



Element Reports Record Second Quarter Results, Raises Full-Year 2024 Guidance, and Announces Strategic Acquisition

Amounts in US\$ unless otherwise noted

- Record quarterly net revenue of US\$274.6 million driving adjusted EPS of US\$0.29 and adjusted free cash flow per share of US\$0.38
- Robust net revenue growth of 14.1% year-over-year led by a double-digit increase across net financing and services revenues; and up 4.6% from a strong Q1 2024
- Reports record origination volume; up 28.2% from Q1 2024 and up 4.6% from Q2 2023
- Raises full-year 2024 guidance on most metrics as a result of robust first half 2024 performance
- Unveils first-ever Purpose statement: Move the World Through Intelligent Mobility
- Accelerates digitization and automation capabilities with the execution of a definitive agreement for the acquisition of Autofleet Solutions Ltd. ("Autofleet")

TORONTO, Aug. 13, 2024 -- Element Fleet Management Corp. (TSX:EFN) ("Element" or the "Company"), the largest publicly traded, pure-play automotive fleet manager in the world, today announced strong financial and operating results for the three months ended June 30, 2024.

The following table presents Element's selected financial results in U.S. dollars unless otherwise noted.

	Q2 2024 ¹	Q1 2024 ^{1,2}	Q2 2023	QoQ	YoY
In US\$ millions, except percentages and per share amount and unless otherwise noted	US\$	US\$	US\$	%	%
Selected financial results - as reported:					
Net revenue	274.6	262.5	240.6	4.6%	14.1%
Pre-tax income	135.2	123.0	118.9	9.9%	13.7%
Pre-tax income margin	49.2%	46.9%	49.4%	230 bps	-20 bps
Earnings per share (EPS) [basic]	0.26	0.23	0.22	0.03	0.04
<i>Earnings per share (EPS) [basic] [\$CAD]</i>	<i>0.35</i>	<i>0.31</i>	<i>0.29</i>	<i>0.04</i>	<i>0.06</i>
Adjusted results (excludes one-time strategic project costs in 2024) ¹					
Adjusted net revenue ³	274.6	262.5	240.6	4.6%	14.1%
Adjusted operating income (AOI) ³	152.9	143.6	132.7	6.4%	15.2%
Adjusted operating margin ³	55.7%	54.7%	55.1%	+100 bps	+60 bps
Adjusted EPS ³ [basic]	0.29	0.27	0.25	0.02	0.04
<i>Adjusted EPS³ [basic] [\$CAD]</i>	<i>0.39</i>	<i>0.36</i>	<i>0.33</i>	<i>0.03</i>	<i>0.06</i>
Other highlights:					
Adjusted free cash flow per share ³ (FCF/sh)	0.38	0.35	0.34	0.03	0.04
<i>Adjusted free cash flow per share³ (FCF/sh) [\$CAD]</i>	<i>0.52</i>	<i>0.47</i>	<i>0.46</i>	<i>0.05</i>	<i>0.06</i>
Originations (excluding Armada)	1,976	1,542	1,889	28.2%	4.6%

1. Q2 2024 and Q1 2024 included US\$2.4 million and US\$2.1 million, respectively, in one-time strategic project costs.
2. Q1 2024 revenue benefitted from US\$7.0 million in certain services revenue items which are unlikely to repeat in 2024.
3. Adjusted results are 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 earnings release. The Company uses "Adjusted Results" because it believes that they provide useful information to investors regarding its performance and results of operations.

"Our robust growth was driven by our continued commercial success," said Laura Dottori-Attanasio, Chief Executive Officer of Element. "Driven by our aspiration to take Element to new heights, we are delighted to unveil our very first Purpose Statement "Move the World Through Intelligent Mobility." We developed this brand promise with the collaboration of our team members. It is a reflection of our unwavering commitment to putting our clients first and embodies our dedication to intelligent, seamless

mobility."

Net revenue growth

Element grew Q2 2024 net revenue 14.1% over Q2 2023 ("year-over-year") to US\$274.6 million led largely by robust growth across all revenue line items. Net revenue increased US\$12.1 million or 4.6% from Q1 2024 ("quarter-over-quarter").

Net financing revenue

Q2 2024 net financing revenue grew US\$16.7 million or 15.8% from Q2 2023 and grew US\$15.2 million or 14.2% quarter-over-quarter. Year-over-year growth was largely as a result of higher net earning assets associated with higher originations in the U.S., Canada, and ANZ regions. These increases were partly offset by higher funding costs year-over-year.

Gain on sale ("GOS") was largely unchanged year-over-year as higher GOS in Mexico was mostly offset by lower GOS in ANZ as prices continue to moderate but remain well above historic levels. Higher volume of vehicles available for sale in Mexico continue to mitigate used vehicle pricing headwinds.

Service revenue

Element's largely unlevered services revenue is the key pillar of its capital-light business model, which also improves the Company's return on equity profile.

Q2 2024 services revenue grew 10.8% year-over-year to US\$140.1 million driven primarily by higher origination volumes, and higher penetration rates of our service offerings from existing clients. Also contributing to the year-over-year increase was growth in both Mexico and ANZ.

Q1 2024 services revenue benefitted from US\$7.0 million in certain services revenue items that we do not anticipate to recur in 2024 (as previously disclosed). Excluding these amounts, services revenue was largely unchanged quarter-over-quarter.

Syndication volume

The Company syndicated a record US\$955.2 million of assets in Q2 2024 - US\$440.8 million or 85.7% more volume than Q2 last year and more than double that of Q1 2024. These increases are attributed to record originations and our ongoing focus on our capital lighter model. The Company expanded the number of names it syndicated, impacting the Company's syndication mix. Overall, pricing in the syndication market has improved from Q1 and client demand remains robust.

Q2 2024 syndication revenue grew US\$3.6 million or 41.9% year-over-year and US\$3.8 million or 46.4% quarter-over-quarter largely due to record volumes this quarter.

Adjusted operating income and adjusted operating margins

AOI was US\$152.9 million this quarter, an increase of US\$20.2 million or 15.2% year-over-year — amounting to adjusted EPS of US\$0.29 for Q2 2024, which is a 4 cent increase year-over-year. Q2 2024 adjusted operating margin was 55.7%, representing margin expansion of 60 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). Adjusted operating margin expanded 100 basis points quarter-over-quarter.

Element expanded adjusted pre-tax return on common equity by 140 basis points year-over-year to 19.6% in Q2 2024.

Originations

Element originated US\$2.0 billion of assets in Q2 2024 (excluding Armada), which is a US\$87.2 million or 4.6% increase year-over-year and a US\$434.1 million or 28.2% increase quarter-over-quarter.

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

(in U.S.\$000's) (Excluding Armada)	June 30, 2024		June 30, 2023		Variance to Q2 2023	
	US\$	%	US\$	%	US\$	%
United States and Canada	1,599,955	81.0	1,522,241	80.6	77,714	5.1%
Mexico	252,573	12.8	255,453	13.5	(2,880)	(1.1)%
Australia and New Zealand	123,486	6.2	111,123	5.9	12,363	11.1%
Total	1,976,014	100.0	1,888,817	100.0	87,197	4.6%

Growing adjusted free cash flow per share and return of capital to shareholders

On an adjusted basis, Element generated US\$0.38 of adjusted free cash flow ("FCF") per share in Q2 2024 – 4 cents more year-over-year driven primarily by an increase in net revenues and higher originations, while investing US\$17.4 million in total capital investments this quarter.

Element returned US\$37.7 million and US\$75.9 million of cash to common shareholders through dividends and buybacks of common shares in Q2 2024 and first half 2024, respectively.

Full-year 2024 guidance

As a result of its robust first-half performance and positive outlook for the remainder of the year, Element is raising its full-year guidance on most metrics.

In US\$ unless otherwise noted	FY 2023 - U.S. Dollars	Prior 2024 Guidance - U.S. Dollars	New 2024 Guidance - U.S. Dollars
Net revenue	\$959.1 million	\$1.020 - 1.040 billion	\$1.060 - \$1.080 billion
<i>Implied YoY Growth</i>		6-8%	11-13%
Adjusted operating margin	55.3%	55.0% - 55.5%	55.0% - 55.5%
Adjusted operating income	\$530.6 million	\$560 – 575 million	\$575 - 595 million
<i>Implied YoY Growth</i>		6-8%	8-12%
Adjusted EPS [basic]	\$0.98	\$1.05 - 1.09	\$1.07 - \$1.11
<i>Implied YoY Growth</i>		7-11%	9-13%
Adjusted free cash flow per share	\$1.24	\$1.31 - 1.34	\$1.32 - 1.36
<i>Implied YoY Growth</i>		6-8%	6-10%
Originations (excl Armada)	\$6.3 billion	\$7.0 - 7.4 billion	\$7.0 - 7.4 billion
<i>Implied YoY Growth</i>		11-17%	11-17%

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

Element's full-year 2023 results and 2024 guidance exclude non-recurring setup costs associated with its previously announced strategic initiatives, non-recurring costs associated with the acquisition of Autofleet, and also prior to any material changes in foreign exchange.

Acquisition of Autofleet

Today, the Company announced it has entered into a definitive agreement to acquire Autofleet, an innovator in fleet and mobility solutions. Autofleet has a robust and highly scalable fleet optimization technology platform alongside optimized mobility solutions tailored for the fleet industry.

"Having previously worked with Autofleet and witnessed the common culture, commitment to clients, and focus on delivering impactful results that our two companies share, we are thrilled to welcome them to the Element organization as an integral part of our business," commented Dottori-Attanasio. "We are confident their expertise will enable us to fast-track the modernization of our digital capabilities, enhance our ability to scale our core business more quickly, and ultimately deliver increased value to our clients and shareholders."

Founded in 2018, the firm boasts a skilled team of approximately 70 professionals including developers, engineers, and data scientists. Element anticipates that the combination of its own scale, market leadership, and comprehensive fulfillment capabilities with Autofleet's digital, data, and cloud capabilities, will advance its purpose to *Move the World Through Intelligent Mobility* and unlock new revenue streams for both companies.

"This partnership represents a powerful alignment of two companies with shared aspiration and cultures, and enables us to leverage Element's commercial organization and leadership to accelerate new growth areas for the business," stated Kobi Eisenberg, Chief Executive Officer of Autofleet. "We are incredibly proud to join forces with Element, a company that shares our commitment to advancing intelligent solutions within the fleet and mobility industries."

The completion of the acquisition is subject to customary closing conditions, and the terms of the transaction remain undisclosed. The Company expects the transaction to close in early Q4 2024.

Strategic initiatives update

As previously disclosed, the Company plans to optimize its business further by centralizing accountability for its U.S. and Canadian leasing operations and establishing a strategic sourcing presence in Asia. The Company continues to expect these initiatives to generate between US\$30 - \$45 million (CAD \$40 - \$60 million) of run-rate net revenue, and between US\$22 - \$37 million (CAD \$30 - \$50 million) of run-rate adjusted operating income ("AOI"), by full-year 2028. The above initiatives require approximately US\$22 million (total) (CAD \$30 million) in non-recurring setup costs, of which US\$2.4 million and US\$2.1 million were incurred in Q2 2024 and Q1 2024, respectively (H1 2023 - nil). In 2023, the Company incurred US\$13.7 million, in aggregate, in such costs. The remaining and final costs of approximately US\$3.8 million will likely be recorded in Q3 2024.

In August, the Company commenced operations in Dublin, creating a global standard for leasing excellence. This Dublin-based team is currently comprised of 50 cross-functional professionals, growing to approximately 80 later this year. As previously communicated, centralizing our U.S. and Canadian leasing functions in Ireland provides the following benefits:

1. Enhancing our consistent, superior client leasing experience to grow market-leading offerings across leasing lifecycle;
2. Greater control over a broader leasing functions to better assess performance and optimize capital allocations;
3. Aligning commercial sales and strategic alliances to leasing strategy; and
4. A more disciplined pricing strategy.

In April 2024, the Company commenced operations in Singapore, marking a significant milestone in its ongoing strategic

initiative to enhance its global procurement capabilities and strategic sourcing relationships in Asia. Concurrently, the Company entered into its first collaboration agreement with a strategic sourcing supplier.

The expected payback period from the Company's investments is anticipated to be less than 2.5 years.

The Company also remains focused on prioritizing digitization and automation initiatives to enable future growth, drive operational efficiencies and position itself as a leading industry player in the rapidly evolving mobility and vehicle connectivity landscape.

Capital structure

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

On June 30, 2024, the Company redeemed all of its 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 US\$91.2 million (CAD\$128 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 the Company.

Intention to redeem all its outstanding 5.903% Cumulative 5-Year Rate Reset Preferred Shares Series E

To further optimize the Company's balance sheet and mature its capital structure, the Company announced today its intention to redeem - in accordance with the terms of the 5.903% Cumulative 5-Year Rate Reset Preferred Shares Series E (the "Series E Shares") as set out in the Company's articles - all of its 5,321,900 issued and outstanding Series E Shares on September 30, 2024 (the "Share Redemption Date") for a redemption price equal to CAD\$25.00 per Series E Share for an aggregate total amount of approximately US\$92.4 million (CAD\$133 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 the Company.

The Company has provided notice today of the Redemption Price and the Share Redemption Date to the sole registered holder of the Series E Shares in accordance with the terms of the Series E Shares as set out in the Company's articles. Non-registered holders of Series E Shares should contact their broker or other intermediary for information regarding the redemption process for the Series E Shares in which they hold a beneficial interest. The Company's transfer agent for the Series E Shares is Computershare Investor Services Inc. ("Computershare Investor Services"). Questions regarding the redemption process may be directed to Computershare Investor Services at 1-800-564-6253 or by email to corporateactions@computershare.com.

Following their redemption on September 30, 2024, the Series E Shares will be de-listed from and no longer trade on the Toronto Stock Exchange ("TSX").

4.25% Convertible Unsecured Subordinated Debentures Exchanged for Common Shares

On June 26, 2024, the Company redeemed all of its 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\$172.0 million for consideration of approximately 14.6 million Common Shares, issued from Treasury and delivered to beneficial holders. The Debentures 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).

As at June 30, 2024, total Common Shares issued and outstanding were 403.6 million.

Conference call and webcast

A conference call to discuss these results will be held on Wednesday, August 14, 2024 at 8:00 a.m. Eastern Time.

The conference call and webcast can be accessed as follows:

Webcast: <https://services.choruscall.ca/links/elementfleet2024q2.html>

Telephone: [Click here](#) to join the call most efficiently,
or dial one of the following numbers to speak with an operator:

Canada/USA toll-free: 1-844-763-8274

International: +1-647-484-8814

A taped recording of the conference call may be accessed through September 14, 2024 by dialing 1-855-669-9658 (Canada Toll Free), 1-877-344-7529 (U.S. Toll Free) or 1-412-317-0088 (International Toll) and entering the access code 2637551.

Dividends declared

The Company's Board has authorized and declared a quarterly dividend of CAD\$0.12 per outstanding common share of Element for the third quarter of 2024. The dividend will be paid on October 15, 2024 to shareholders of record as at the close of

business on September 27, 2024.

Element's Board of Directors also declared the following dividends on Element's preferred shares:

Series	TSX Ticker	Amount (CAD\$)	Record Date	Payment Date
Series E	EFN.PR.E	\$0.3689380	September 13, 2024	September 27, 2024

Note: This will be the final quarterly dividend payment on the Series E Shares prior to their planned redemption on September 30, 2024 as disclosed earlier in this press release. Holders will receive on the Redemption Date of the Series E Shares all accrued and unpaid dividends up to but excluding the Redemption Date.

The Company's common and preferred share dividends are designated to be eligible dividends for purposes of section 89(1) of the Income Tax Act (Canada).

Normal course issuer bid

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 six months of 2024, we purchased 455,300 common shares for cancellation, for an aggregate amount of approximately US\$7.3 million (CAD\$10.0 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.

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

The Company's audited 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 audited consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary to present fairly our financial position as at June 30, 2024 and June 30, 2023, the results of operations, comprehensive income and cash flows for the three-month periods-ended June 30, 2024 and June 30, 2023.

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

(in US\$000's except ratios and per share amounts or unless otherwise noted)	As at and for the three-month period ended		
	June 30, 2024	March 31, 2024	June 30, 2023

Key annualized operating ratios

Leverage ratios

Financial leverage ratio	P/(P+R)	74.8%	75.5%	72.1%
Tangible leverage ratio	P/(R-K)	6.50	6.68	5.61
Average financial leverage ratio	Q/(Q+V)	74.9%	73.8%	71.4%
Average tangible leverage ratio	Q/(V-L)	6.49	6.15	5.50

Other key operating ratios

Allowance for credit losses as a % of total finance receivables before allowance	F/E	0.07%	0.08%	0.10%
Adjusted operating income on average net earning assets	B/J	7.47%	7.34%	7.80%
Adjusted operating income on average tangible total equity of Element	D/(V-L)	34.22%	32.37%	30.28%

Per share information

Number of shares outstanding	W	403,609	388,926	389,703
Weighted average number of shares outstanding [basic]	X	390,013	389,161	390,385
Pro forma diluted average number of shares outstanding	Y	390,163	404,118	405,505
Cumulative preferred share dividends during the period	Z	2,869	2,919	4,475
Other effects of dilution on an adjusted operating income basis	AA	\$ —	\$ 1,222	\$ 1,219
Net income per share [basic]	(A-Z)/X	\$ 0.26	\$ 0.23	\$ 0.22
Net income per share [diluted]		\$ 0.26	\$ 0.23	\$ 0.21

Adjusted EPS [basic]	(D1)/X	\$	0.29	\$	0.27	\$	0.25
Adjusted EPS [diluted]	(D1+AA)/Y	\$	0.29	\$	0.26	\$	0.24

Management also uses a variety of both IFRS and non-GAAP and Supplemental Measures, and non-GAAP ratios to monitor and assess their operating performance. The Company uses these non-GAAP and Supplemental Financial Measures because they believe that they may provide useful information to investors regarding their performance and results of operations.

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

(in US\$000's except per share amounts or unless otherwise noted)	For the three-month period ended		
	June 30, 2024	March 31, 2024	June 30, 2023
Reported results	US\$	US\$	US\$
Services income, net	140,123	147,053	126,433
Net financing revenue	122,409	107,178	105,698
Syndication revenue, net	12,045	8,226	8,491
Net revenue	274,577	262,457	240,622
Operating expenses	131,581	132,499	115,233
Operating income	142,996	129,958	125,389
Operating margin	52.1 %	49.5 %	52.1 %
Total expenses	139,393	139,478	121,692
Income before income taxes	135,184	122,979	118,930
Net income	102,698	93,817	89,374
EPS [basic]	0.26	0.23	0.22
EPS [diluted]	0.26	0.23	0.21
Adjusting items			
<i>Impact of adjusting items on operating expenses:</i>			
Strategic initiatives costs – Salaries, wages, and benefits	475	485	—
Strategic initiatives costs – General and administrative expenses	1,883	1,640	—
Share-based compensation	6,775	10,731	6,534
Amortization of convertible debenture discount	724	793	756
Total impact of adjusting items on operating expenses	9,857	13,649	7,290
Total pre-tax impact of adjusting items	9,857	13,649	7,290
Total after-tax impact of adjusting items	7,442	10,305	5,504
Total impact of adjusting items on EPS [basic]	0.02	0.03	0.01
Total impact of adjusting items on EPS [diluted]	0.02	0.03	0.01

(in US\$000's except per share amounts or unless otherwise noted)	For the three-month period ended		
	June 30, 2024	March 31, 2024	June 30, 2023
Adjusted results	US\$	US\$	US\$
Adjusted net revenue	274,577	262,457	240,622
Adjusted operating expenses	121,724	118,850	107,943
Adjusted operating income	152,853	143,607	132,679
Adjusted operating margin	55.7 %	54.7 %	55.1 %
Provision for income taxes	32,486	29,162	29,556
Adjustments:			
Pre-tax income	5,381	5,390	3,533
Foreign tax rate differential and other	(418)	632	(584)
Provision for taxes applicable to adjusted results	37,449	35,184	32,505
Adjusted net income	115,404	108,423	100,174
Adjusted EPS [basic]	0.29	0.27	0.25
Adjusted EPS [diluted]	0.29	0.26	0.24

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

(in US\$000's unless otherwise noted)	For the three-month period ended		
	June 30, 2024	March 31, 2024	June 30, 2023

		US\$	US\$	US\$
Total Finance receivables, before allowance for credit losses	E	7,775,035	7,478,974	7,005,218
Allowance for credit losses	F	5,351	5,794	7,613
Net investment in finance receivable	G	5,525,306	5,349,038	4,680,188
Equipment under operating leases	H	2,589,411	2,685,015	2,383,189
Net earning assets	I=G+H	8,114,717	8,034,053	7,063,377
Average net earning assets	J	8,186,031	7,825,155	6,801,141
Goodwill and intangible assets	K	1,583,634	1,587,465	1,591,966
Average goodwill and intangible assets	L	1,584,972	1,588,981	1,589,673
Borrowings	M	8,711,416	9,021,567	7,587,282
Unsecured convertible debentures	N	—	126,108	125,653
Less: continuing involvement liability	O	(101,075)	(87,199)	(56,390)
Total debt	P=M+N-O	8,610,341	9,060,476	7,656,545
Average debt	Q	8,757,365	8,239,147	7,274,728
Total shareholders' equity	R	2,908,420	2,944,588	2,956,533
Preferred shares	S	92,404	181,077	263,380
Common shareholders' equity	T=R-S	2,816,016	2,763,511	2,693,153
Average common shareholders' equity	U	2,782,534	2,747,716	2,646,122
Average total shareholders' equity	V	2,934,053	2,928,793	2,909,503

Throughout this press release, management uses 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 the Company's reported expenses to adjusted operating expenses.

	For the three-month period ended		
(in US\$000's except per share amounts or unless otherwise noted)	June 30, 2024	March 31, 2024	June 30, 2023
	US\$	US\$	US\$
Reported Expenses	139,393	139,478	121,692
Less:			
Amortization of intangible assets from acquisitions	6,966	6,979	6,982
Loss (gain) on investments	846	—	(523)
Operating expenses	131,581	132,499	115,233
Less:			
Amortization of convertible debenture discount	724	793	756
Share-based compensation	6,775	10,731	6,534
Strategic initiatives costs - Salaries, wages and benefits	475	485	—
Strategic initiatives costs - General and administrative expenses	1,883	1,640	—
Total adjustments	9,857	13,649	7,290
Adjusted operating expenses	121,724	118,850	107,943

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.

	For the three-month period ended		
(in US\$000's except per share amounts or unless otherwise noted)	June 30, 2024	March 31, 2024	June 30, 2023
	US\$	US\$	US\$
Income before income taxes	135,184	122,979	118,930
Adjustments:			

Amortization of convertible debenture discount	724	793	756
Share-based compensation	6,775	10,731	6,534
Amortization of intangible assets from acquisition	6,966	6,979	6,982
Loss (gain) on investments	846	—	(523)
Adjusting Items:			
Strategic initiatives costs - Salaries, wages and benefits	475	485	—
Strategic initiatives costs - General and administrative expenses	1,883	1,640	—
Total pre-tax impact of adjusting items	2,358	2,125	—
Adjusted operating income	152,853	143,607	132,679

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.

(in US\$000's except per share amounts or unless otherwise noted)	For the three-month period ended		
	June 30, 2024	March 31, 2024	June 30, 2023
	US\$	US\$	US\$
Net income	102,698	93,817	89,374
Amortization of convertible debenture discount	724	793	756
Share-based compensation	6,775	10,731	6,534
Amortization of intangible assets from acquisition	6,966	6,979	6,982
Loss (gain) on investments	846	—	(523)
Strategic initiatives costs - Salaries, wages and benefits	475	485	—
Strategic initiatives costs - General and administrative expenses	1,883	1,640	—
Provision for income taxes	32,486	29,162	29,556
Provision for taxes applicable to adjusted results	(37,449)	(35,184)	(32,505)
Adjusted net income	115,404	108,423	100,174

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.

About Element Fleet Management

Element Fleet Management (TSX: EFN) is the largest publicly traded pure-play automotive fleet manager in the world, providing the full range of fleet services and solutions to a growing base of loyal, world-class clients – corporations, governments, and not-for-profits – across North America, Australia, and New Zealand. Element's 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 Element's expertise as one of the largest fleet solutions providers in its markets, offering economies of scale and insight used to reduce fleet operating costs and improve productivity and performance. For more information, visit elementfleet.com/investor-relations.

This press release includes forward-looking statements regarding Element and its business. Such statements are based on management's current expectations and views of future events. In some cases the forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "plan", "anticipate", "intend", "potential", "estimate", "believe" or the negative of these terms, or other similar expressions intended to identify forward-looking statements, including, among others, statements regarding Element's financial performance, enhancements to clients' service experience and service levels; improvements to client retention trends; reduction of operating expenses; increases in efficiency; Element's ability to achieve its sustainability objectives; the ability to satisfy all closing conditions related to the Autofleet acquisition; 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 revenues streams; EV strategy and capabilities; global EV adoption rates; dividend policy and the payment of future dividends; Element's expectation and ability to redeem its preferred shares and convertible debentures; the costs and benefits of strategic initiatives; creation of value for

all stakeholders; expectations regarding syndication; growth prospects and expected revenue growth; level of workforce engagement; improvements to magnitude and quality of earnings; executive hiring and retention; focus and discipline in investing; balance sheet management and plans with respect to leverage ratios; and Element's proposed share purchases, including the number of common shares to be repurchased, the timing thereof and TSX acceptance of the NCIB and any renewal thereof. No forward-looking statement can be guaranteed. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause Element's actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statement or information. Accordingly, readers should not place undue reliance on any forward-looking statements or information. Such risks and uncertainties include those regarding the fleet management and finance industries, economic factors, regulatory landscape and many other factors beyond the control of Element. A discussion of the material risks and assumptions associated with this outlook can be found in Element's annual MD&A, and Annual Information Form for the year ended December 31, 2023, each of which has been filed on SEDAR+ and can be accessed at www.sedarplus.ca. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Element undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

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