced scorecard ("Global BSC") strategy and performance management system, which forges tight alignment and focus throughout the Company, resulting in the rapid advancement of our strategic objectives. The balanced scorecard frames Element in four dimensions, each representing one of our main pillars: our clients, business, employees, and investors.

We either achieved or outperformed on all of our Global BSC metrics in Q3 2024, including Net Promoter Score (NPS), cost savings, EV acceptance, net revenue, and operational effectiveness. Our commitment to sustainability, diversity, and risk management is evident through our indices, while strong financial performance is reflected in adjusted EPS, free cash flow per share and return on equity.



Our Clients

Earning our clients' loyalty

Elevating the client and driver experience remains a strategic focus for us. One of the key indicators of our success in delivering an exceptional client experience is our Net Promoter Score (NPS).

At the end of Q3 2024, our global NPS was 49. This represents an improvement from a score of 45 at the end of 2023 but down from a score of 50 in Q2 2024. Client engagement has improved for five consecutive quarters, reflecting strong partnerships and valuable client feedback. This feedback ensures that we continually incorporate the client's voice into our commitments, elevating both the client and driver experience to best-in-class standards.

Creating compelling value for our clients

Our global Strategic Advisory Services (SAS) team is committed to delivering substantial value to our clients. We achieve this by proactively identifying each client's unique fleet challenges and opportunities, and then responding with tailored solutions and strategies.

In Q3 2024, our SAS team launched a best-in-class identifier tool that enables our advisors to exceed traditional cost-per-mile savings benchmarks, thereby setting new savings standards for both our advisors and clients. Additionally, by leveraging AI, we have classified clients based on vehicle or usage commonalities across different segments. This approach enhances benchmark comparisons, providing our advisors with more profound insights to share with clients. We are also developing a client portal to help our advisors better manage their clients and share best practices automatically. We anticipated launching the tool in Q4 2024.

In Q3 2024, our teams identified and shared over \$434 million of fleet operating cost savings opportunities with clients, of which approximately \$167 million in value was “actioned” by clients (inclusive of vendor, warranty, repair negotiations, subrogation recovery, productivity, etc.).

Enabling client fleet electrification

We continue to make progress on advancing the reach of our EV programs across clients. In the U.S. & Canada, in addition to BEV deployment, we have continued to expand our charging programs with more chargers being installed for clients.

We have improved our client engagement processes with a focus on change management and high-touch service for drivers, leading to positive feedback and anticipated increased penetration with large clients. Our new charger financing and service products are gaining greater traction with clients. The growth of our home charging programs is supported by a strong pipeline of clients seeking depot or workplace charging solutions. Product developments continue through new hardware and software partnerships, enhancing our service capabilities and data insights. We have also made technology focused investments focused on enhancing our backend to better integrate EV's into our core fleet management services.

In Mexico, we continue to expand relationships with local charging infrastructure service providers to better serve our commercial clients. In Q3 2024, we initiated depot projects for two major clients and discussed depot service and financing options. We also joined the Electromobility Association (EMA), positioning us to play an influential role in the electromobility decision-making process in the country. Additionally, in ANZ, we partnered with EVIE to expand public charging access in Australia and secured new deals to support home charging.

Our Business

Consistently meeting service commitments

In Q3 2024, our maintenance team continued to drive cost efficiencies and enhance client service. We negotiated an average savings of 14.6% per transaction and completed 83.4% of repairs within the estimated time.

Driver satisfaction remained high at 96.1%, with in-network utilization at 82.1%. Digital adoption in our contact center grew, with more clients using chat and chatbot. We also expanded digital transactions to Mexico and introduced enhanced warranty features for better cost management.

Continuously improving the way we work

Our Continuous Improvement and Automation team remains committed to driving innovation, process optimization and automation by using AI and Machine Learnings tools.

Our automation solutions have improved operational efficiency, benefiting both employees and clients. By handling routine tasks, our teams can turn their attention to strategic and client-

focused activities. The team helps launch new products and enhance current services. They regularly review key cycle time factors and client feedback to prioritize and advance projects.

Prudently managing our risks

Our Enterprise Risk Council (the “Council”) is a cross-functional group led by our Chief Financial Officer. Risk owners from across Element regularly update the Council on their risks, the steps to mitigate these risks, and any potential emerging trends.

In Q3 2024, we updated our enterprise, emerging, and compliance risks and expanded the Council to deepen our risk awareness culture. We consistently review procedures to update key corporate policies, ensuring alignment globally. This strategy boosts accountability, aligns crucial risks with policies, and improves controls to monitor compliance.

Our Enterprise Composite Risk Index (ECRI) regularly evaluates risks impacting revenue, credit and collections, operations, treasury, information technology and people. The ECRI adheres to our Risk Appetite Statement, providing clear metrics and thresholds for effective risk management. The results and related actions were shared with the Credit and Risk Committee of the Board of Directors for visibility and agreement.

Sustainability: Driving progress for our planet, people, communities, and business

In June 2024, we released our 2024 Sustainability Report titled “*Sustainable Momentum: Building on Progress*”, which is [available on our website](#). This fourth annual publication outlines our comprehensive approach for measuring and reporting on our impact.

Highlights from the 2024 Sustainability Report include:

- Committing to setting near-term Science Based Targets;
- Aligning our disclosures to the Task Force on Climate-related Financial Disclosures (TCFD); and
- Measuring and addressing our impact through Scopes 1, 2, and 3 greenhouse gas emissions disclosure.

In Q3 2024, we reinforced our commitment to sustainability and responsible business practices. More than 400 employees in our global procurement and operations teams underwent Modern Slavery training, reinforcing our dedication to human rights and ethical supply chain management.

Additionally, we reported on our climate initiatives through CDP, ensuring transparent disclosure of our efforts to reduce our environmental impact and enhance climate resilience. Our ISS scores improved across Environmental, Social, and Governance categories, reflecting our continuous progress in these critical areas. Post quarter-end, we were named as one of Canada's Most Responsible Companies 2025 by Newsweek and Statista.

Supplier diversity

We are proud to have a longstanding and robust history of promoting supplier diversity, which aligns perfectly with our clients' values. Our [Supplier Diversity Program](#) is designed to create opportunities for diverse suppliers who meet our business, procurement and contractual criteria, while also assisting our clients in reaching their own supplier diversity objectives.

We are continually improving our program and tracking capabilities to better serve our clients' needs. In Q3 2024, we integrated our fuel and maintenance services for Canada into our global

system. Additionally, we have broadened diversity categories to encompass up to 16 classifications, including indigenous suppliers, specifically tailored for our Canadian clients.

Our commitment is reflected through our memberships with esteemed organizations such as the National Minority Supplier Development Council (NMSDC), Disability:IN Minnesota, and the Women's Business Enterprise National Council (WBENC) in the U.S., as well as the Canadian Council for Aboriginal Business (CCAB) and the Canadian Aboriginal and Minority Supplier Council (CAMSC). Through these partnerships, we strive to foster a diverse supply chain built on inclusivity and collaboration.

Our People

Our global team is positioned to finish the year strong, connecting the work they do every day to our strategy, and our Purpose to *Move the world through intelligent mobility*. Both our Diversity Representation Index and Employee Engagement Index were on target this quarter. Our Diversity Representation Index result is discussed in further detail below under 'Championing Diversity, Equity, Inclusion and Belonging'. Our Employee Engagement Index reflects a participation rate of 92% in our recent employee engagement survey and an overall engagement score of 73%, flat to 2023.

Sharing our strategy

Beginning in September, we brought team members together across our global locations to share an exciting milestone for Element – the launch of our *Acceleration 2029* strategy. These sessions kicked off at our Mexico City office, led by our CEO, and co-hosted by executive and local leaders. Our people were introduced to our strategy, how it connects to our Purpose and began a dialogue on how the work we do now connects to the future of Element.

Deepening our connection to Purpose

After a successful launch in June, we continued to bring our Purpose to life in meaningful ways across the organization. Aligned with our bold commitment to Our People, we launched new Change Agility Sessions to support team members and leaders in embracing and leading through change. We also introduced StoryLiving sessions for people leaders to help them tell authentic, personal stories with a tangible business impact, a program that will be rolled out across the organization in 2025.

Celebrating together

Our Mexico team held its first *Element Day*, an interactive event to celebrate the team's accomplishments and explore how innovation fuels our digital roadmap. In Ireland, our U.S. and Canadian leasing team began collaborating in person at our new office at 2 Grand Parade, a dynamic hub of creativity and growth in Dublin. We also recognized our people and our commitment to a sustainable future, with the purchase of 3,000 trees from Evergreen – in celebration of World Gratitude Day.

Supporting growth and learning

July marked Career Month at Element and an opportunity for team members to focus on professional development and career progression through networking events, learning opportunities and career discussions. In addition to encouraging team members to have career discussions, participating in learning and join online events, we also held in-person career month events across our locations.

Championing Diversity, Equity, Inclusion and Belonging

Our Diversity Representation Index on our Global BSC is on target year-to-date, showing strong performance of diversity representation within promotions and hires, as we continued our commitment to fostering an inclusive work culture through a number of activities in the quarter. With the support of our Business Resource Groups (BRGs)⁵ and Intersection Network, we participated in a variety of recognition events including Hispanic Heritage Month and NAIDOC week (a week of celebrations across Australia to celebrate and recognize the history, culture and achievements of Aboriginal and Torres Strait Islander peoples). Our Canadian offices were closed to honour National Day for Truth and Reconciliation, alongside providing learning resources help recognize the importance of the day. A cohort of team members completed the McKinsey Connected Leader Academy programs, and in ANZ participants completed Green Light, our emerging leadership program for women, which was named as a finalist in the 2024 LearnX Awards.

With the support of our people, we continue to make a positive impact in the communities where we live, work, and do business. Our CARE and Black Employee BRGs provided books and school supplies to local area students across our locations in the U.S. and Canada, and our Veterans BRG continued to support unhoused veterans with Baltimore Station. We also held our annual CARE BRG golf tournament, raising funds to support The Lift Garage, and our ADEPT BRG participated in the first ever United Fore Joy Pro Am for Special Olympics joining teams across the U.S. and UK. We also partnered with Disability:IN Minnesota for a panel discussion to showcase the importance of business resource groups in the workplace.

⁵ Business Resource Groups (BRGs) are employee-led groups that foster an inclusive culture by bringing together Element employees who have similar backgrounds, experiences, and/or interests, and their allies. BRG participation is voluntary and open to employees in all global regions who are interested in and support the objectives of the BRG, regardless of their background.

Quarterly Results of Operations

	For the three-month period ended			For the nine-month period ended	
	September 30, 2024	June 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
(in US\$000's except per share amounts unless otherwise noted)	US\$	US\$	US\$	US\$	US\$
Reported results					
Net revenue					
Net interest income and rental revenue	258,563	263,763	223,931	763,487	616,799
Interest expense	142,473	141,354	119,212	417,810	308,157
Net financing revenue	116,090	122,409	104,719	345,677	308,642
Servicing income, net	146,903	140,123	131,087	434,079	373,002
Syndication revenue, net	16,643	12,045	12,890	36,914	32,326
Net revenue	279,636	274,577	248,696	816,670	713,970
Operating expenses					
Salaries, wages and benefits	78,065	74,574	68,698	227,201	200,117
General and administration expenses	34,093	35,088	29,011	101,316	83,429
Depreciation and amortization	14,967	14,420	13,284	43,665	37,769
Amortization of convertible debenture discount	—	724	771	1,517	2,266
Share-based compensation	12,242	6,775	5,463	29,748	24,083
Operating expenses	139,367	131,581	117,227	403,447	347,664
Other expenses					
Amortization of intangible assets from acquisition	6,970	6,966	6,982	20,915	20,941
Loss (gain) on investments	(668)	846	(183)	178	(168)
Other expenses	6,302	7,812	6,799	21,093	20,773
Income before income taxes	133,967	135,184	124,670	392,130	345,533
Provision for income taxes	35,402	32,486	28,699	97,050	81,501
Net income for the period	98,565	102,698	95,971	295,080	264,032
Weighted average number of shares outstanding [basic]	403,609	390,013	389,511	394,295	390,696
EPS [basic]	0.24	0.26	0.24	0.73	0.64
<i>Dividends declared, per share [\$CAD]</i>					
Common share	0.120000	0.120000	0.100000	0.360000	0.300000
Preferred Shares, Series A ¹	—	—	0.433313	—	1.299939
Preferred Shares, Series C ²	—	0.388130	0.388130	0.776260	1.164390
Preferred Shares, Series E ³	0.368938	0.368938	0.368938	1.106814	1.106814

1. We redeemed all outstanding Series A preferred shares on December 31, 2023.

2. We redeemed all outstanding Series C preferred shares on June 30, 2024.

3. We redeemed all outstanding Series E preferred shares on September 30, 2024.

	For the three-month period ended			For the nine-month period ended	
	September 30, 2024	June 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
(in US\$000's for stated values, except per share amounts)	US\$	US\$	US\$	US\$	US\$
Adjusted results⁶					
Adjusted operating expenses⁷	118,209	121,724	108,089	358,783	318,411
Adjusted operating income⁸	161,427	152,853	140,607	457,887	395,559
Adjusted operating margin⁹	57.7 %	55.7 %	56.5 %	56.1 %	55.4 %
Adjusted net income	119,537	115,404	106,861	343,364	300,574
Adjusted EPS [basic]	0.29	0.29	0.26	0.85	0.74
Adjusted EPS [diluted]	0.29	0.29	0.26	0.84	0.72
Adjusted EPS [basic] [\$CAD]	0.40	0.39	0.35	1.16	0.99
Adjusted EPS [diluted] [\$CAD]	0.40	0.39	0.34	1.16	0.97

We offer the following commentary on net revenue, operating expenses, pre-tax income margin, net income, and earnings per share for the three and nine-month periods ended September 30, 2024, which are results quantified by IFRS measures. In addition, we present and offer commentary on the adjusted results for the three and nine-month periods ended September 30, 2024.

Net revenue

Q3 2024 net revenue of \$280 million increased \$31 million or 12% from Q3 2023 on a year-over-year basis. This growth was driven by robust growth across all revenue categories.

Net revenue increased \$5 million or 2% from Q2 2024 on a quarter-over-quarter basis, led largely by higher services and syndication revenue.

Net revenue for the first nine months in 2024 of \$817 million increased by \$103 million or 14% compared to the same period last year driven by robust growth across all revenue categories.

Services income, net

Q3 2024 services revenue increased \$16 million or 12% year-over-year to \$147 million. This increase was driven by higher origination volumes, and higher penetration and utilization rates of our service offerings from new and existing clients. Higher growth in Mexico also contributed to the year-over-year increase.

Q3 2024 services revenue increased \$7 million or 5% quarter-over-quarter largely for the same reasons noted above. Partly offsetting the increase was moderately lower services revenue in both Mexico and ANZ and adverse foreign exchange impacts.

On a year-to-date basis, services revenue of \$434 million increased by \$61 million or 16% compared to the same period last year largely due to increased penetration with existing clients, inflation, favourable foreign exchange impacts, and higher utilization of key service offerings. Higher services revenue in Mexico compared with the same period last year also contributed to the increase.

⁶ Considered to be a non-GAAP or supplemental financial measures, which do not have any standard meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information, please see the "IFRS to Non-GAAP Reconciliations" section in this MD&A. We utilize non-GAAP or supplemental financial measures, such as adjusted results to assess our businesses and to measure performance. To arrive at adjusted results, we adjust reported results for "adjusting items".

⁷ Adjusted operating expenses are calculated as operating expenses less one-time strategic initiatives costs, share-based compensation and amortization of convertible debenture discount.

⁸ Calculated as net revenue less adjusted operating expenses.

⁹ Calculated as adjusted operating income divided by net revenue.

Net financing revenue

Q3 2024 net financing revenue increased by \$11 million or 11% year-over-year. This increase was largely due to higher net earning assets associated with higher originations in the U.S. and Canada. Higher year-over-year gains on sale ("GOS"), largely in ANZ, also contributed to the increase. These increases were partly offset by higher interest expense associated with the redemption of our preferred shares.

Q3 2024 net financing revenue decreased by \$6 million or 5% from a record Q2 2024 largely due to lower average net earning assets and higher interest expense associated with the redemption of our preferred shares on June 30, 2024. Partly offsetting this decrease was higher GOS quarter-over-quarter, as higher GOS in ANZ outpaced the lower GOS in Mexico. The higher volume of vehicles for sale in ANZ more than offset a decrease in used vehicle pricing.

On a year-to-date basis, net financing revenue of \$346 million increased by \$37 million or 12% compared to the same period last year due to higher net earning assets associated with higher originations in the U.S. and Canada. GOS was moderately higher than the same period last year as higher GOS in Mexico was mostly offset by lower GOS in other regions. These increases were partly offset by higher funding costs year-over-year.

Net financing revenue yield on average net earning assets

	For the three-month period ended			For the nine-month period ended	
(in US\$000's unless otherwise noted)	September 30, 2024	June 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	US\$	US\$	US\$	US\$	US\$
Average net earning assets	\$ 8,059,992	\$ 8,186,031	\$ 7,300,940	\$ 8,024,184	\$ 6,846,686
Net interest income and rental revenue	12.83 %	12.89 %	12.26 %	12.68 %	12.01 %
Interest expense	7.07 %	6.91 %	6.53 %	6.94 %	6.00 %
Net financing revenue yield on average net earning assets	5.76 %	5.98 %	5.73 %	5.74 %	6.01 %
Average debt outstanding	\$ 8,582,383	\$ 8,757,365	\$ 7,711,703	\$ 8,526,298	\$ 7,206,207
Average cost of debt (Interest expense / average debt)	6.64 %	6.46 %	6.18 %	6.53 %	5.70 %
Average 1-Month LIBOR rates	— %	— %	5.41 %	— %	5.04 %

Syndication revenue

We syndicated a record \$1 billion of assets in Q3 2024 - \$246 million or 32% more volume year-over-year and \$49 million or 5% higher quarter-over-quarter. These increases are primarily attributable to higher originations and our ongoing focus on our capital lighter model driving higher volumes again this quarter. This increased the number of names we syndicated, impacting our syndication mix. We continue to utilize syndication as a key lever to manage our debt-to-capital ratio.

Q3 2024 syndication revenue grew \$4 million or 29% year-over-year primarily driven by record volumes this quarter.

Syndication revenue grew \$5 million or 38% quarter-over-quarter largely due to higher syndication volume and higher yields as a result of business mix changes.

On a year-to-date basis, syndication revenue of \$37 million was \$5 million or 14% higher compared to the same period last year for the same reasons described in the Q3 year-over-year discussion above.

Operating expenses and adjusted operating expenses

Q3 2024 operating expenses of \$139 million increased \$22 million or 19% year-over-year largely due to higher salaries, wages and benefits, higher share-based compensation and higher general and administrative expenses. Q3 2024 included \$9 million in strategic project and Autofleet acquisition-related costs (the latter being \$7 million). The increases in salaries, wages and benefits is largely attributable to higher headcount in support of business growth and higher incentive compensation accruals associated with our stronger financial performance. The year-over-year increase in general and administrative expenses continues to be largely a function of investments made in our business to support growth. Higher depreciation and amortization also contributed to the increase. Q3 2023 operating expenses included \$3 million in one-time strategic project costs.

Q3 2024 operating expenses increased \$8 million or 6% quarter-over-quarter driven primarily by acquisition-related costs of \$7 million in connection with the completion of our acquisition of Autofleet. The increase was partly offset by lower general and administrative expense. Both Q3 2024 and Q2 2024 included \$2 million in one-time strategic project costs.

On a year-to-date basis, operating expenses of \$403 million increased by \$56 million or 16% compared to the same period last year largely for the same reasons cited in the Q3 year-over-year commentary above. The first nine months of 2024 included \$13 million in strategic projects and acquisition-related costs (YTD 2023 - \$3 million).

On an adjusted basis, Q3 2024 operating expenses of \$118 million were \$10 million or 9% higher year-over-year largely due to higher salaries, wages and benefits associated with higher headcount and higher general and administrative expenses. The increase in general and administrative expense is largely attributable to higher professional fees, partly offset by lower technology software and hardware spend.

On an adjusted basis, Q3 2024 operating expenses decreased \$4 million or 3% quarter-over-quarter largely due to lower general and administrative expenses, primarily resulting from reduced professional fees. Employee compensation was largely unchanged quarter-over-quarter.

On an adjusted basis, year-to-date operating expenses of \$359 million increased by \$40 million or 13% compared to the same period last year.

Net income and adjusted operating income

Q3 2024 net income of \$99 million grew by \$3 million or 3% from Q3 2023 and decreased by \$4 million or 4% quarter-over-quarter. The year-over-year increase was primarily driven by stronger net revenue generation and positive operating leverage. Partly offsetting this increase was a higher effective tax rate this quarter representing a year-to-date adjustment in connection with global minimum taxes. This adjustment in Q3 2024 represented approximately 1 cent in EPS. Our expectation for the full-year 2024 effective tax rate is approximately 25%.

The quarter-over-quarter decrease was primarily attributable to the \$7 million in Autofleet acquisition-related costs in the quarter. Year-to-date, net income of \$295 million increased by \$31 million or 12% compared with the same period last year, driven by revenue growth outpacing expense growth.

On an adjusted basis, Q3 2024 net income of \$120 million was \$13 million or 12% higher year-over-year and \$4 million or 4% higher quarter-over-quarter. On a year-to-date basis, adjusted net income of \$343 million grew \$43 million or 14% compared to the same period last year.

Adjusted Operating Income ("AOI") was \$161 million this quarter, an increase of \$21 million or 15% year-over-year resulting in adjusted EPS of \$0.29 for Q3 2024, which is a 3 cent increase from Q3

2023.

AOI increased by \$9 million or 6% quarter-over-quarter. Q3 2024 adjusted EPS was unchanged quarter-over-quarter.

On a year-to-date basis, AOI of \$458 million increased by \$62 million or 16% year-over-year.

Pre-tax income margin and adjusted operating margin

Q3 2024 pre-tax income margin was 47.9% compared to 50.1% in Q3 2023 and 49.2% in Q2 2024. Q3 2024 adjusted operating margin was 57.7%, representing margin expansion of 120 basis points year-over-year. This expansion is driven largely by positive operating leverage (i.e. net revenue growth outpacing growth in adjusted operating expenses) of 3.1%. Adjusted operating margin expanded 200 basis points quarter-over-quarter.

On a year-to-date basis, pre-tax income margin was 48.0% and adjusted operating margin was 56.1%, which compares to pre-tax income margin of 48.4% and adjusted operating margin of 55.4% for the same nine month period last year.

Originations

We originated \$1.7 billion of assets in Q3 2024 (excluding Armada), an increase of \$159 million or 10% year-over-year largely driven by higher volumes in the U.S. and Canada. Quarter-over-quarter, originations decreased \$260 million or 13% largely as a result of seasonal factors. Q3 has historically lower volumes as a result of OEM plant retooling for next model year changeover in the U.S. and Canada occurring this quarter. The year-over-year decline in Mexico originations was largely attributable to the impact of FX movement between periods.

The table below sets out the geographic distribution of originations (excluding Armada) for the three-month period ended indicated.

(in US\$000's) (Excluding Armada)	September 30, 2024		June 30, 2024		September 30, 2023	
	US\$	%	US\$	%	US\$	%
United States and Canada	1,362,559	79.4	1,599,955	81.0	1,174,914	75.5
Mexico	220,123	12.8	252,573	12.8	248,461	16.0
Australia and New Zealand	133,146	7.8	123,486	6.2	133,591	8.6
Total	1,715,828	100	1,976,014	100.0	1,556,966	100

Summary of Quarterly Information

The following table sets out selected financial information as reported for each of the eight most recent quarters, the most recent of which ended September 30, 2024. This information has been prepared on the same basis as our audited consolidated financial statements, and all necessary adjustments have been included in the amounts stated below to present fairly the unaudited quarterly results when read in conjunction with our audited consolidated financial statements and the related notes to those statements.

(in US\$ 000's except per share amounts and ratios or unless otherwise noted)	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Net revenue	279,636	274,577	262,457	245,129	248,671	240,623	224,652	215,292
Adjusted operating income	161,427	152,853	143,607	134,928	140,607	132,686	122,273	110,664
After-tax adjusted operating income	119,537	115,404	108,423	99,806	106,861	100,178	93,539	82,998
Net income	98,565	102,698	93,817	81,567	95,946	89,373	78,687	74,389
EPS, basic	0.24	0.26	0.23	0.20	0.24	0.22	0.19	0.18
EPS, diluted	0.24	0.26	0.23	0.19	0.23	0.21	0.18	0.17
Adjusted EPS, basic	0.29	0.29	0.27	0.25	0.26	0.25	0.23	0.20
Adjusted EPS, diluted	0.29	0.29	0.26	0.24	0.25	0.24	0.22	0.19
Total assets	12,638,542	12,874,525	13,336,018	12,430,536	12,101,324	11,959,106	11,123,782	10,581,343
Net earning assets	7,789,048	8,114,717	8,034,053	7,610,333	7,327,686	7,063,377	6,527,491	6,197,402
Total debt	8,346,905	8,610,341	9,060,476	8,064,097	7,737,840	7,656,545	6,884,314	6,583,795
Originations	1,715,828	1,976,014	1,541,883	1,489,595	1,556,967	1,888,817	1,404,647	1,317,238
Allowance for credit losses	6,069	5,351	5,794	5,539	6,947	7,613	7,535	7,655
As a % of total finance receivables before allowance	0.08	0.07	0.08	0.08	0.10	0.11	0.12	0.13
Senior revolving credit facilities - drawn	1,033,890	1,222,012	796,104	825,319	923,120	1,288,390	1,959,812	1,397,823
Borrowings	7,438,240	7,489,404	8,225,463	7,192,813	6,760,142	6,298,892	4,970,289	5,104,937
Convertible debentures ¹⁰	—	—	126,108	127,816	124,419	125,653	122,018	121,030

¹⁰ We redeemed all of our convertible debentures on June 26, 2024.

Financial Position

The following table presents a summary of our comparative financial positions, as at:

(in US\$000's unless otherwise noted)	September 30, 2024	June 30, 2024	September 30, 2023
	US\$	US\$	US\$
ASSETS			
Cash	65,031	83,228	73,925
Restricted funds	272,216	268,209	334,824
Finance receivables	7,606,812	7,769,684	7,082,034
Equipment under operating leases	2,537,369	2,589,411	2,437,280
Accounts receivable and other current assets	177,762	214,507	180,370
Derivative financial instruments	70,897	54,918	82,855
Property, equipment and leasehold improvements	115,424	110,943	101,603
Intangible assets	625,238	628,252	631,726
Deferred tax assets	211,471	199,991	220,291
Goodwill	956,322	955,382	956,416
	12,638,542	12,874,525	12,101,324
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Accounts payable and accrued liabilities	1,153,738	1,090,754	1,213,124
Derivative financial instruments	67,215	16,113	36,723
Borrowings	8,472,130	8,711,416	7,683,262
Convertible debentures	—	—	124,419
Deferred tax liabilities	170,957	147,822	111,134
	9,864,040	9,966,105	9,168,662
Shareholders' equity	2,774,502	2,908,420	2,932,662
	12,638,542	12,874,525	12,101,324

Total assets and liabilities decreased by \$236 million and \$102 million, respectively, from June 30, 2024; and increased \$537 million and \$695 million, respectively, from September 30, 2023.

The quarter-over-quarter decrease in total assets and liabilities were primarily in cash, Finance receivables, equipment under operating leases, accounts receivable, and borrowings.

Approximately 48% of Element's assets are non U.S. dollar-denominated. As a result, changes in the value of our reporting currency, the U.S. dollar, relative to the Mexico Peso, the Australian and New Zealand dollars, and the Canadian dollar, may have an impact on our balance sheet.

Portfolio Details

Total finance receivables

The following table breaks down our total finance receivables, which were \$163 million lower at September 30, 2024 than at June 30, 2024, driven primarily by originations.

(in US\$000's except ratios or unless otherwise noted)	September 30, 2024	June 30, 2024	December 31, 2023
	US\$	US\$	US\$
Net investment in finance receivables	5,251,679	5,525,306	4,964,175
Impaired receivables – at net realizable value	6,052	6,483	6,247
	5,257,731	5,531,789	4,970,422
Unamortized origination costs and subsidies	(64,806)	(67,529)	(58,232)
Net finance receivables	5,192,925	5,464,260	4,912,190
Prepaid lease payments and Security deposits	(99,024)	(94,041)	(60,014)
Interim funding	1,097,583	1,125,919	1,129,091
Fleet management service receivables	550,076	608,092	649,562
Other	746,096	569,730	512,413
Continuing involvement asset	125,225	101,075	81,851
	7,612,881	7,775,035	7,225,093
Allowance for credit losses	6,069	5,351	5,539
Total finance receivables	7,606,812	7,769,684	7,219,554

Allowance for credit losses and charge-offs, net of recoveries

Credit losses and provisions as at and for the nine-month period ended September 30, 2024, for the six-month period ended June 30, 2024 and the year-ended December 31, 2023 are as follows.

	Nine-month period ended	Six-month period ended	Twelve-months period ended
(in US\$000's except ratios or unless otherwise noted)	September 30, 2024	June 30, 2024	December 31, 2023
	US\$	US\$	US\$
Allowance for credit losses, beginning of period	5,539	5,539	7,655
(Recovery of) provision for credit losses	855	(20)	(1,560)
Charge-offs, net of recoveries	(203)	(51)	(749)
Impact of foreign exchange rates	(122)	(117)	193
Allowance for credit losses, end of period	6,069	5,351	5,539
Charge-offs, net of recoveries, as a % of net investment of finance receivables	— %	— %	0.02%
Allowance for credit losses, as a % of total finance receivables before allowance	0.08 %	0.07 %	0.08%

Element's policy is to assess (a) the probability of default and (b) loss-given-default for all its clients, both at lease inception and throughout the term of the lease. Element makes these assessments by performing risk reviews of specific clients on a periodic basis, reviewing the client's financial condition and ability to service the debt, as well as monitoring the value of the underlying security.

We reviewed inputs to our expected credit loss model throughout the quarter. We also consider forward-looking macroeconomic information (in light of a potential slowing economy) such as overall default rates and the impact that potential upward or downward trends in GDP would

have on our lease and loan portfolio. We expect inflation to continue moderating and that interest rates will continue to ease in 2024. The growth of our portfolio, when combined with the evolution of our credit mix and the resilience of our client base, resulted in a modest increase of \$0.7 million to our allowance for credit losses in the quarter.

Our allowance for credit losses has increased \$0.5 million from December 31, 2023.

Impaired receivables

Accounts over 120 days past due are considered impaired and are fully provisioned net of any anticipated recoveries and recorded at their net realizable value. Accounts that are contractually delinquent less than 120 days may nonetheless be assessed as impaired. Individual impairment is assessed by examining contractual delinquency and the client's financial condition, such as the identification of an approaching bankruptcy or the client being in the process of legal or collateral repossession proceedings with a debtor. Impairments of this nature are provisioned by applying probability-weighted assumptions consistent with industry standards and our experience with respect to the probability of an identified account resulting in a client default. We believe the impaired receivables figure in the table above appropriately reflects the net realizable value of the finance receivables before any allowance for credit losses.

Impaired receivables decreased to \$6 million as at September 30, 2024 as one of our clients that filed Chapter 11 bankruptcy in Q4 2023 exited bankruptcy in the third quarter of 2024, with our lease and service agreements affirmed. One of our clients that filed Chapter 11 bankruptcy in Q2 2024 filed their re-organization plan which is expected to be confirmed in the fourth quarter of 2024, with our lease and service agreements affirmed. This client has also continued to make payments during bankruptcy.

Portfolio distribution by geography

The table below sets forth the geographic distribution of our portfolio of net finance receivables and equipment under operating leases, as at:

(in US\$000's unless otherwise noted)	September 30, 2024		June 30, 2024		December 31, 2023	
	US\$	%	US\$	%	US\$	%
United States and Canada	4,416,491	57.1	4,686,871	58.2	4,144,494	54.8
Mexico	1,988,233	25.8	2,108,125	26.1	2,145,845	28.4
Australia and New Zealand	1,325,570	17.1	1,258,675	15.7	1,268,009	16.8
Total	7,730,294	100.0	8,053,671	100.0	7,558,348	100.0
Allocated as:						
Net finance receivables	5,192,925	67.2	5,464,260	67.8	4,912,190	65.0
Equipment under operating leases, net	2,537,369	32.8	2,589,411	32.2	2,646,158	35.0
Total	7,730,294	100.0	8,053,671	100.0	7,558,348	100.0

The table below sets forth the geographic distribution of our assets under management, as at:

(in US\$000's unless otherwise noted)	September 30, 2024		June 30, 2024		December 31, 2023	
	US\$	%	US\$	%	US\$	%
United States and Canada	10,565,229	76.0	10,607,222	75.7	9,751,650	73.1
Mexico	2,021,217	14.5	2,141,379	15.3	2,323,170	17.4
Australia and New Zealand	1,324,002	9.5	1,257,888	9.0	1,267,505	9.5
Assets under management	13,910,448	100.0	14,006,489	100.0	13,342,325	100.0

Liquidity

Our primary sources of liquidity are daily operating cash flows from services, financing/leasing and syndication, and committed credit and debt facilities. Our primary uses of cash are the funding of service receivables, finance receivables and operating leases, and working capital.

Cash flow

Daily cash flow / liquidity

We assess and proactively manage our liquidity position by ensuring we have controls over all sources and uses of cash flow. We also conduct ongoing comprehensive stress-tests to identify early indications of any risks to our cash flow and forward funding capacity. Throughout 2023 and continuing through 2024, the results of those tests have confirmed the stability and sustainability of our cash flow and forward funding capacity.

Notwithstanding our dependable operating cash flows and total size of all credit and debt facilities of \$13.4 billion (of which \$5.1 billion is committed and undrawn) at September 30, 2024, we continue our efforts to sustainably enhance our dynamic liquidity management capabilities, including data analysis capacity and forecasting.

Statement of cash flows - as presented in the unaudited interim condensed consolidated financial statements

Cash provided by operating activities for the nine-month period ended September 30, 2024 was \$1 million, a change of \$886 million from the \$886 million used in operating activities for the nine-month period ended September 30, 2023. The year-over-year change was primarily the result of higher syndications and repayments of finance receivables, an increase in non-cash operating assets and liabilities, and an increase in the proceeds on disposal of equipment under operating leases. This was offset by an increase in investment in finance receivables and a decrease in investment in equipment under operating leases.

Cash used in investing activities for the nine-month period ended September 30, 2024 was \$54 million compared to \$52 million for the nine-month period ended September 30, 2023. The year-over-year change is driven by an increase in the purchase of various computer software totaling \$3 million.

Cash provided by financing activities for the nine-month period ended September 30, 2024 was \$157 million, compared to \$935 million provided by financing activities for the nine-month period ended September 30, 2023. The decrease is primarily due to the repayment made on our borrowings facilities, the redemption of preferred shares Series C and E, a decrease in restricted funds and shares repurchased and an increase in dividends paid.

Free cash flow

We present our view of our adjusted free cash flow in our Supplementary Information document available on our website.

The table below illustrates the reconciliation of "adjusted free cash flow" to "Cash Flow from Operations":

	For the three-month period ended			For the nine-month period ended	
(in US\$000's unless otherwise noted)	September 30, 2024 US\$	June 30, 2024 US\$	September 30, 2023 US\$	September 30, 2024 US\$	September 30, 2023 US\$
Adjusted free cash flow	144,915	148,058	125,728	427,419	369,523
Amortization of equipment under operating leases	128,088	132,461	127,660	397,880	350,930
Investment in finance receivables	(2,485,190)	(1,877,564)	(1,776,964)	(5,725,728)	(4,866,398)
Repayments of finance receivables	1,643,875	524,511	680,669	2,799,692	2,062,716
Investment in equipment under operating leases	(236,517)	(279,581)	(323,437)	(774,209)	(861,212)
Disposals of equipment under operating leases	79,319	94,428	70,604	249,815	195,504
Proceeds from syndication financings	1,030,745	971,573	772,565	2,484,801	1,813,781
Sustaining capital investments	12,273	9,300	17,033	34,520	43,245
Preferred share dividends	1,450	2,900	4,390	7,301	13,207
Other	212,874	45,346	81,840	99,258	(6,806)
Cash flow from operations	531,832	(228,568)	(219,912)	749	(885,510)

Credit and debt facilities

Maintaining ready access to diversified sources of cost-efficient capital is a strategic imperative.

As at September 30, 2024, we had \$5.1 billion of committed, undrawn liquidity available across our senior unsecured revolving credit facilities (\$2.24 billion), secured variable funding note facilities (\$2.82 billion), and cash of \$0.07 billion. Commitments under these facilities are funded by a syndicate of leading Canadian, U.S. and international banks, who provide us with access to efficient liquidity and capital required to support the growth of our business.

As at	September 30, 2024			
(in US\$000's unless otherwise noted)	US\$	%	US\$	US\$
	Facility size	Undrawn amount	Drawn amount	
Senior unsecured revolving credit facilities	3,275,000	68.4	2,241,110	1,033,890
Senior notes	2,650,000	—	—	2,650,000
Vehicle management asset-backed debt facilities				
Revolving term notes in amortization	2,059,149	—	—	2,059,149
Variable funding notes	5,393,170	52.4	2,824,974	2,568,196
Other	19,393	—	—	19,393
Total vehicle management asset-backed debt	7,471,712	37.8	2,824,974	4,646,738
Total cash			65,031	
Total capital available for continuing operations			5,131,115	

As at (in US\$000's unless otherwise noted)	June 30, 2024			
	US\$	%	US\$	US\$
	Facility size	Undrawn amount	Drawn amount	
Senior unsecured revolving credit facilities	3,275,000	62.7	2,052,988	1,222,012
Senior notes	2,650,000	—	—	2,650,000
Vehicle management asset-backed debt facilities				
Revolving term notes in amortization	2,275,037	—	—	2,275,037
Variable funding notes	5,353,315	53.7	2,874,693	2,478,622
Other	20,439	—	—	20,439
Total vehicle management asset-backed debt	7,648,791	37.6	2,874,693	4,774,098
Total cash			83,228	
Total capital available for continuing operations			5,010,909	

Senior unsecured revolving credit facilities

The Senior Credit Facilities are comprised of (i) a \$2.425 billion committed revolving facility with a group of lenders, including Canadian, U.S. and international banks (the "Syndicated Senior Credit Facility") and (ii) a \$850 million committed revolving facility (the "Committed Credit Facility"), together the "Senior Unsecured Revolving Credit Facilities".

The Syndicated Senior Credit Facility was last amended on December 13, 2023, at which time the available capacity on the facility was increased by \$0.500 billion to \$2.425 billion, and the maturity date was extended to November 2, 2026.

The Committed Credit Facility is used solely for the purposes of financing specified assets of our New Zealand and Mexican operations. On April 24, 2024, the available capacity on the facility was increased by \$150 million, for a total facility amount of \$850 million. The maturity on the revolving portion of the facility was extended to April 24, 2025, and the maturity on the non-revolving portion was extended to March 24, 2029.

As at September 30, 2024, \$1.0 billion was drawn on the Senior Unsecured Revolving Credit Facilities (December 31, 2023 - \$825.3 million) leaving us with access to \$2.24 billion (December 31, 2023 - \$2.3 billion) of available financing under these facilities.

Senior notes

On March 13, 2024, we completed the issuance of \$750 million 5.643% senior unsecured investment-grade notes with a maturity of March 13, 2027. The proceeds received at the time of closing were used for general corporate purposes, and to repay the \$500 million 1.600% senior unsecured notes which matured on April 6, 2024. As at September 30, 2024, we had \$2.65 billion in outstanding senior unsecured notes (December 31, 2023 - \$2.4 billion).

Vehicle management asset-backed debt

Vehicle management asset-backed debt includes term notes and variable funding notes.

U.S. Fleet Receivables Securitization Arrangement: We operate, through indirect wholly-owned special-purpose subsidiaries, two (2) securitization programs to fund U.S. fleet assets. As part of our transition of moving our U.S. and Canadian leasing operations to Dublin, Ireland, on July 31, 2024, we repaid the outstanding balance on our \$3 billion variable funding note facility ("Chesapeake II") using funds from the Syndicated Senior Credit Facility, and subsequently terminated the variable note facility.

On August 15, 2024, the Company established a new warehouse facility under the Ireland structure (“Chesapeake IV”) with the same capacity as the Chesapeake II facility of \$3 billion. As of September 30, 2024, \$525 million was drawn against this facility and was used to pay down a portion of the Syndicated Senior Credit Facility.

On April 17, 2024, we issued \$1 billion in amortizing term notes under the Chesapeake II program with an initial weighted average interest rate of 5.646%. The proceeds from these issuances were used to pay down variable funding notes under Chesapeake II. As of September 30, 2024, we had five series of term notes outstanding under Chesapeake II, having an aggregate principal amount of \$2.28 billion. Currently, there are no term notes outstanding under the Chesapeake IV facility.

Canadian Fleet Receivables Securitization Arrangement: We operate, through an indirect wholly-owned special-purpose limited partnership subsidiary, a program to fund the origination of Canadian fleet assets. The securitization series provides for the issuance of variable funding notes with a funding commitment of \$1.2 billion (CAD \$1.6 billion), and matures on November 20, 2025. As at September 30, 2024, we had available and unutilized funding capacity of \$308.1 million (CAD \$416.4 million) under the existing securitization funding Class A commitment.

On November 28, 2023, we entered into a two-year letter of credit facility agreement with a Canadian bank, with a facility limit of up to \$44.3 million (CAD \$60 million). As at September 30, 2024 we had issued and outstanding letters of credit for the full amount of the facility to support the Canadian Fleet Receivables Securitization program.

Australian Fleet Receivables Securitization program: We operate, through a special purpose trust, a securitization program to fund the origination of Australian fleet assets. In May 2024, the facility was upsized by \$0.05 billion (AUD \$0.075 billion) to \$0.734 billion (AUD \$1.1 billion) and was extended for two years to May 16, 2026. As of September 30, 2024, the third-party funding of these issued notes and loans amounted to outstanding balances of \$717.3 million (AUD \$1,039.3 million), with unutilized funding capacity of \$41.9 million (AUD \$60.7 million).

Other Asset-Backed Receivables Financing Agreement: We are, through an indirect wholly-owned special purpose subsidiary, part of an asset-backed receivables financing agreement with one lender. The facility was amended on September 27, 2024, with no change in capacity at this time. The maturity date was extended to September 26, 2025. As at September 30, 2024, we had available and unutilized funding capacity of nil under the existing commitment provided for under the Receivables Agreement.

Capital Resources

Capitalization

Our funding activities are well diversified by facility, geography, currency, investor and lender and include both secured and unsecured sources.

Our capitalization is calculated as follows:

As at	September 30, 2024	June 30, 2024	December 31, 2023
(in US\$000's)	US\$	US\$	US\$
Cash	65,031	83,228	96,419
Unsecured debt			
Senior credit facilities	1,033,890	1,222,012	825,319
4.250% Convertible Debentures due 2024	—	—	127,816
1.600% Senior Notes due 2024	—	—	500,000
3.850% Senior Notes due 2025	400,000	400,000	400,000
6.271% Senior Notes due 2026	750,000	750,000	750,000
5.643% Senior Notes due 2027	750,000	750,000	—
6.319% Senior Notes due 2028	750,000	750,000	750,000
Vehicle Management Asset-Backed Debt			
Revolving term notes in amortization	2,059,149	2,275,037	1,694,837
Variable funding notes	2,568,196	2,478,622	2,999,614
Other	19,393	20,439	29,061
Deferred financing costs	(31,254)	(30,195)	(29,618)
Continuing involvement liability	125,225	101,075	81,851
Hedge accounting fair value adjustments	47,531	(5,574)	17,068
Total debt	8,472,130	8,711,416	8,145,948
Shareholders' equity			
Common share capital	2,243,299	2,243,299	2,109,103
Preferred share capital	—	92,404	181,077
Other	531,203	572,717	653,648
Total Shareholders' Equity	2,774,502	2,908,420	2,943,828
Total Capitalization	11,246,632	11,619,836	11,089,776

Growing profitability, adjusted free cash flow and syndication all contribute to the deleveraging of our balance sheet.

Corporate updates

Common share dividend increase

On November 13, 2024, we announced an 8% increase to our annual common dividend from CAD\$0.48 to CAD\$0.52 per share underscoring the Board's confidence in the sustainability of Element's cash flow generation, financial resilience, and favourable outlook. This increased amount represents approximately 27% of our last twelve months' (LTM) free cash flow (FCF) per share, within our target payout range between 25% to 35% of our LTM FCF per share.

Redemption of all outstanding 5.903% Cumulative 5-Year Rate Reset Preferred Shares Series E

On September 30, 2024, we redeemed all of our 5,321,900 issued and outstanding 5.903% Cumulative 5-Year Rate Reset Preferred Shares Series E (the "Series E Shares") at a price of CAD\$25.00 per Series E Share for an aggregate amount of approximately \$95 million, together with all accrued and unpaid dividends up to but excluding the Share Redemption Date (the "Redemption Price"), less any tax required to be deducted and withheld by us. As of September 30, 2024, the Series E Shares were delisted from and no longer trade on the TSX.

Following the redemption of our Series E Shares, we no longer have any preferred shares outstanding.

Redemption of all outstanding 6.21% Cumulative 5-Year Rate Reset Preferred Shares Series C

On June 30, 2024, we redeemed all of our 5,126,400 issued and outstanding 6.21% Cumulative 5-Year Rate Reset Preferred Shares Series C (the "Series C Shares") at a price of CAD\$25.00 per Series C Share for an aggregate total amount of approximately \$91 million, together with all accrued and unpaid dividends up to but excluding the Share Redemption Date (the "Redemption Price"), less any tax required to be deducted and withheld by us. As of June 30, 2024, the Series E Shares were delisted from and no longer trade on the TSX.

4.25% Convertible Unsecured Subordinated Debentures Exchanged for Common Shares

On June 26, 2024, we redeemed all of our remaining outstanding 4.25% Convertible Unsecured Subordinated Debentures (the "Debentures") due June 30, 2024 (the "Redemption Date"). Prior to the Redemption Date, beneficial holders of the Debentures exercised their right to exchange an aggregate principal amount of approximately CAD\$172 million for consideration of approximately 14.6 million Common Shares, issued from Treasury and delivered to beneficial holders. The Debentures in 2024 were converted into Common Shares at a conversion price of CAD\$11.77391 per Common Share. As a result, the Debentures were delisted from and no longer trade on the TSX (previous ticker TSX: EFN.DB.B).

Normal course issuer bids

On November 13, 2023, the TSX approved the Company's intention to renew its normal course issuer bid (the "2023 NCIB"). Under the 2023 NCIB, the Company has approval from the TSX to purchase up to 38,852,159 common shares during the period from November 15, 2023, to November 14, 2024. There cannot be any assurance as to how many common shares will ultimately be purchased pursuant to the 2023 NCIB.

During the first nine months of 2024, we purchased 455,300 common shares for cancellation, for an aggregate amount of approximately \$7 million (CAD\$10 million) at a volume weighted average price of CAD\$21.95 per Common Share.

Element applies trade date accounting in determining the date on which the share repurchase is reflected in the consolidated financial statements. Trade date accounting is the date on which the Company commits itself to purchase the shares.

In furtherance of the Company's return of capital plan, Element intends to renew its normal course issuer bid (the "2024 NCIB") for its common shares. If accepted by the TSX, Element would be permitted under the 2024 NCIB to purchase for cancellation, through the facilities of the TSX or such other permitted means, up to 10% of the public float (calculated in accordance with TSX rules) of Element's issued and outstanding common shares during the 12 months following such TSX acceptance at prevailing market prices (or as otherwise permitted). The actual number of the Company's common shares, if any, that may be purchased under the 2024 NCIB, and the timing of any such purchases, will be determined by the Company, subject to applicable terms and limitations of the 2024 NCIB (including any automatic share purchase plan adopted in connection

therewith). There cannot be any assurance as to how many common shares, if any, will ultimately be purchased pursuant to the 2024 NCIB. If the 2024 NCIB renewal is accepted by the TSX, any subsequent renewals of the 2024 NCIB will be in the discretion of the Company and subject to further TSX approval.

Leverage

We view both debt-to-capital and tangible leverage as indicators of the strength of our financial position. At September 30, 2024, our debt-to-capital ratio was 74.3% and tangible leverage ratio was 7.0:1.

Our financial and tangible leverage is calculated as follows:

As at		September 30, 2024	December 31, 2023
<i>(in US\$000's, except ratios or unless otherwise noted)</i>		US\$	US\$
Borrowings		8,472,130	8,018,132
Convertible debentures		—	127,816
Less: Continuing involvement liability		(125,225)	(81,851)
Total debt	(a)	8,346,905	8,064,097
Total shareholders' equity	(b)	2,774,502	2,943,828
		11,121,407	11,007,925
Goodwill and intangible assets	(c)	1,581,560	1,596,323
Cash and restricted funds	(d)	337,247	350,637
Total net debt	(e) = (a) - (d)	8,009,658	7,713,460
Debt-to-capital	(e)/[(e)+(b)]	74.3 %	73.3 %
Tangible leverage	(a)/[(b)-(c)]	7.00	5.99

We were in compliance with all financial and reporting covenants with all of our lenders at September 30, 2024.

Credit ratings

Our ability to access financing on a cost-effective basis is largely dependent on maintaining strong investment-grade credit ratings. Credit ratings and outlooks assigned by rating agencies reflect their views and methodologies. The credit ratings are subject to change based on several factors, including but not limited to our financial strength, competitive position, liquidity and other factors not entirely within our control.

Credit Ratings⁽¹⁾ as at September 30, 2024		
Rating agency	Issuer rating	Outlook
DBRS, Inc.	A (low)	Stable
Fitch Ratings	BBB+	Stable
Kroll Bond Rating Agency	A-	Stable
S&P Global Ratings	BBB	Stable

(1) Credit ratings are not recommendations to purchase, sell or hold a financial obligation in as much as they do not comment on market price or suitability for a particular investor. Ratings are determined by the rating agencies based on criteria established from time to time by them and are subject to revision or withdrawal at any time by the rating organization.

In Q3 2024, DBRS, Inc. upgraded Element's long term issuer credit rating from BBB (high) to A (low), and revised the trend from Positive to Stable. Additionally, Fitch Ratings affirmed its stable outlook and investment-grade rating of BBB+. In Q4 2023, Kroll Bond Rating Agency affirmed its stable outlook investment-grade rating of A- and Standard & Poor affirmed its stable outlook and investment-grade rating of BBB.

Risk Management & Risk Factors

We have risk management processes in place to monitor, evaluate and manage the principal risks we assume in conducting our business. Our primary risks have not changed materially from those described in the "Risk Management & Risk Factors" section of our 2023 Annual MD&A. However, following the release of our Sustainability Report in June, for greater clarity we have supplemented the risk factors described in the 2023 Annual MD&A with the sustainability related risk factor below.

We continue to maintain our Enterprise Composite Risk Index (ECRI), which evaluates risks impacting revenue, credit and collections, operations, treasury, information technology and people. The ECRI aligns with our Risk Appetite Statements, providing clear metrics and thresholds for effective risk management.

With a sound balance sheet, we manage tangible leverage of 6.25x-6.75x (calculated using our assumptions as to normalized FX rates) to remain within rating agency thresholds.

Element May Fail to Achieve its Sustainability Goals

We have established targets and other assessment criteria related to Sustainability matters, some of which are detailed in our latest Sustainability Report. Such targets and criteria are based on our current assumptions related to scientific or technological developments, the regulatory landscape, trends in the automotive commercial fleet market, and other matters that are subject to change in the future, as well as standards for measuring progress that are still in development, and subject to a number of significant risks and uncertainties. Because of the limitations and uncertainties inherent in climate and sustainability science, climate risk analysis and Sustainability reporting, we relied upon prevailing climate change quantification guidance and made reasonable and good faith estimates and assumptions in establishing our Sustainability targets. There are numerous factors, many of which are beyond our control, that are the subject of ongoing climate and sustainability science and that we may not foresee or be able to accurately predict, and which may impact our ability to achieve these targets, including the availability of comprehensive and high-quality greenhouse gas emissions data, slow adoption of commercial electric vehicles by companies for their fleets, the availability of technology necessary to achieve these targets, including supply chain issues relating to electric vehicles and their components, the development and performance of technology, innovation and the future use and deployment of technology and associated expected future results, and environmental regulation. There is no assurance that our Sustainability initiatives will be economically viable, effective or that the anticipated benefits will materialize. Our ability to achieve our Sustainability targets, commitments, and other goals depends on the development and performance of technology (including in particular electric vehicles), innovation, and the future use, adoption and deployment thereof and it is possible that the changes needed to achieve such targets, commitments and goals will not be feasible or that the costs will be material, either of which could have a material adverse effect on our reputation, business, results of operations or financial condition. Our failure, or perceived failure, to achieve our goals regarding sustainability matters could damage our reputation, causing investors, consumers, and other stakeholders to lose confidence in us, and may adversely impact our business, financial condition, results of operation and/or impact our share price.

A variety of stakeholders, including regulators, investors, advisory firms, rating agencies, customers and other market participants, are establishing laws, regulations, expectations, reporting obligations and/or assessments reflecting their expectations for corporate practices related to climate change and other corporate responsibility matters. We may incur capital expenditures, compliance costs, and other costs to comply with increasingly stringent environmental laws, enforcement policies and regulatory reporting requirements. In addition, if our Sustainability practices do not meet, or are not viewed as meeting, investor or other stakeholder expectations and standards (which are continually evolving and may emphasize

different priorities than the ones we now or in the future choose to focus on), or if we do not or appear not to achieve our Sustainability goals, then we may be negatively impacted. Climate-related litigation has increased in recent years, including claims involving the failure of organizations to mitigate their impacts on climate change, the failure of organizations to adapt to climate change, the insufficiency of disclosure around material risks or inaccuracy of climate-related disclosure and allegations of “greenwashing”. Furthermore, if regulators or others disagree with our Sustainability disclosures, for example, because they believe them to be incomplete or misleading, we may face regulatory enforcement action or private rights of action and our business or reputation could be adversely affected. There is also a risk that a significant reorientation in the market following the implementation of measures relating to Sustainability disclosure requirements could be adverse to our business if we are perceived to be presenting our business as having green or sustainable characteristics where this is not, in fact, the case (i.e., “greenwashing”). Additionally, compliance with any new regulations or laws (for example, the adoption of Canadian Bill C-59 in June 2024) generally increases our regulatory burden and could make compliance more difficult and expensive, thereby adversely impacting our financial position.

Economic Conditions & Outlook

Outlook

Affirming 2024 results guidance

We expect to deliver 2024 results near or at the high end of our previously provided guidance ranges on all metrics, with the exception of originations. The following table highlights our full-year 2024 guidance compared to full-year 2023 results.

In US\$ unless otherwise noted		Full-year 2023 Results	Full-year 2024 Guidance
Net revenue		\$959.1 million	\$1.060 – \$1.080 billion
Implied YoY Growth			11-13%
Adjusted operating margin		55.3 %	55.0% – 55.5%
Adjusted operating income		\$530.6 million	\$575 – 595 million
Implied YoY Growth			8-12%
Adjusted EPS [basic]		\$0.98	\$1.07 – \$1.11
Implied YoY Growth			9-13%
Adjusted free cash flow per share		\$1.24	\$1.32 – 1.36
Implied YoY Growth			6-10%
Originations (excl Armada)		\$6.3 billion	\$7.0 – 7.4 billion
Implied YoY Growth			11-17%

Certain implied year-over-year growth amounts shown in this table may not calculate exactly due to rounding.

Full-year 2025 initial guidance

We expect to see continued growth in our client base, driven by the ongoing transition to self-managed fleets and robust demand for our services and solutions. This positive momentum underpins our target of achieving net revenue growth of 6.5% to 8.5% for the full year of 2025, alongside high single-digit to low double-digit increases in each of adjusted operating income, adjusted EPS, and adjusted free cash flow per share. We are committed to generating positive operating leverage in managing the business, which will underpin further operating margin expansion.

Annual growth rates		Full-year 2025 Guidance
Net revenue		6.5 – 8.5%
Adjusted operating income		High-single to low-double digit
Adjusted EPS [basic]		High-single to low-double digit
Adjusted free cash flow per share		High-single to low-double digit
Originations (excl Armada)		Low- to mid-single digit

Our initial guidance for 2025 incorporates the effects of several anticipated revenue headwinds, including the depreciation of the Mexican Peso, higher interest expenses due to increased local Peso funding in 2025, and financing the redemption of our preferred shares. In addition, the scheduled reduction in bonus depreciation is likely to impact syndication yields. We also anticipates that its 2025 effective tax rate will average between 24.5% to 26.5%.

Our full-year 2023 results, and 2024 and 2025 guidance exclude strategic projects and acquisition-related costs, and also prior to any material changes in foreign exchange. We will provide specific target ranges for our 2025 guidance alongside the release of our full-year 2024 financial results in February 2025.

Capital allocation priorities

Our capital allocation priorities remain as follows:

- Tangible leverage ratio management (target of 6.25x-6.75x, from time to time, we may temporarily exceed this target range in advancing our strategic priorities);
- Prudently invest in our business;
- Grow the common share dividend in keeping with our target payout range of 25% to 35% of last twelve months' adjusted free cash flow per share; and
- Repurchase common shares under our NCIB.

We continue to expect share repurchases for the remainder of 2024 to be very modest given the preferred share redemptions.

Economic conditions

Contemporary economic conditions including a gradual easing of inflationary pressures, an uncertain interest rate environment, and the potential impacts to global supply chains from the upcoming U.S. presidential election offer both opportunities and challenges for our business. We closely monitor these macroeconomic factors and fleet industry trends to refine existing strategies or introduce new ones where appropriate to mitigate risks, optimize fleet ROI and capitalize on opportunities to ensure our long-term success.

Inflation

We closely monitor inflation trends and take appropriate measures to mitigate any adverse effects on our company's financial performance.

To date, inflation has been additive to our business. Our unique business model allows us to transfer much of our increased costs to our clients in a contractually agreed manner. We expect client demand to remain resilient in Q4 2024 and continue driving net revenue growth. We anticipate inflation to continue moderating in Q4 2024.

Inflation and tight labour markets have contributed to increases in operating costs, such as salaries. We will continue to explore and execute opportunities to manage operating costs through enhanced operating efficiencies.

Recession

We believe our value proposition – lowering our clients' total cost of fleet operations and reducing their administrative burden – becomes more attractive and relevant to existing and prospective clients during recessionary periods (where pressure to manage operating costs and realize efficiencies increases). We acknowledge that during recessionary periods business spending and investments may also decline and we may experience a decrease in demand for our products or services, leading to lower sales and revenue.

We closely monitor economic indicators and client behaviour to anticipate and respond to any potential recessionary impacts.

There are many factors that contribute to our business model's resilience across economic cycles:

- Element manages vehicles that are mostly viewed as mission-critical by our clients given the roles the vehicles play in our clients' ability to generate revenue and meet stakeholder expectations. Consequently, service consumption and replacement vehicle demand are typically less impacted in a downturn.

- Our “credit first, collateral second” underwriting philosophy mitigates credit losses as we focus on maintaining a high credit quality client base, diversified across industries and geographies.
- Element leases are typically among the first contracts to be affirmed by administrators in a bankruptcy scenario given the aforementioned mission-critical nature of the leased vehicles.
- The nature of our security positions (eg. cross-collateralization of leases, and cross-default provisions with respect to our service receivables) as part of our pro-active collateral management practices has proven effective at minimizing real economic losses for Element in the rare cases of client bankruptcy. Historically, our real economic losses as a percentage of total finance receivables has been in the low single-digit basis point range.

Interest rates

Interest rates play a crucial role in our business impacting our borrowing costs. When interest rates rise, so do our borrowing costs. This increase can make it more costly to finance our clients' fleets and service activity as well as our own operational activity, including new projects. Conversely, when interest rates decline, they can stimulate economic activity, and potentially increase demand for our products or services. We closely monitor interest rate movements and adjust our financial strategies accordingly.

Moreover, our business model is largely agnostic to base interest rate movements as we match fund our leases based on interest rate type (fixed vs floating). This careful monitoring of borrowing costs ensures new leases reflect appropriate credit spreads. We actively manage our funding facilities to optimize lease interest margins. Once a lease is activated, the interest margin is locked in for the life of the asset on our balance sheet. After activation, our exposure is limited to credit spread risk for the duration of the lease.

Syndication market

The vehicle lease syndication market remains robust and expansive, with relatively stable pricing and strong client demand. Lower than historical level yields are attributed to business mix specifics and increased volume, rather than pricing or market constraints. Higher syndication volumes helped mitigate the lower year-over-year net yields. We continue to profitably syndicate assets and manage our target tangible leverage ratio.

In Q3 2024, we syndicated a record volume, showcasing both market depth and client demand. The syndication market benefits from a strong network of financial institutions and investors providing substantial liquidity. We continue to expect full-year 2024 syndication volumes to be higher than 2023.

Critical Accounting Policies and Estimates

Management's discussion and analysis of financial condition and results of operations are made with reference to the unaudited interim condensed consolidated financial statements and the accompanying notes for the three and nine-month periods ended September 30, 2024. A summary of our significant accounting policies is presented in Note 2 to the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2023. The unaudited interim condensed consolidated financial statements and the accompanying notes for the three and nine-month periods ended September 30, 2024 have been prepared in conformity with accounting policies disclosed in the audited consolidated financial statements and the accompanying notes for the three and nine-month periods ended December 31, 2023, except as discussed below.

Translation of foreign currencies

Effective January 1, 2024, we elected and changed our presentation currency from Canadian dollars ("CAD") to United States dollars ("USD"). Management is of the view that financial reporting in USD more accurately reflects the predominant currency of our revenue, expenses, and cash flows and enhances comparability to our peers. The change in presentation currency is a voluntary change which is accounted for retrospectively, in accordance with the guidance in IAS 21, *The Effects of Changes in Foreign Exchange Rates*. For comparative purposes, the historical unaudited interim condensed consolidated financial statements have been recast to USD using the procedures outlined below:

- Unaudited interim condensed consolidated Statements of Operations, Comprehensive Income, and Cash Flows have been translated into USD using average foreign currency rates prevailing for the relevant periods.
- Assets and liabilities in the unaudited interim condensed consolidated Statement of Financial Position, including goodwill, have been translated into USD at the closing foreign currency rates on the relevant balance sheet dates.
- Shareholders' Equity in the unaudited interim condensed consolidated Statement of Financial Position and Statement of Shareholders' Equity, including share capital, preferred share capital, equity component of convertible debentures, retained earnings, and other reserves, have been translated into U.S. dollars using historical rates.
- Notes to the unaudited interim condensed consolidated financial statements have been translated into USD using the methodologies above given the nature of the underlying accounts, including earnings per share and dividend disclosures, to reflect the change in presentation currency.

Our functional currency remains the Canadian dollar. Translation gains and losses from the application of the USD as the presentation currency while the Canadian dollar is the functional currency are recognized and included as part of the cumulative foreign currency translation adjustment in Comprehensive Income.

Income taxes

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which we operate. The legislation is effective for the financial year beginning January 1, 2024. We are in scope of the enacted or substantively enacted legislation and have performed an assessment of our potential exposure to Pillar Two income taxes.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Company. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which we operate are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbour relief does not apply and the Pillar Two effective

tax rate is close to 15%. We do not expect a material exposure to Pillar Two income taxes in those jurisdictions.

Related Party Transactions

Our related parties include the following persons and/or entities: (a) associates, or entities which are controlled or significantly influenced by us; (b) key management personnel, which are comprised of directors and/or officers of the Company and those persons having authority and responsibility for planning, directing and controlling the activities of the Company; and (c) entities controlled by key management personnel.

Future Accounting Changes

All applicable accounting standards effective for periods beginning on or after January 1, 2024 have been adopted by us. The following IFRS pronouncement has been issued but is not yet effective and may have a future impact on our consolidated financial statements.

Presentation and disclosure in financial statements

IFRS 18, *Presentation and Disclosure in Financial Statements* ("IFRS 18") will replace IAS 1, *Presentation of Financial Statements* ("IAS 1"). IFRS 18 substantially carries forward IAS 1 accounting requirements for recognition and measurement of items in the financial statements, with changes to improve Companies' reporting of financial performance which will enhance investors ability to analyze and compare financial results between Companies. The new standard may impact the structure of the statement of profit or loss, disclosure in the financial statements for certain profit or loss performance measures that are reported outside of the financial statement such as management-defined performance measures, and redefining the principles of aggregate and disaggregate grouping of items based on their shared characteristics. IFRS 18 is to be effective for fiscal years beginning on or after 1 January 2027 and also applies to comparative information. We are currently evaluating the potential impact that the adoption of IFRS 18 will have on our consolidated financial statements.

Internal Control over Disclosure and Financial Reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures to ensure that material information is being recorded, processed, summarized, and reported to senior management, including the certifying officers and other members of the Board of Directors, on a timely basis, so that appropriate decisions can be made regarding public disclosure. In addition, the CEO and CFO are responsible for establishing and maintaining internal controls over financial reporting to a standard that provides reasonable assurance of the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

As of September 30, 2024, we evaluated the design of disclosure controls and procedures as defined under National Instrument 52-109. Based on that evaluation, the CEO and CFO concluded that the design of disclosure controls and procedures was effective.

Limitations on the effectiveness of disclosure controls and internal controls over financial reporting

It should be noted that while our CEO and CFO believe that our internal control system and disclosure controls and procedures provide a reasonable level of assurance that the objectives of the control systems are met, they do not expect that our control systems will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only

reasonable, not absolute, assurance that the objectives of the control system are met. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving our stated goals under all potential conditions.

We have an established process in place which includes the on-going testing and reporting of the results to senior management and the Board of Directors on the effectiveness of the disclosure controls and internal controls over financial reporting.

For the three and nine-month periods ended September 30, 2024, there were no changes in internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

IFRS to Non-GAAP Reconciliations, Non-GAAP Measures and Supplemental Information

Our unaudited interim condensed consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB and the accounting policies we adopted in accordance with IFRS. These unaudited interim condensed consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary to present fairly our financial position as at September 30, 2024 and September 30, 2023, the results of operations, comprehensive income and cash flows for the three-month period-ended and nine-month period-ended September 30, 2024 and September 30, 2023.

Non-GAAP and IFRS key annualized operating ratios and per share information of the operations of the Company:

		As at and for the three-month period ended			As at and for the nine-month period ended	
(in U.S.\$000's except ratios and per share amounts or unless otherwise noted)		September 30, 2024	June 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Key annualized operating ratios						
Leverage ratios						
Financial leverage ratio	$P_2/(P_2+R)$	74.3 %	74.0 %	71.4 %	74.3 %	71.4 %
Tangible leverage ratio	$\frac{P}{(R-K)}$	7.00	6.50	5.76	7.00	5.76
Average financial leverage ratio	$Q/(Q+V)$	75.1 %	74.9 %	72.0 %	74.6 %	71.2 %
Average tangible leverage ratio	$Q/(V-L)$	6.80	6.49	5.48	6.48	5.45
Other key operating ratios						
Allowance for credit losses as a % of total finance receivables before allowance	F/E	0.08 %	0.07 %	0.10 %	0.08 %	0.10 %
Adjusted operating income on average net earning assets	B/J	8.01 %	7.47 %	7.70 %	5.71 %	5.78 %
Adjusted operating income on average tangible total equity of Element	D/(V-L)	37.91 %	34.22 %	30.38 %	34.77 %	30.34 %
Per share information						
Number of shares outstanding	W	403,609	403,609	389,218	403,609	389,218
Weighted average number of shares outstanding [basic]	X	403,609	390,013	389,511	394,295	390,696
Pro forma diluted average number of shares outstanding	Y	403,768	390,163	405,505	394,447	405,505
Cumulative preferred share dividends during the period	Z	1,434	2,869	4,388	7,222	13,206
Other effects of dilution on an adjusted operating income basis	AA	\$ —	\$ —	\$ 1,232	\$ —	\$ 3,675
Net income per share [basic]	(A-Z)/X	\$ 0.24	\$ 0.26	\$ 0.24	\$ 0.73	\$ 0.64
Net income per share [diluted]		\$ 0.24	\$ 0.26	\$ 0.23	\$ 0.73	\$ 0.63
Adjusted EPS [basic]	(D1)/X	\$ 0.29	\$ 0.29	\$ 0.26	\$ 0.85	\$ 0.74
Adjusted EPS [diluted]	(D1+AA)/Y	\$ 0.29	\$ 0.29	\$ 0.26	\$ 0.85	\$ 0.72

We use a variety of both IFRS and non-GAAP and Supplemental Measures, and non-GAAP ratios to monitor and assess our operating performance. We use these non-GAAP and Supplemental Financial Measures because we believe that they may provide useful information to investors regarding our performance and results of operations.

IFRS to Non-GAAP Reconciliations

The following table provide a reconciliation of certain IFRS to non-GAAP measures related to our operations and other supplemental information.

	For the three-month period ended			For the nine-month period ended	
(in US\$000's except per share amounts or unless otherwise noted)	September 30, 2024	June 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Reported results	US\$	US\$	US\$	US\$	US\$
Services income, net	146,903	140,123	131,087	434,079	373,002
Net financing revenue	116,090	122,409	104,719	345,677	308,642
Syndication revenue, net	16,643	12,045	12,890	36,914	32,326
Net revenue	279,636	274,577	248,696	816,670	713,970
Operating expenses	139,367	131,581	117,227	403,447	347,664
Operating income	140,269	142,996	131,469	413,223	366,306
Operating margin	50.2 %	52.1 %	52.9 %	50.6 %	51.3 %
Total expenses	145,669	139,393	124,026	424,540	368,437
Income before income taxes	133,967	135,184	124,670	392,130	345,533
Net income A	98,565	102,698	95,971	295,080	264,032
EPS [basic]	\$ 0.24	\$ 0.26	\$ 0.24	\$ 0.73	\$ 0.64
EPS [diluted]	\$ 0.24	\$ 0.26	\$ 0.23	\$ 0.73	\$ 0.63
Adjusting items					
<i>Impact of adjusting items on operating expenses:</i>					
Strategic initiatives costs – Salaries, wages, and benefits	4,633	475	—	5,593	—
Strategic initiatives costs – General and administrative expenses	4,283	1,883	2,904	7,806	2,904
Amortization of convertible debenture discount	—	724	771	1,517	2,266
Share-based compensation	12,242	6,775	5,463	29,748	24,083
Total impact of adjusting items on operating expenses	21,158	9,857	9,138	44,664	29,253
Total pre-tax impact of adjusting items	21,158	9,857	9,138	44,664	29,253
Total after-tax impact of adjusting items	15,667	7,442	6,945	33,498	16,756
Total impact of adjusting items on EPS [basic]	0.04	0.02	0.02	0.08	0.04
Total impact of adjusting items on EPS [diluted]	0.04	0.02	0.02	0.08	0.04

IFRS to Non-GAAP Reconciliations

	For the three-month period ended			For the nine-month period ended	
(in US\$000's except per share amounts or unless otherwise noted)	September 30, 2024	June 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Adjusted results	US\$	US\$	US\$	US\$	US\$
Adjusted net revenue	279,636	274,577	248,696	816,670	713,970
Adjusted operating expenses	118,209	121,724	108,089	358,783	318,411
Adjusted operating income	161,427	152,853	140,607	457,887	395,559
Adjusted operating margin	57.7 %	55.7 %	56.5 %	56.1 %	55.4 %
Provision for income taxes	35,402	32,486	28,699	97,050	81,501
Adjustments:					
Pre-tax income	6,213	5,381	4,164	16,984	12,969
Foreign tax rate differential and other	275	(418)	883	489	515
Provision for taxes applicable to adjusted results	41,890	37,449	33,746	114,523	94,985
Adjusted net income	119,537	115,404	106,861	343,364	300,574
Adjusted EPS [basic]	\$ 0.29	\$ 0.29	\$ 0.26	\$ 0.85	\$ 0.74
Adjusted EPS [diluted]	\$ 0.29	\$ 0.29	\$ 0.26	\$ 0.84	\$ 0.72

The following table summarizes key statement of financial position amounts for the periods presented.

Selected statement of financial position amounts		For the three-month period ended			For the nine-month period ended	
(in US\$000's unless otherwise noted)		September 30, 2024	June 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
		US\$	US\$	US\$	US\$	US\$
Total Finance receivables, before allowance for credit losses	E	7,612,881	7,775,035	7,088,982	7,612,881	7,088,982
Allowance for credit losses	F	6,069	5,351	6,948	6,069	6,948
Net investment in finance receivable	G	5,251,679	5,525,306	4,890,404	5,251,679	4,890,404
Equipment under operating leases	H	2,537,369	2,589,411	2,437,280	2,537,369	2,437,280
Net earning assets	I=G+H	7,789,048	8,114,717	7,327,684	7,789,048	7,327,684
Average net earning assets	J	8,059,992	8,186,031	7,300,940	8,024,184	6,846,686
Goodwill and intangible assets	K	1,581,560	1,583,634	1,588,142	1,581,560	1,588,142
Average goodwill and intangible assets	L	1,581,776	1,584,972	1,589,598	1,585,243	1,590,660
Borrowings	M	8,472,130	8,711,416	7,683,262	8,472,130	7,683,262
Unsecured convertible debentures	N	—	—	124,419	—	124,419
Less: continuing involvement liability	O	(125,225)	(101,075)	(69,841)	(125,225)	(69,841)
Total debt	P=M+N-O	8,346,905	8,610,341	7,737,840	8,346,905	7,737,840
Cash and restricted funds	P ₁	337,247	351,437	408,749	337,247	408,749
Total net debt	P₂ = P-P₁	8,009,658	8,258,904	7,329,091	8,009,658	7,329,091
Average debt	Q	8,582,383	8,757,365	7,711,703	8,526,298	7,206,207
Total shareholders' equity	R	2,774,502	2,908,420	2,932,662	2,774,502	2,932,662
Preferred shares	S	—	92,404	263,380	—	263,380
Common shareholders' equity	T=R-S	2,774,502	2,816,016	2,669,282	2,774,502	2,669,282
Average common shareholders' equity	U	2,781,421	2,782,534	2,733,383	2,770,557	2,648,398
Average total shareholders' equity	V	2,843,024	2,934,053	2,996,763	2,901,956	2,911,779

Throughout this MD&A, we use the following terms and ratios which do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures presented by other organizations. Non-GAAP measures are reported in addition to, and should not be considered alternatives to, measures of performance according to IFRS.

Adjusted operating expenses

Adjusted operating expenses are equal to salaries, wages and benefits, general and administrative expenses, and depreciation and amortization less adjusting items impacting operating expenses. The following table reconciles our reported expenses to adjusted operating expenses.

	For the three-month period ended			For the nine-month period ended	
	September 30, 2024	June 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
(in US\$000's except per share amounts or unless otherwise noted)	US\$	US\$	US\$	US\$	US\$
Reported Expenses	145,669	139,393	124,026	424,540	368,437
Less:					
Amortization of intangible assets from acquisitions	6,970	6,966	6,982	20,915	20,941
Loss (gain) on investments	(668)	846	(183)	178	(168)
Operating expenses	139,367	131,581	117,227	403,447	347,664
Less:					
Amortization of convertible debenture discount	—	724	771	1,517	2,266
Share-based compensation	12,242	6,775	5,463	29,748	24,083
Strategic initiatives costs - Salaries, wages and benefits	4,633	475	—	5,593	—
Strategic initiatives costs - General and administrative expenses	4,283	1,883	2,904	7,806	2,904
Total adjustments	21,158	9,857	9,138	44,664	29,253
Adjusted operating expenses	118,209	121,724	108,089	358,783	318,411

Adjusted operating income or Pre-tax adjusted operating income

Adjusted operating income reflects net income or loss for the period adjusted for the amortization of debenture discount, share-based compensation, amortization of intangible assets from acquisitions, provision for or recovery of income taxes, loss or income on investments, and adjusting items from the table below.

The following tables reconciles income before taxes to adjusted operating income.

(in US\$000's except per share amounts or unless otherwise noted)	For the three-month period ended			For the nine-month period ended	
	September 30, 2024	June 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	US\$	US\$	US\$	US\$	US\$
Income before income taxes	133,967	135,184	124,670	392,130	345,533
Adjustments:					
Amortization of convertible debenture discount	—	724	771	1,517	2,266
Share-based compensation	12,242	6,775	5,463	29,748	24,083
Amortization of intangible assets from acquisition	6,970	6,966	6,982	20,915	20,941
Loss (gain) on investments	(668)	846	(183)	178	(168)
Adjusting Items:					
Strategic initiatives costs - Salaries, wages and benefits	4,633	475	—	5,593	—
Strategic initiatives costs - General and administrative expenses	4,283	1,883	2,904	7,806	2,904
Total pre-tax impact of adjusting items	8,916	2,358	2,904	13,399	2,904
Adjusted operating income	161,427	152,853	140,607	457,887	395,559

Adjusted operating margin

Adjusted operating margin is the adjusted operating income before taxes for the period divided by the net revenue for the period.

After-tax adjusted operating income

After-tax adjusted operating income reflects the adjusted operating income after the application of the Company's effective tax rates.

Adjusted net income

Adjusted net income reflects reported net income less the after-tax impacts of adjusting items. The following table reconciles reported net income to adjusted net income.

	For the three-month period ended			For the nine-month period ended	
(in US\$000's except per share amounts or unless otherwise noted)	September 30, 2024	June 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	US\$	US\$	US\$	US\$	US\$
Net income	98,565	102,698	95,971	295,080	264,032
Amortization of convertible debenture discount	—	724	771	1,517	2,266
Share-based compensation	12,242	6,775	5,463	29,748	24,083
Amortization of intangible assets from acquisition	6,970	6,966	6,982	20,915	20,941
Loss (gain) on investments	(668)	846	(183)	178	(168)
Strategic initiatives costs – Salaries, wages and benefits	4,633	475	—	5,593	—
Strategic initiatives costs – General and administrative expenses	4,283	1,883	2,904	7,806	2,904
Provision for income taxes	35,402	32,486	28,699	97,050	81,501
Provision for taxes applicable to adjusted results	(41,890)	(37,449)	(33,746)	(114,523)	(94,985)
Adjusted net income	119,537	115,404	106,861	343,364	300,574

After-tax adjusted operating income attributable to common shareholders

After-tax adjusted operating income attributable to common shareholders is computed as after-tax adjusted operating income less the cumulative preferred share dividends for the period.

After-tax adjusted operating income on average tangible total equity

After-tax adjusted operating income on average tangible equity is the after-tax adjusted operating income for the period, divided by the net of the average total shareholders' equity outstanding throughout the period, less average goodwill and intangible assets.

Adjusted EPS diluted

Adjusted EPS diluted computes the diluted after-tax adjusted operating income per share for the period on the assumption that all outstanding options at the end of the period that have an exercise price less than the closing market value on that day, are fully vested on that day and are fully exercised at their exercise price, and a corresponding number of shares are repurchased at the closing market value on that day using the cash proceeds from these option exercises. Convertible debentures are assumed to be converted at the beginning of the period (or at issuance if issued during the period on a time weighted basis) with the other effects of dilution added to the adjusted operating income if they are dilutive.

Adjusted EPS basic

Adjusted EPS is computed as the after-tax adjusted operating income attributable to common shareholders for the period, divided by the basic weighted average number of Common Shares outstanding during the period.

Assets under management

Assets under management are the sum of net earning assets, interim funding, and the value of assets syndicated by Element net of depreciation at the end of the period.

Allowance for credit losses as a percentage of total finance receivables

Allowance for credit losses as a percentage of total finance receivables is the allowance for credit losses at the end of the period divided by the total finance receivables (gross of the allowance for credit losses) at the end of the period.

Average common shareholders' equity

Average common shareholders' equity is calculated as the monthly average common shareholders' equity during the period.

Average cost of borrowing or average cost of debt

Average cost of borrowing or average cost of debt is equal to interest expense divided by the average debt outstanding during the period, excluding the continuing involvement liability, and is presented on an annualized basis.

Average debt outstanding

Average debt outstanding is calculated as the sum of monthly average borrowings outstanding under all of the Company's borrowings facilities, excluding the continuing involvement liability, and the convertible debentures outstanding throughout the period.

Average shareholders' equity

Average shareholders' equity is calculated as the monthly average balance of shareholders' equity during the period.

Average tangible leverage ratio

The average tangible leverage ratio has been computed as the sum of the average borrowings, excluding the continuing involvement liability, and average convertible debentures, divided by the net of total average shareholders' equity less average goodwill and intangible assets during the period.

Average financial leverage or average financial leverage ratio

Average financial leverage or average financial leverage ratio is calculated as average debt outstanding during the period excluding the continuing involvement liability, divided by average total shareholders' equity outstanding during the period. Financial leverage refers to the use of debt to acquire/finance additional finance receivables and provides an indication of future potential ability to increase the level of debt when compared to specific industry-standard and/or existing debt covenant.

Finance assets or total finance assets

Finance assets are the sum of the total finance receivables and total carrying value of the equipment under operating leases.

Financial leverage or financial leverage ratio

Financial leverage or financial leverage ratio is calculated as total debt (the sum of borrowings, excluding the continuing involvement liability, and convertible debentures) outstanding at the end of the period, divided by total shareholders' equity outstanding at the end of the period. Financial leverage refers to the use of debt to acquire/finance additional finance receivables and provides an indication of future potential ability to increase the level of debt when compared to specific industry-standard and/or existing debt covenants.

Adjusted free cash flow per share

Adjusted free cash flow per share is calculated by adjusting before-tax adjusted operating income for certain non-cash and cash revenue and expenses to get total cash from operations. Cash expenses of sustaining capital investments, preferred share dividends and cash taxes paid are subtracted from cash from operations to arrive at adjusted free cash flow. Adjusted free cash flow is then divided by the weighted average number of outstanding Common Shares for the period noted. Sustaining capital investments are defined by the Company as expenditures management considers necessary to support long-term growth.

Average net earning assets

Average net earning assets is the sum of the average outstanding finance receivables and average equipment under operating leases. Average outstanding finance receivables or average finance receivables is the sum of [i] the average finance receivables net investment balance (gross investment less unearned income) outstanding during the period and [ii] the average investment in managed funds during the period. Average equipment under operating leases is the monthly average equipment under operating leases outstanding during the period and is calculated net of accumulated depreciation.

Net earning assets

Net earning assets are the sum of the total net investment in finance receivables and total carrying value of the equipment under operating leases at the end of the period.

Net financing revenue yield on average net earning assets

Net financing revenue yield on average net earning assets is calculated as (net interest and rental revenue) divided by (average net earning assets outstanding throughout the period), multiplied by four (i.e. annualized).

Net interest and rental revenue

Net interest and rental revenue is calculated as the sum of (a) net interest income and (b) rental revenue net of depreciation, less (c) interest expense. Net interest and rental revenue refers to net financing income earned from finance receivables and equipment under operating leases, after considering financing costs and provision for credit losses.

Orders

Orders are legally binding commitments at the time at which the OEM accepts the order. Orders necessarily precede Originations.

Originations

An origination occurs once a vehicle that will be financed through Element is produced.

Period-end vehicles under management (VUM)

Every "VUM" is one unique vehicle (a) receiving or subscribed to one or more of our services, and/or (b) financed by us, whether or not subsequently syndicated. Period-end VUM refers to total VUM as at the end of the quarter. In calculating VUM, we apply certain judgements and make certain estimates, including in respect of a small number of single-service usage-based VUM. Certain estimates rely on information provided by our clients that could not be definitively validated. While there are inherent subjectivities in the VUM calculation due to these judgements and estimates, we believe that such judgements and estimates are reasonable.

Pro forma diluted average number of shares outstanding

Pro forma diluted average number of shares outstanding is the basic weighted average number of shares outstanding, plus the assumption that all outstanding options at the end of the period that have an exercise price less than the closing market value on that day, are fully vested on that day and are fully exercised at their exercise price, and a corresponding number of shares are repurchased at the closing market value on that day using the cash proceeds from these option exercises.

Pre-tax income margin

Pre-tax income margin is income before taxes divided by net revenue.

Pre-tax return on common equity

Pre-tax return on common equity ("pROcE") is the sum of before-tax adjusted operating income, minus preferred share dividends, for each of the current and three preceding quarters; divided by average total equity for the current quarter and same quarter prior year, minus current quarter preferred share capital.

Return on common equity

Return on common equity is calculated as the sum of net income, minus preferred share dividends, for each of the current and three preceding quarters; divided by average total equity for the current quarter and same quarter prior year, minus current quarter preferred share capital.

Tangible leverage ratio

The tangible leverage ratio has been computed as the sum of borrowings, excluding the continuing involvement liability, and convertible debentures divided by the net of total shareholders' equity less goodwill and intangible assets at the period end.

Updated Share Information

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.

As at November 13, 2024, the Company had 404,905,437 Common Shares issued and 404,593,933 Common Shares outstanding. In addition, 226,262 options were issued and outstanding under the Company's stock option plan as at November 13, 2024. These convertible securities are convertible into, or exercisable for, Common Shares of the Company. 226,262 of these convertible securities were exercisable at September 30, 2024, for what would have been proceeds to the Company upon exercise of \$1.3 million.