
Element Fleet Management Corp.

Management's Discussion and Analysis

June 30, 2025



The following management discussion and analysis ("MD&A") dated August 6, 2025, 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 six-month periods ended June 30, 2025. 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 six-month periods ended June 30, 2025 and the Company's latest annual information form (AIF) both filed on the System for Electronic Data Analysis and Retrieval ("SEDAR+") at www.sedarplus.ca 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.sedarplus.ca 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 AUGUST 6, 2025. 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 MANAGEMENT & RISK FACTORS" IN ELEMENT'S ANNUAL INFORMATION FORM FOR THE YEAR ENDED DECEMBER 31, 2024. 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

(in US\$000's except per share amounts unless otherwise noted)	For the three-month period ended			For the six-month period ended	
	June 30, 2025	March 31, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	\$	\$	\$	\$	\$
Reported results					
Servicing income, net	151,336	152,482	140,123	303,818	287,176
Net financing revenue	127,082	111,556	122,409	238,638	229,587
Syndication revenue, net	11,608	11,633	12,045	23,241	20,271
Net revenue	290,026	275,671	274,577	565,697	537,034
Operating expenses	138,509	135,007	131,581	273,516	264,080
Operating income ¹	151,517	140,664	142,996	292,181	272,954
Operating margin ²	52.2 %	51.0 %	52.1 %	51.6 %	50.8 %
Total expenses	146,576	139,200	139,393	285,776	278,871
Income before income taxes	143,450	136,471	135,184	279,921	258,163
Net Income	112,366	102,250	102,698	214,616	196,515
Earnings per share (EPS) - diluted	0.28	0.25	0.25	0.53	0.48
<i>Earnings per share (EPS) - diluted [\$CAD]</i>	0.39	0.36	0.34	0.75	0.65
Adjusted results⁴					
Adjusted net revenue	290,026	275,671	274,577	565,697	537,034
Adjusted operating expenses ³	128,176	124,824	121,724	253,000	240,574
Adjusted operating income (AOI) ¹	161,850	150,847	152,853	312,697	296,460
Adjusted operating margin ²	55.8 %	54.7 %	55.7 %	55.3 %	55.2 %
Adjusted net income	120,983	112,758	115,404	233,741	223,827
Adjusted EPS [diluted]	0.30	0.28	0.28	0.58	0.55
<i>Adjusted EPS [diluted] [\$CAD]</i>	0.42	0.40	0.39	0.82	0.74
Other highlights					
Originations ⁴	1,894,380	1,508,869	1,976,014	3,403,249	3,517,897
Vehicles under management (VUM) ⁴ - end of period	1,512	1,514	1,499	1,512	1,499
Adjusted free cash flow per share - diluted ⁴	0.40	0.36	0.37	0.76	0.70
<i>Adjusted free cash flow per share - diluted [\$CAD]</i>	0.56	0.52	0.50	1.07	0.95
Weighted average common shares outstanding - basic	401,668	403,502	390,013	402,580	389,587
Weighted average common shares outstanding - diluted	401,881	403,686	403,642	402,762	403,789
<i>Dividends declared per common share [\$CAD]</i>	0.13	0.13	0.12	0.26	0.24
After-tax adjusted return on equity (ROE)	17.5 %	16.7 %	16.3 %	17.1 %	15.9 %

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. Strategic initiatives costs totaled \$2 million in Q2 2024 (\$2 million in Q1 2024) attributable to leasing initiatives in Ireland. These strategic costs were completed in Q3 2024, and, in aggregate, were \$2 million below planned investment as previously communicated.

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". Commencing Q4 2024, VUM includes units associated with Autofleet.

Company Overview

Element Fleet Management Corp. ("Element") is the largest publicly traded pure-play automotive fleet manager in the world. As a Purpose-driven and client-centric company, we deliver value through scalable, sustainable, and technology-enabled fleet and mobility solutions. With operations across North America, Australia, New Zealand, Ireland, and a growing global footprint through our technology platform Autofleet, we provide our clients with end-to-end fleet management services - from vehicle acquisition, maintenance, and risk management to route optimization, electric vehicle integration, and remarketing. At Element, we combine our fleet management expertise with advanced digital capabilities in order to unlock real-time data insights, dynamic planning tools, and advanced optimization that enhances the cost efficiency and vehicle productivity of our clients' fleets. For more information, please visit: elementfleet.com.

Element has 1.5 million vehicles under management ("VUM"⁵) (June 30, 2025).

Global Growth Strategy

Driven by our Purpose to *Move the world through intelligent mobility* - and bolstered by our leadership position in the fleet and mobility industry, we continued to focus on executing a global growth strategy that is delivering significant value to our clients, team members, business, and shareholders. By merging a digital-first mindset with operational excellence and strategic investments, we are well-positioned for long-term success in the evolving mobility landscape. Our focus on digitization and automation enhances the client experience, builds our operational scalability, generates greater data-driven insights, and enables long-term growth across our business. At the core of our efforts is an unwavering commitment to prioritizing client success.

As we look ahead, we are well positioned to capitalize on the investments undertaken over the past year and leverage the advanced digital capabilities and scalable platform that we acquired in Autofleet.

Our conviction to define the future of mobility by moving the world intelligently has galvanized our teams globally. The fleet and mobility industry are evolving, and we see tremendous opportunities ahead for Element.

Our three strategic priorities focus on:

- Continuing to grow organically
- Transforming our holistic digital, analytics, and operational capabilities
- Expanding beyond the core with new products and services such as Insurance, Small- to Medium-Fleets and shared mobility

⁵ 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 judgments 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 judgments and estimates, we believe that such judgments and estimates are reasonable.

Effect of Foreign Currency Exchange Rate Changes

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. Notwithstanding, our assets, liabilities, and foreign operating results do fluctuate as a result of movements in these currencies against our reporting currency, which is 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 70% of the total aggregate impact.

Average exchange rate	For the three-months ended		
	June 30, 2025	March 31, 2025	June 30, 2024
U.S. dollar/Canadian dollar	1.384	1.436	1.368
U.S. dollar/Mexican peso	19.516	20.419	17.256
U.S. dollar/Australian dollar	1.561	1.595	1.518
U.S. dollar/New Zealand dollar	1.687	1.762	1.653

For further information relating to items impacting our Unaudited Interim Condensed Consolidated Financial Statements, please refer to Note 2 (*Summary of Material Accounting Policies*) of our Interim Condensed Consolidated Financial Statements dated June 30, 2025.

Foreign currency translation fluctuations had a material impact on our year-over-year financial comparatives, particularly due to the depreciation of the Mexico peso and Australian dollar. As previously disclosed, we are committed to highlighting the impacts of foreign currency translation when they are material to our financial comparatives. This approach ensures transparency and provides stakeholders with greater visibility into our core operating performance.

The following table illustrates the estimated impact of foreign currency translation on our key income statement items as a result of changes in average exchange rates. The below estimates were calculated by applying the current quarter monthly average rates to the prior quarters' months. The quarter-over-quarter financial currency translation impacts were less significant.

	For the three months ended
(in US\$000's except per share amounts)	June 30, 2025 vs. June 30, 2024
	Constant Currency
Adjusted results	
Adjusted net revenue	(10,271)
Adjusted operating expenses	(1,925)
Adjusted operating income (AOI)	(8,346)
Adjusted EPS [diluted]	(0.02)

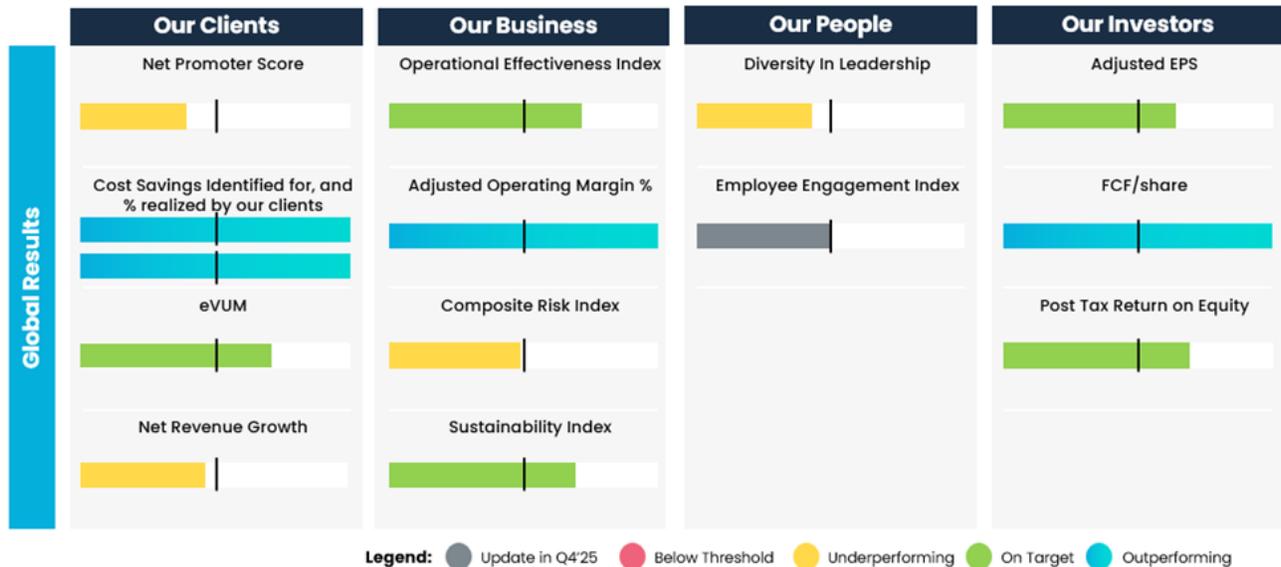
Global Balanced Scorecard

We continue to employ our Global Balanced Scorecard (“Global BSC”) to align strategy and performance across the organization, accelerating progress on our priorities across four core pillars: clients, business, people, and investors.

In 2025, we refined the Global BSC to sharpen focus on the areas that matter most and reinforce our commitment to stakeholder value. Key updates include:

- Electric Vehicles Under Management (replacing EV Acceptance Rate): This metric better reflects our role in enabling clients’ electrification journeys and supporting their decarbonization objectives.
- Net Revenue Growth (now expressed as a percentage rather than an absolute value): This change enhances visibility into our ability to generate sustainable, organic growth, including expansion beyond our core offerings.
- Cost Savings Realization Rate (replacing Cost Savings Actioned by Clients): This revised metric measures the percentage of identified savings that are actually realized by clients, underscoring the tangible value we deliver.
- Diversity in Leadership (replacing Diversity Representation): We sharpened the focus of this measure to emphasize progress in increasing representation within leadership roles.
- Adjusted Return on Common Equity (replacing Pre-Tax Return on Common Equity): This updated financial metric is aligned with external disclosure standards and provides greater transparency into our ability to enhance profitability.

These updates ensure the Global BSC remains a dynamic and effective tool in monitoring our performance and advancing our long-term strategic objectives.



Certain metrics in the above table were adversely impacted by factors not accounted for in the target. This includes specific adjustments and fluctuations in foreign currency exchange rates. These elements influence comparative growth rates, as outlined in greater detail under "Quarterly Results of Operations".

Our Clients

Earning our clients' loyalty

Enhancing the client and driver experience remains a core strategic priority. A key measure of our performance in this area is our Net Promoter Score ("NPS"), which reflects client satisfaction and loyalty.

For Q2 2025, our global NPS was 48, representing a one-point increase over our Q1 score of 47. This increase reflects the early impact of several focused initiatives aimed at enhancing the client experience. Key contributing factors include strengthened governance of action plans aligned to primary NPS drivers, and continued investment in digital capabilities. Additionally, our ability to deliver data-driven insights and consultative guidance empowered clients to make more informed decisions, further reinforcing our value as a strategic partner.

Our Purpose, to *Move the world through intelligent mobility*, continues to guide our decisions and reinforce our dedication to client success.

Creating compelling value for our clients

Our global Strategic Advisory Services ("SAS") team is committed to delivering substantial value to our clients. We proactively identify each client's unique fleet challenges and opportunities, and respond with tailored solutions and strategies.

In Q2 2025, we implemented several enhancements to the internal tools used by our team of trusted Advisors to deliver greater value and insights to our clients. We refined our portfolio market trends dashboard to provide deeper analysis into overall market behaviour. This has enabled Advisors to identify client behaviour patterns and uncover opportunities to optimize performance and drive additional savings. Our life cycle cost analysis tool was also upgraded to support more precise vehicle comparisons, helping clients select the most cost-effective options. These updates include improvements to the AI engine introduced last year, and new filtering capabilities for faster and more targeted analysis. Lastly, we enhanced our Advisor portal to better support the tracking of client savings initiatives and strategic goals. Key improvements include the introduction of benchmark clustering for more granular data analysis and expanded news monitoring capabilities to proactively surface client-relevant developments.

In Q2 2025, our teams identified and shared over \$391 million of fleet operating cost savings opportunities with clients, of which approximately 43% was actioned.

Enabling client fleet electrification

Element continued to advance its electric vehicle ("EV") strategy across key markets in Q2 2025, with strong momentum in client engagement, infrastructure deployment, and product innovation. Cross-functional alignment between our Engagement and Product teams enabled streamlined processes and improved client experience. We also made progress in evolving our product offering with new service models to be launched in the coming quarters.

In the U.S. and Canada, Q2 was marked by operational efficiency gains and deepened client engagement. The teams were able to significantly reduce delivery and installation times through tighter partner coordination and inventory planning. Insights gathered through the EV Advisory Council and Client Collaboration Councils help us effectively align our offerings with client and driver needs, and garner positive driver feedback. We have made further progress in advancing our product roadmap with significant testing completed on our managed charging platform aligned to our expected Q3 launch.

Our Mexico operations made strong progress, refining our product offering and driving commercial engagement. The team engaged in detailed client stakeholder meetings, identifying a robust pipeline of opportunities, while actively managing multiple depot charging projects. Product pilots and infrastructure deployments moved forward in parallel, with further progress made on new “as-a-Service” and pre-paid energy service models. Strategic partnerships with international development banks have also begun taking shape, focused on funding truck electrification, supporting both client goals and Element’s broader sustainability strategy.

Australia and New Zealand saw continued deployment of both home and depot charging infrastructure in support of client electrification programs. A new partnership with a vertically-integrated charging installation and service provider was established to support installation and operational needs. Planning is progressing for a regional EV Customer Day in New Zealand, with a focus on engaging government stakeholders and accelerating public sector fleet electrification.

Our Business

Consistently meeting service commitments

In Q2 2025, our maintenance operations continued to deliver strong results, achieving a 17% reduction in cost per transaction and enabling more effective repair cost management for clients.

Operational performance remained high, with 83% of repairs completed within the original timeframe and Driver Shop Service Satisfaction holding steady at 96%. We sustained 79% in-network shop utilization, ensuring consistent service quality and cost efficiency. Digital engagement also advanced, with chat and chatbot interactions comprising 29% of contact volume, building on the increasing trend experienced over the past year.

Prudently managing our risks

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

During Q2 2025, we reviewed all risks, and updated our enterprise, emerging and compliance risks with in-depth analysis to better reflect the current landscape, and expanded our Council to further embed a culture of risk awareness throughout our organization. Regularly reviewing the risks that Element could face ensures that we remain resilient in a rapidly changing environment.

Our Enterprise Composite Risk Index (“ECRI”) 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, which are measured and reported quarterly. 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 May 2025, we published our fifth annual Sustainability Report, which is [available on our website](#). The report outlines our comprehensive approach to measuring and managing our impact.

Highlights from the 2025 Sustainability Report include:

- Exceeded our Scope 1 and 2 science-based targets, achieving an 80% reduction in greenhouse gas emissions compared to our 2019 baseline;
- Actioned our Scope 3 decarbonization strategy, which focuses on reducing emissions intensity from our largest emitting categories (11 & 13). In 2024, we achieved a 28% intensity reduction compared to our 2019 baseline, measured in emissions per dollar of net revenue; and
- Continued to align our disclosures with leading sustainability frameworks and standards including the Task Force on Climate-related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB), Standard for Professional and Commercial Services and select United Nations Sustainable Development Goals (UNSDGs).

In Q2 2025, we advanced the development of our sustainability reporting roadmap to further align with the International Financial Reporting Standards Sustainability Disclosure Standards and the Corporate Sustainability Reporting Directive (CSRD) in future disclosures.

Additionally in Q2, we submitted our second annual report under the Fighting Against Forced Labour and Child Labour in the Supply Chains Act.

Supplier diversity

We are proud of our longstanding commitment to advancing supplier diversity, which aligns seamlessly with the values and expectations of our clients. Our Supplier Diversity Program is crafted to intentionally engage and provide opportunities to underrepresented suppliers who meet our business, procurement, and contractual standards, while also empowering our clients to achieve their own supplier diversity objectives.

We actively champion diverse-owned businesses across our core business practices and within our client relationships. Our dedication is demonstrated through our membership with respected organizations including the National Minority Supplier Development Council (NMSDC), Disability:IN Minnesota, the Women's Business Enterprise National Council (WBENC), the Canadian Council for Indigenous Business (CCIB), and the Canadian Aboriginal and Minority Supplier Council (CAMSC). Through our memberships with leading organizations that connect corporations to diverse suppliers, we expand access to a broader network of certified diverse suppliers, which will ultimately benefit both our business and our clients.

As a clear demonstration of our ongoing commitment to supplier diversity, we are proud to report that, by the close of Q2 2025, our supplier diversity spend has met and exceeded the targets established at the beginning of the year.

Our People

We remain committed to make meaningful progress by delivering excellence to our clients and one another. By embracing our Purpose and our Values, we will continue to advance on our Acceleration 2029 strategy and bring bold ambitions to life.

Bringing Our Values to Life

Following the launch of our Values in Q1 2025, they have been embedded into all that we do, in order to further define who we are, how we work together, and how we show up for our clients and partners. We shared ways to live our Values, opportunities to recognize colleagues for demonstrating our Values, and holding ourselves accountable through everyday actionable behaviours.

***We are always a force for good
We are experts defining the future of mobility
We are driven by client success***

By living our Values, we continue to deepen our connection to our Purpose and our strategy.

Investing in Our Team

Investing in our team means building our collective strength and ultimately driving our shared success. We have launched a number of learning and development initiatives for team members, from fostering our Diversity, Equity, Inclusion and Belonging (DEIB) learnings, focused on furthering our culture of respect and belonging, to targeted Commercial training on the ValueSelling process and qualifying prospects. We also offer supplementary learning and training for a deeper understanding of our business and our industry.

This year, we came together to commemorate the one-year milestone since the launch of our co-created Purpose. To mark the event, we launched a development program that explored trust, clarity, and connection.

Gathering Feedback and Taking Action

We are committed to creating meaningful, lasting change and improving how we work together as one global team, to deliver for our clients and each other. Results from our two global Engagement Pulse surveys indicate a three-point gain in overall engagement. Team members indicate that they are proud to work for Element, and our Acceleration 2029 strategy and Purpose-driven culture bring optimism about Element's direction and clarity. We are making improvements in our areas of opportunity and look forward to seeing our results in the Q3 2025 Global Engagement survey.

Quarterly Results of Operations

	For the three-month period ended			For the six-month period ended	
	June 30, 2025	March 31, 2025	June 30, 2024	June 30, 2025	June 30, 2024
(in US\$000's except per share amounts unless otherwise noted)	\$	\$	\$	\$	\$
Reported results					
Net revenue					
Net interest income and rental revenue	259,619	239,770	263,763	499,389	504,924
Interest expense	132,537	128,214	141,354	260,751	275,337
Net financing revenue	127,082	111,556	122,409	238,638	229,587
Servicing income, net	151,336	152,482	140,123	303,818	287,176
Syndication revenue, net	11,608	11,633	12,045	23,241	20,271
Net revenue	290,026	275,671	274,577	565,697	537,034
Operating expenses					
Salaries, wages and benefits	73,940	74,884	74,574	148,824	149,136
General and administration expenses	37,921	34,167	35,088	72,088	67,223
Depreciation and amortization	16,315	15,773	14,420	32,088	28,698
Amortization of convertible debenture discount	—	—	724	—	1,517
Share-based compensation	10,333	10,183	6,775	20,516	17,506
Operating expenses	138,509	135,007	131,581	273,516	264,080
Other expenses					
Amortization of intangible assets from acquisition	7,829	7,799	6,966	15,628	13,945
Loss (gain) on investments	238	(3,606)	846	(3,368)	846
Other expenses	8,067	4,193	7,812	12,260	14,791
Income before income taxes	143,450	136,471	135,184	279,921	258,163
Provision for income taxes	31,084	34,221	32,486	65,305	61,648
Net income for the period	112,366	102,250	102,698	214,616	196,515
Weighted average number of shares outstanding [diluted]	401,881	403,686	403,642	402,762	403,789
EPS [Diluted]	0.28	0.25	0.25	0.53	0.48
<i>Dividends declared, per share [SCAD]</i>					
Common share	0.130000	0.130000	0.120000	0.260000	0.240000
Preferred Shares, Series C ¹	—	—	0.388130	—	0.776260
Preferred Shares, Series E ²	—	—	0.368938	—	0.737876

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

	For the three-month period ended			For the six-month period ended	
	June 30, 2025	March 31, 2025	June 30, 2024	June 30, 2025	June 30, 2024
(in US\$000's for stated values, except per share amounts)	\$	\$	\$	\$	\$
Adjusted results⁶					
Adjusted operating expenses⁷	128,176	124,824	121,724	253,000	240,574
Adjusted operating income⁸	161,850	150,847	152,853	312,697	296,460
Adjusted operating margin⁹	55.8 %	54.7 %	55.7 %	55.3 %	55.2 %
Adjusted net income	120,983	112,758	115,404	233,741	223,827
Adjusted EPS [diluted]	0.30	0.28	0.28	0.58	0.55

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, Autofleet acquisition-related 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.

We offer the following commentary on net revenue, operating expenses, pre-tax income margin, net income, and earnings per share for the quarter ended June 30, 2025, which are IFRS measures. In addition, we present and offer commentary on the adjusted results for the quarter ended June 30, 2025, which are non-GAAP financial measures.

Net revenue

Q2 2025 net revenue of \$290 million increased \$15 million or 6% from Q2 2024. This growth was driven by higher services and net financing revenue. Foreign exchange translation had a negative year-over-year impact on revenue, predominately due to the depreciation of the Mexican peso and Australian dollar against the U.S. dollar, by approximately 13% and 3%, respectively. This resulted in a reduction of net revenue by \$10 million.

Net revenue increased by \$14 million or 5% from Q1 2025. This increase was led by strong net financing revenue growth.

Net revenue for the first six-months of 2025 ("year-to-date") totaled \$566 million, an increase of \$29 million or 5% compared to the same period last year. This growth was attributable to solid performance across all revenue categories.

Services income, net

Q2 2025 services revenue increased \$11 million or 8% year-over-year to \$151 million. This growth reflects higher penetration and utilization rates of our service offerings from new and existing clients. Partly offsetting this increase was the impact of foreign currency exchange translation, which reduced services revenue by \$3 million.

Quarter-over-quarter, services revenue declined by \$1 million or 1% from Q1 2025.

On a year-to-date basis, services revenue of \$304 million increased by \$17 million or 6% compared to the same period last year, largely due to increased penetration and utilization rates of our service offerings from new and existing clients. As previously disclosed, Q1 2024 benefited from \$7 million in certain items. Excluding this amount, year-to-date services revenue would have been 8% higher than the same period last year.

Net financing revenue

Q2 2025 net financing revenue grew \$5 million or 4% year-over-year, as we continue to see benefits from both our leasing business initiatives and associated funding operations. Partly offsetting this was higher funding costs associated with financing the redemptions of our preferred shares (previously recorded below the AOI line) and the impact of incremental debt due to the acquisition of Autofleet. Higher gain on sale ("GOS") in both ANZ and Mexico contributed to the year-over-year increase. The aggregate impact of foreign currency exchange translation reduced net financing revenue by \$7 million.

Q2 2025 net financing revenue increased by a strong \$16 million or 14% from Q1 2025. This quarter-over-quarter increase was primarily the result of higher net earning assets associated with higher originations in the US., Canada and Mexico regions. GOS momentum remains strong, driven by higher volumes and favourable pricing in Mexico and ANZ, respectively.

On a year-to-date basis, net financing revenue of \$239 million grew by \$9 million or 4% compared to the same period last year primarily due to the same reasons described in the Q2 year-over-year discussion above.

Net financing revenue yield on average net earning assets

(in US\$000's unless otherwise noted)	For the three-month period ended			For the six-month period ended	
	June 30, 2025	March 31, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Average net earning assets	\$7,987,751	\$7,618,350	\$8,186,031	\$7,803,050	\$8,006,280
Net interest income and rental revenue	13.04 %	12.77 %	12.96 %	12.91 %	12.69 %
Interest expense	6.66 %	6.83 %	6.95 %	6.74 %	6.92 %
Net financing revenue yield on average net earning assets	6.38 %	5.94 %	6.01 %	6.17 %	5.77 %
Average debt outstanding	\$8,852,832	\$8,363,864	\$8,757,365	\$8,608,348	\$8,498,256
Average cost of debt (Interest expense / average debt)	6.00 %	6.22 %	6.49 %	6.11 %	6.52 %
Average 1-Month SOFR rates	4.32 %	4.32 %	5.33 %	4.32 %	5.33 %

Syndication revenue

We syndicated \$537 million of assets in Q2 2025, a decrease of \$418 million or 44% year-over-year and \$37 million or 6% quarter-over-quarter.

Q2 2025 syndication revenue of \$12 million remained steady versus the level recorded in Q2 2024, despite the reduction in syndication volume. This was due to the strategic deferral of select activities to the second half of the year, in anticipation of U.S. tax legislation changes, offset by stronger net yields largely driven by client mix. Despite the timing shift, investor demand for our syndication products remains robust.

Q2 2025 syndication revenue was essentially unchanged from the Q1 2025 level. This was mainly due to the same reasons outlined in the preceding year-over-year discussion.

On a year-to-date basis, syndication revenue totaled \$23 million, representing an increase of \$3 million or 15% compared to the same period last year. This growth was primarily driven by a strategic selection of transactions in the first half of the year that delivered higher yields. This more than offset a reduction of \$318 million or 22% in the volume of assets syndicated, reflecting Element's disciplined approach to selecting deals that generate strong returns.

Operating expenses and adjusted operating expenses

Q2 2025 operating expenses of \$139 million increased \$7 million or 5% year-over-year. This growth was primarily driven by higher general and administrative expenses related to software and professional fees. Higher depreciation and amortization also contributed to the increase. As previously disclosed, Q2 2024 included \$2 million in one-time strategic project costs related to the centralization of our U.S. and Canadian leasing functions in Ireland, whereas no such costs were incurred in Q2 2025. Operating expenses were also impacted by favourable foreign currency translation year-over-year.

Q2 2025 operating expenses increased \$4 million or 3% quarter-over-quarter. This was mainly driven by higher general and administrative expenses. The increase was largely attributable to higher software and professional fees, partly offset by lower promotional and advertising spend.

On a year-to-date basis, operating expenses of \$274 million increased by \$9 million or 4% compared to the same period last year, largely for the same reasons cited in the Q2 year-over-year commentary above. The first six-months of 2024 included \$4 million in one-time strategic project costs.

On an adjusted basis, Q2 2025 operating expenses totaled \$128 million, up \$6 million or 5% from Q2 2024. The increase was driven by the same factors outlined in the year-over-year comparison of reported operating expenses above. Excluding Autofleet, adjusted operating expenses increased

by 2% compared to Q2 2024. The impact of foreign currency exchange translation was a \$2 million tailwind to adjusted operating expenses.

Adjusted operating expenses increased by \$3 million or 3% quarter-over-quarter. On an adjusted year-to-date basis, expenses were up by \$12 million or 5%. The drivers of this increase are consistent with those discussed in the preceding reported operating expense sections.

We expect operating expense growth to remain well-contained for the balance of 2025 as the benefits from our investments enacted over the past year continue to materialize.

Net income and adjusted operating income

Q2 2025 net income of \$112 million increased by \$10 million or 9% from Q2 2024 and increased by \$10 million or 10% from Q1 2025. Year-to-date, net income of \$215 million is up by \$18 million or 9% compared to the same period last year.

On an adjusted basis, Q2 2025 net income of \$121 million was \$6 million or 5% higher year-over-year and \$8 million or 7% higher quarter-over-quarter. On an adjusted year-to-date basis, net income of \$234 million grew \$10 million or 4% compared to the same six-month period last year.

Q2 2025 AOI was \$162 million, an increase of \$9 million or 6% year-over-year, resulting in an adjusted diluted EPS of \$0.30, up 7% from Q2 2024. The impact of foreign currency exchange translation reduced AOI by \$8 million and adjusted diluted EPS by \$0.02 on a year-over-year basis.

AOI increased by \$11 million or 7% quarter-over-quarter and Q2 2025 adjusted diluted EPS was up 8% from Q1 2025. On a year-to-date basis, AOI of \$313 million increased by \$16 million or 5% compared to the same period last year. Adjusted diluted EPS of \$0.58 grew by \$0.03 or 6% compared to the same six-month period last year.

Pre-tax income margin and adjusted operating margin

The Q2 2025 pre-tax income margin was 49.5%, up from 49.2% in Q2 2024 and unchanged from Q1 2025.

Q2 2025 adjusted operating margin was 55.8%, up modestly from 55.7% in Q2 2024 and marking a quarter-over-quarter expansion of 110 basis points.

On a year-to-date basis, the pre-tax income margin was 49.5% and the adjusted margin was 55.3%. Both metrics compared favourably to the same period in 2024, which reported a pre-tax margin of 48.1% and adjusted operating margin of 55.2%. Excluding the \$7 million benefit to service revenue in Q1 2024, adjusted operating margin delivered a 70 basis points expansion.

Originations

We originated \$1.9 billion of assets in Q2 2025, down \$82 million or 4% year-over-year, due in part to foreign exchange translation headwinds impacting our originations in Canada, Mexico, Australia and New Zealand. Q2 2025 originations increased \$386 million or 26% quarter-over-quarter led largely by higher originations in U.S., Canada and Mexico. Excluding the impact of foreign exchange, total originated assets declined 2% year-over-year.

Both Q2 2025 order volumes, as well as the committed order pipeline at June 30th showed strong year-over-year growth, as a result of continued commercial momentum. We remain confident in the sustained client order trends, strengthened by improvements made through our U.S. & Canada leasing strategic initiative based in Ireland, to drive solid origination volumes in the quarters ahead. The table below sets out the geographic distribution of originations for the three-month period ended as of the indicated date.

(in US\$000's)	June 30, 2025		March 31, 2025		June 30, 2024	
	\$	%	\$	%	\$	%
United States and Canada	1,511,929	79.8	1,195,391	79.2	1,599,955	81.0
Mexico	285,031	15.0	214,752	14.2	252,573	12.8
Australia and New Zealand	97,420	5.1	98,726	6.5	123,486	6.2
Total	1,894,380	100.0	1,508,869	100.0	1,976,014	100.0

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 June 30, 2025. 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)	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Net revenue	290,026	275,671	270,890	279,636	274,577	262,457	245,129	248,696	240,623
Adjusted operating income	161,850	150,847	143,343	161,427	152,853	143,607	134,928	140,607	132,686
After-tax adjusted operating income	120,983	112,758	107,507	119,537	115,404	108,423	99,806	106,861	100,178
Net income	112,366	102,250	92,057	98,565	102,698	93,817	81,567	95,971	89,373
EPS, basic	0.28	0.25	0.23	0.24	0.26	0.23	0.20	0.24	0.22
EPS, diluted	0.28	0.25	0.23	0.24	0.25	0.23	0.19	0.23	0.21
Adjusted EPS, basic	0.30	0.28	0.27	0.29	0.29	0.27	0.25	0.26	0.25
Adjusted EPS, diluted	0.30	0.28	0.27	0.29	0.28	0.26	0.24	0.25	0.24
Total assets	13,861,507	13,152,632	12,700,714	12,638,542	12,874,525	13,336,018	12,430,536	12,101,324	11,959,106
Net earning assets	8,290,165	7,576,701	7,403,724	7,789,048	8,114,717	8,034,053	7,610,333	7,327,686	7,063,377
Total debt	9,296,691	8,908,953	8,331,106	8,346,905	8,610,341	9,060,476	8,064,097	7,737,840	7,656,545
Originations	1,894,380	1,508,869	1,497,822	1,715,828	1,976,014	1,541,883	1,489,595	1,556,967	1,888,817
Allowance for credit losses	8,870	7,137	6,168	6,069	5,351	5,794	5,539	6,947	7,613
As a % of total finance receivables before allowance	0.10	0.09	0.08	0.08	0.07	0.08	0.08	0.10	0.11
Senior revolving credit facilities - drawn	1,650,254	1,398,496	1,553,350	1,033,890	1,222,012	796,104	825,319	923,120	1,288,390
Borrowings	7,791,451	7,647,389	6,910,439	7,438,240	7,489,404	8,225,463	7,192,813	6,760,142	6,298,892
Convertible debentures ¹⁰	—	—	—	—	—	126,108	127,816	124,419	125,653

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)	June 30, 2025	March 31, 2025	June 30, 2024
	\$	\$	\$
ASSETS			
Cash	143,779	497,956	83,228
Restricted funds	326,593	282,575	268,209
Finance receivables	8,445,618	7,691,972	7,769,684
Equipment under operating leases	2,644,722	2,428,013	2,589,411
Accounts receivable and other current assets	248,404	185,132	214,507
Derivative financial instruments	71,062	96,594	54,918
Property, equipment and leasehold improvements	105,104	109,129	110,943
Intangible assets	626,219	629,430	628,252
Deferred tax assets	215,687	201,252	199,991
Goodwill	1,034,319	1,030,579	955,382
	13,861,507	13,152,632	12,874,525
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Accounts payable and accrued liabilities	1,362,461	1,228,332	1,090,754
Derivative financial instruments	140,768	34,385	16,113
Borrowings	9,441,705	9,045,885	8,711,416
Deferred tax liabilities	141,520	123,414	147,822
	11,086,454	10,432,016	9,966,105
Shareholders' equity	2,775,053	2,720,616	2,908,420
	13,861,507	13,152,632	12,874,525

Total assets and liabilities increased by \$709 million and \$654 million, respectively, from March 31, 2025; and increased \$987 million and \$1,120 million, respectively, from June 30, 2024.

Total assets and liabilities had year-over-year increases in finance receivables, accounts payable, and borrowings. Offsetting these increases was lower cash and lower equipment under operating leases, and the redemption of our convertible debentures in June 2024.

Approximately 43% 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 \$754 million higher at June 30, 2025 than at March 31, 2025, driven primarily by originations.

(in US\$000's except ratios or unless otherwise noted)	June 30, 2025	March 31, 2025	December 31, 2024
	\$	\$	
Net investment in finance receivables	5,645,443	5,148,688	4,968,294
Impaired lease receivables	3,691	5,004	6,329
	5,649,134	5,153,692	4,974,623
Unamortized origination costs and subsidies	(69,735)	(60,885)	(60,606)
Net finance receivables	5,579,399	5,092,807	4,914,017
Prepaid lease payments and Security deposits	(107,596)	(146,242)	(144,117)
Interim funding	1,492,516	1,281,980	1,245,729
Fleet management service receivables	719,350	719,678	884,335
Other	625,805	613,954	543,739
Continuing involvement asset	145,014	136,932	132,683
	8,454,488	7,699,109	7,576,386
Allowance for credit losses	8,870	7,137	6,168
Total finance receivables	8,445,618	7,691,972	7,570,218

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

Credit losses and provisions as at and for the six-month period ended June 30, 2025, for the three-month period ended March 31, 2025, and for the year-ended December 31, 2024 are as follows.

(in US\$000's except ratios or unless otherwise noted)	Six-month period ended June 30, 2025	Three-month period ended March 31, 2025	Year ended December 31, 2024
Allowance for credit losses, beginning of period	6,168	6,168	5,539
(Recovery of) provision for credit losses	2,452	1,009	1,511
Charge-offs, net of recoveries	(32)	(31)	(523)
Impact of foreign exchange rates	282	(9)	(359)
Allowance for credit losses, end of period	8,870	7,137	6,168
Charge-offs, net of recoveries, as a % of net investment of finance receivables	— %	— %	0.01%
Allowance for credit losses, as a % of total finance receivables before allowance	0.10 %	0.09 %	0.08%

Element's policy is to assess (a) the probability of default and (b) loss-given-default for all of 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 the inputs to our expected credit loss model throughout the quarter. We also consider forward-looking macroeconomic information (relating to a potential slowing in economic growth), forecasted 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 trend upward from changes in global trade policies, and that may delay interest rates easing in 2025. 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 net increase of \$2 million to our allowance for credit losses in the quarter.

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 first table above appropriately reflects the net realizable value of the finance receivables before any allowance for credit losses.

Impaired receivables of \$4 million as at June 30, 2025 remained relatively consistent from the prior year.

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)	June 30, 2025		March 31, 2025		December 31, 2024	
	\$	%	\$	%	\$	%
United States and Canada	4,709,898	57.3	4,271,849	56.8	4,097,949	55.8
Mexico	2,241,120	27.2	2,024,239	26.9	2,040,503	27.7
Australia and New Zealand	1,273,103	15.5	1,224,732	16.3	1,210,995	16.5
Total	8,224,121	100.0	7,520,820	100.0	7,349,447	100.0
Allocated as:						
Net finance receivables	5,579,399	67.8	5,092,807	67.7	4,914,017	66.9
Equipment under operating leases, net	2,644,722	32.2	2,428,013	32.3	2,435,430	33.1
Total	8,224,121	100.0	7,520,820	100.0	7,349,447	100.0

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

(in US\$000's unless otherwise noted)	June 30, 2025		March 31, 2025		December 31, 2024	
	\$	%	\$	%	\$	%
United States and Canada	11,212,158	76.1	10,758,819	76.7	10,566,178	75.8
Mexico	2,253,906	15.3	2,048,317	14.6	2,158,094	15.5
Australia and New Zealand	1,272,742	8.6	1,224,435	8.7	1,210,512	8.7
Assets under management	14,738,806	100.0	14,031,571	100.0	13,934,784	100.0

Liquidity

Our primary sources of liquidity include daily operating cash flows from services, financing/leasing and syndication, as well as financings obtained under our committed credit and debt facilities, commercial paper program, and public or private issuances of debt. 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 continuously monitor and manage our liquidity positions by maintaining controls over all sources and uses of cash flow. We also conduct ongoing comprehensive stress-tests to identify potential risks to cash flow and forward funding capacity. Throughout 2024 and the first half of 2025, the results of those tests have confirmed the stability and sustainability of our cash flow and forward funding capacity.

As of June 30, 2025, total credit and debt facilities amounted to \$12 billion (of which \$3 billion is committed and undrawn). We are continuously advancing our dynamic liquidity management practices which include enhancing our data analysis capabilities and forecasting processes to support sustainable financial management.

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

Cash used in operating activities for the six-month period ended June 30, 2025 was \$349 million, a change of \$183 million from the \$531 million used in operating activities for the six-month period ended June 30, 2024. The year-over-year change was primarily the result of higher repayments of finance receivables of \$269 million, a decrease in investment in equipment under operating leases of \$66 million, a decrease in syndications of \$316 million, a decrease in investment in finance receivables of \$348 million, a decrease in proceeds on disposal of equipment under operating leases of \$22 million and an increase in non-cash operating assets and liabilities of \$186 million.

Cash used in investing activities for the six-month period ended June 30, 2025 was \$22 million compared to \$36 million for the six-month period ended June 30, 2024. The year-over-year change is driven by an increase in investments of \$2 million, a decrease in the purchase of various computer software totaling \$10 million, and a decrease in expenditures for property, equipment and leasehold improvements of \$7 million.

Cash provided by financing activities for the six-month period ended June 30, 2025 was \$471 million, compared to \$662 million provided by financing activities for the six-month period ended June 30, 2024. The decrease is primarily due to the lower senior note issuance of \$100 million, lower net repayments made on our borrowings facilities of \$900 million, an increase in restricted funds of \$30 million and an increase in shares repurchased under our normal course issuer bid of \$56 million.

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 "Cash Flow from Operations" to "adjusted free cash flow":

(in US\$000's unless otherwise noted)	For the three-month period ended			For the six-month period ended	
	June 30, 2025	March 31, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	\$	\$	\$	\$	\$
Cash flow from operations	(325,083)	(23,523)	(228,568)	(348,606)	(531,083)
Depreciation of equipment under operating leases	(140,554)	(130,208)	(132,461)	(270,762)	(269,792)
Investment in finance receivables	1,581,085	1,318,012	1,877,564	2,899,097	3,240,538
Repayments of finance receivables	(676,780)	(748,341)	(524,511)	(1,425,121)	(1,155,817)
Investment in equipment under operating leases	271,293	200,825	279,581	472,118	537,692
Disposals of equipment under operating leases	(76,487)	(72,357)	(94,428)	(148,844)	(170,496)
Proceeds from syndication financings	(551,762)	(586,352)	(971,573)	(1,138,114)	(1,454,056)
Sustaining capital investments	(9,803)	(4,780)	(9,300)	(14,583)	(22,247)
Preferred share dividends	—	—	(2,900)	—	(5,851)
Other	90,272	191,923	(45,346)	282,195	113,616
Adjusted free cash flow	162,181	145,199	148,058	307,380	282,504

Credit and debt facilities

Maintaining our investment-grade balance sheet and access to diversified sources of cost-efficient capital is a strategic imperative for us.

As at June 30, 2025, we had \$3.3 billion of committed, undrawn liquidity available across our senior unsecured revolving credit facilities (\$1.6 billion), secured variable funding note facilities (\$1.5 billion), and cash of \$144 million. Commitments under these facilities are funded by a syndicate of leading Canadian, U.S. and International banks, which provide us with access to efficient liquidity and capital required to support the growth of our business.

As at (in US\$000's unless otherwise noted)	June 30, 2025			
	\$	%	\$	\$
	Facility size	Undrawn amount	Drawn amount	
Senior unsecured revolving credit facilities (1)	3,275,000	49.6 %	1,624,746	1,650,254
Senior notes	2,900,000	—	—	2,900,000
Term loan	81,150		—	81,150
Vehicle management asset-backed debt facilities				
Revolving term notes in amortization	1,377,436	—	—	1,377,436
Variable funding notes	4,795,568	32.1 %	1,540,095	3,255,473
Other	27,377	—	—	27,377
Total vehicle management asset-backed debt	6,200,381	24.8 %	1,540,095	4,660,286
Total cash			143,779	
Total capital available for continuing operations			3,308,620	

As at (in US\$000's unless otherwise noted)	March 31, 2025			
	\$	%	\$	\$
	Facility size	Undrawn amount	Drawn amount	
Senior unsecured revolving credit facilities	3,275,000	57.3 %	1,876,504	1,398,496
Senior notes	3,300,000	—	—	3,300,000
Term loan	75,023	—	—	75,023
Vehicle management asset-backed debt facilities				
Revolving term notes in amortization	1,580,501	—	—	1,580,501
Variable funding notes	4,729,711	46.2 %	2,184,108	2,545,603
Other	15,304	—	—	15,304
Total vehicle management asset-backed debt	6,325,516	34.5 %	2,184,108	4,141,408
Total cash			497,956	
Total capital available for continuing operations			4,558,568	

1. Includes outstanding issuances made under our U.S. Commercial Paper program.

Senior unsecured revolving credit facilities

The Senior unsecured revolving credit facilities are comprised of (i) a \$2.4 billion committed revolving facility with a syndicate 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"), jointly referred to as the "Senior Unsecured Revolving Credit Facilities".

The borrowers' obligations under the Syndicated Senior Credit Facility are senior unsecured obligations and are guaranteed by Element and its material subsidiaries. Borrowings under this facility are available in Canadian dollars, U.S. dollars, Australian dollars and New Zealand dollars,

and pricing is based on an applicable benchmark (depending on the applicable currency) plus a margin determined in accordance with a debt ratings-based pricing grid. The facility, last amended in March 2025 to update certain covenants, is set to mature in November 2027.

U.S. Commercial Paper program

In January 2025, we launched a U.S. dollar denominated commercial paper ("US CP") program that permits issuances up to a maximum aggregate principal amount of \$750 million. Funds borrowed under this program are short-term, with maturities of 397 days or less, and are issued at a discount. The obligations under the US CP program are unsecured and backstopped by the Syndicated Senior Credit Facility. As of June 30, 2025, we had \$400 million of US CP outstanding.

The Committed Credit Facility is designated to finance our New Zealand and Mexican operations. Borrowings under this facility are available in U.S. dollars, New Zealand dollars and Mexican pesos, with pricing based on an applicable benchmark (depending on the applicable currency) plus a margin determined in accordance with a debt ratings-based pricing grid. The revolving portion of the facility matures on April 24, 2026, and the non-revolving portion matures on March 25, 2030. In March 2025, the facility was amended to update certain covenants. Furthermore, in April 2025, we extended the facility by one year and adjusted the benchmark for borrowings in Mexican pesos to align with market standards.

As of June 30, 2025 a total of \$1.7 billion was drawn on the Senior unsecured revolving credit facilities (December 31, 2024 - \$1.6 billion) leaving us with access to \$1.6 billion (December 31, 2024 - \$1.7 billion) of available financing under these facilities.

Senior notes

In March 2025, we issued \$650 million 5.037% senior unsecured investment-grade notes with a maturity of March 2030. The proceeds received at the time of closing were used for general corporate purposes, including the repayment of outstanding debt.

In June 2025, we repaid the \$400 million 3.850% senior unsecured notes that matured on June 15, 2025, using proceeds from the March 2025 unsecured note issuance.

As at June 30, 2025, we had \$3 billion in outstanding senior unsecured notes (December 31, 2024 - \$3 billion).

Term loan

In December 2024, we entered into a sustainability-linked amortizing term loan agreement ("Term Loan") with a lender. The Term Loan is denominated in Mexican pesos with a facility size of MXN \$1,530,971,250 (approximately \$81 million as at June 30, 2025), which may be increased up to the Mexican peso equivalent of \$100 million with the inclusion of an additional lender. The obligations of the borrower under this facility are unsecured and rank equally with our other unsecured credit facilities. Borrowings under this facility are based on an applicable benchmark plus a margin determined in accordance with a debt ratings-based pricing grid. If certain sustainability-related metrics in connection with our operations in Mexico are achieved, the margin will be reduced. Funds under the Term Loan facility were drawn in January 2025. As of June 30, 2025, Element had available and unutilized funding capacity of nil (December 31, 2024 - \$76 million) under the existing commitment.

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 an indirect wholly-owned special-purpose subsidiary, 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.

As at June 30, 2025, we had three series of term notes outstanding under Chesapeake II, with an aggregate principal amount of \$1.4 billion (December 31, 2024 - \$1.8 billion).

In August 2024, the Company established a new warehouse facility under the Ireland structure (“Chesapeake IV Warehouse”) with the same capacity as the Chesapeake II facility of \$3 billion. Under this program, Chesapeake IV Warehouse is permitted to borrow up to \$3 billion, collateralized by beneficial interests in specified vehicles, leases and related rights. As of June 30, 2025, \$1.8 billion was drawn against this facility (December 31, 2024 - \$800 million). 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 and matures in November 2025.

Under the Canadian securitization program, we may arrange to sell beneficial interests in specified vehicles, leases and related rights to the subsidiary, which in turn finances such purchases by issuing corresponding series of notes to financial institutions and other institutional investors. Such financings take the form of series issuances of “pass-through notes”, which substantially mirror the performance of the specified lease assets corresponding to the series. We may also decide to sell lease assets or related cash flows directly to financial institutions and other institutional investors in certain circumstances. In both cases, we act as the servicer of the underlying fleet lease assets. We also guarantee the performance of its related obligations in certain transactions.

In December 2024, we sold approximately \$330 million (CAD \$475 million) of assets through the pass-through notes structure and subsequently paid down \$331 million (CAD \$476 million) on the securitization facility. In January 2025, we reduced the commitment size of the securitization facility by \$279 million (CAD \$400 million) to \$838 million (CAD \$1 billion). As of June 30, 2025, we had available and unutilized funding capacity of \$360 million (CAD \$493 million) under this facility.

The Canadian securitization facility is also supported by issuances of letters of credit under a \$44 million (CAD \$60 million) letter of credit facility provided by a Canadian bank, that matures in November 2025. In March 2025, the facility was amended to update certain covenants in line with our unsecured credit facilities. As of June 30, 2025 we had issued outstanding letters of credit for the full amount of the facility.

Australian Fleet Receivables Securitization program

We operate, through a special purpose trust, a securitization program to fund the origination of Australian fleet assets. The \$718 million (AUD \$1 billion) securitization facility is supported by a group of financial institutions, and matures in May 2026. As of June 30, 2025, the facility was fully utilized with \$718 million (AUD \$1 billion) in outstanding balances.

Additional Asset-Backed Receivables Financing Agreement

We are, through an indirect wholly-owned special purpose subsidiary, part of a \$200 million asset-backed receivables financing agreement with one lender (“Receivables Facility”) that matures in September 2025. The Receivables Facility is primarily used to finance our service revenue business in the U.S. As of June 30, 2025, Element had available and unutilized funding capacity of nil under the existing commitment provided for under the Receivables Facility.

In June 2025, our Mexican subsidiary completed a non-recourse transaction with a third party, where the future cash flows associated with certain leases were monetized in exchange for an upfront payment of \$12 million (MXN 239 million). The liability is secured by a pledge of the vehicles underlying the applicable leases.

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	June 30, 2025	March 31, 2025	December 31, 2024
(in US\$000's)	\$	\$	\$
Cash	143,779	497,956	128,845
Unsecured debt			
Senior unsecured revolving credit facilities	1,650,254	1,398,496	1,553,350
3.850% Senior Notes due 2025	—	400,000	400,000
6.271% Senior Notes due 2026	750,000	750,000	750,000
6.319% Senior Notes due 2028	750,000	750,000	750,000
5.643% Senior Notes due 2027	750,000	750,000	750,000
5.037% Senior Notes due 2030	650,000	650,000	—
Term loan	81,150	75,023	—
Vehicle Management Asset-Backed Debt			
Revolving term notes in amortization	1,377,436	1,580,501	1,779,622
Variable funding notes	3,255,473	2,545,603	2,349,753
Other	27,377	15,304	16,489
Deferred financing costs	(26,943)	(30,179)	(29,307)
Hedge accounting fair value adjustments	31,944	24,205	11,199
Continuing involvement liability	145,014	136,932	132,683
Total borrowings	9,441,705	9,045,885	8,463,789
Shareholders' equity			
Common share capital	2,248,249	2,252,910	2,264,051
Other	526,804	467,706	510,264
Total Shareholders' Equity	2,775,053	2,720,616	2,774,315
Total Capitalization	12,216,758	11,766,501	11,238,104

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

Normal course issuer bids

On November 18, 2024, the TSX approved our intention to renew our normal course issuer bid (the "NCIB"). Under the NCIB, Element may purchase on the open market (or otherwise as permitted) up to 40,386,699 Common Shares, representing approximately 10% of the "public float" of the Common Shares, at our discretion during the period commencing on November 20, 2024 and ending on the earlier of November 19, 2025 and the completion of purchases under the NCIB. The actual number of the Company's common shares, if any, that may be purchased under the NCIB, and the timing of any such purchases, will be determined by the Company, subject to applicable terms and limitations of the 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 NCIB. Any subsequent renewals of the NCIB will be in the discretion of the Company and subject to further TSX approval.

During the first six-months of 2025, we purchased 3,129,000 Common Shares under our NCIB for cancellation at a volume weighted average price of CAD\$28.97.

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.

Leverage

In Q4 2024, in collaboration with our lenders, we changed our financial covenants from a tangible leverage ratio ("TLR") to a debt-to-capital metric, which we consider a more meaningful measure of our leverage. Our bank covenants are set at 80% of debt-to-capital, and we target a range between 73% to 77%. The Company remains committed to maintaining a strong investment grade balance sheet and will continue to monitor TLR as a key internal metric.

At June 30, 2025, our debt-to-capital ratio was 76.1% (December 31, 2024: 74.1%).

Our leverage is calculated as follows:

As at		June 30, 2025	December 31, 2024
<i>(in US\$000's, except ratios or unless otherwise noted)</i>		\$	\$
Borrowings		9,441,705	8,463,789
Less: Continuing involvement liability		(145,014)	(132,683)
Total debt	(a)	9,296,691	8,331,106
Total shareholders' equity	(b)	2,775,053	2,774,315
		12,071,744	11,105,421
Goodwill and intangible assets	(c)	1,660,538	1,672,701
Cash and restricted funds	(d)	470,372	408,621
Total net debt	(e) = (a) - (d)	8,826,319	7,922,485
Debt-to-capital	(e)/[(e)+(b)]	76.1 %	74.1 %

We were in compliance with all financial and reporting covenants of all of our lenders at June 30, 2025.

Credit ratings

Our ability to access cost-effective financing is largely dependent on maintaining strong investment-grade credit ratings. Credit ratings and outlooks assigned by rating agencies are based on their independent assessments 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⁽ⁱ⁾ as at June 30, 2025

Rating agency	Issuer rating	Commercial Paper rating	Outlook
DBRS, Inc.	A (low)	N/A	Stable
Fitch Ratings	BBB+	F2	Stable
Kroll Bond Rating Agency	A-	N/A	Stable
S&P Global Ratings	BBB	A-2	Stable

(i) 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 2024, 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. For our Commercial Paper program, in Q1 2025, Fitch Ratings assigned a short-term debt rating of F2, and Standard & Poor assigned a short-term debt rating of A-2.

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 2024 Annual MD&A.

We continue to maintain our 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.

Economic Conditions & Outlook

Outlook

The ongoing transition of self-managed fleets, robust demand for our services and solutions, and strong order volumes over the past three quarters, are expected to drive solid originations volume in the coming quarters. This assumes no further material foreign exchange fluctuations, and no significant impact related to changes in the trade agreements between the U.S., Mexico, and Canada.

We remain committed to generating positive operating leverage in 2025, and we expect adjusted operating expense growth to moderate in 2025 relative to the level of increase experienced in 2024.

Capital allocation priorities

Our capital allocation priorities remain as follows:

- Prudently invest in our business;
- Maintain a debt-to-capital ratio between 73% to 77%;
- 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 with excess capital after investments.

Further information on our NCIB can be found above under the 'Normal course issuer bids' section of this MD&A.

Economic conditions

Macro and economic conditions, including rising global trade tensions, potential inflationary pressures, slowing economic activity, an uncertain interest rate environment, and a rapidly evolving fleet and mobility landscape offer both opportunities and challenges for our business. We closely monitor these 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 business model allows us to transfer much of the increase in our costs to our clients in a contractually agreed-upon manner. We expect client demand to remain resilient in 2025 and that we will continue to generate solid net revenue growth.

Inflation and tight labour markets have also contributed to increases in operating costs. We will continue to explore and execute opportunities to manage our expenses through enhanced operating efficiencies.

Recession

We believe that 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). However, we acknowledge that during recessionary periods business spending and investments may 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 primarily 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 strong 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 have been in the low single-digit basis point range.

Interest rates

Interest rates play an important role in our business by 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. That said, we maintain a measured and limited exposure to rate movements, aligned with our overall risk appetite and financial objectives.

Syndication market

The vehicle lease syndication market remains robust and expansive, with relatively stable pricing and strong client demand.

Higher syndication net yields in Q2 2025 was largely attributable to client mix specifics. In the first six-months of 2025, we made the strategic decision to postpone the syndication of certain assets to the second half of 2025, in anticipation of U.S. tax legislation changes. This strategy, coupled with strong investor demand, supports continued profitable syndication and disciplined management of our debt-to-capital leverage ratio.

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 six-month periods ended June 30, 2025. A summary of our material accounting policies is presented in Note 2 to the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2024. The unaudited interim condensed consolidated financial statements and the accompanying notes for the three and six-month periods ended June 30, 2025 have been prepared in conformity with accounting polices disclosed in the audited consolidated financial statements and the accompanying notes for the three and six-month periods ended December 31, 2024.

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

The following IFRS pronouncements have been issued but are 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.

Amendments to the Classification and Measurement of Financial Instruments

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments, which amended IFRS 9 and IFRS 7. The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9. The amendments clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social, and governance linked features and other similar contingent features. The amendments also clarify the treatment of non-recourse assets and contractually linked instruments. Furthermore, the amendments clarify that a financial liability is derecognized on the settlement date and provide an accounting policy choice to derecognize a financial liability settled using an electronic payment system before the settlement date if certain conditions are met. Finally, the amendments introduce additional disclosure requirements for financial instruments with contingent features and equity instruments classified at fair value through other comprehensive income.

The amendments will be effective for the Company's annual period beginning January 1, 2026. Early adoption is permitted, with an option to early adopt the amendments related to the classification of financial assets and associated disclosures only. Management is currently evaluating the potential impact of adopting these amendments on the Company's 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 June 30, 2025, we evaluated the design of Element's 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 six-month periods ended June 30, 2025, 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 June 30, 2025 and June 30, 2024, the results of operations, comprehensive income and cash flows for the three-month period-ended June 30, 2025, March 31, 2025, and June 30, 2024.

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

(in U.S.\$000's except ratios and per share amounts or unless otherwise noted)		As at and for the three-month period ended			As at and for the Six-month period ended	
		June 30, 2025	March 31, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Key annualized operating ratios						
Leverage ratios						
Financial leverage ratio	$P_2/(P_2+R)$	76.1 %	74.9 %	74.0 %	76.1 %	74.0 %
Average financial leverage ratio	$Q/(Q+V)$	76.1 %	75.4 %	74.9 %	75.8 %	74.4 %
Other key operating ratios						
Allowance for credit losses as a % of total finance receivables before allowance	F/E	0.10 %	0.09 %	0.07 %	0.10 %	0.07 %
Adjusted operating income on average net earning assets	B/J	8.13 %	8.03 %	7.51 %	8.08 %	7.45 %
Adjusted operating income on average tangible total equity of Element	$D/(V-L)$	43.5 %	42.8 %	34.4 %	43.2 %	33.5 %
Per share information						
Number of shares outstanding	W	401,436	402,350	403,609	401,436	403,609
Weighted average number of shares outstanding [basic]	X	401,668	403,502	390,013	402,580	389,587
Weighted average number of shares outstanding [diluted]	Y	401,881	403,686	403,642	402,762	403,789
Cumulative preferred share dividends during the period	Z	—	—	2,869	—	5,788
Other effects of dilution on an adjusted operating income basis	AA	\$ —	\$ —	\$ 1,206	\$ —	\$ 2,428
Net income per share [basic]	$(A-Z)/X$	\$ 0.28	\$ 0.25	\$ 0.26	\$ 0.53	\$ 0.49
Net income per share [diluted]		\$ 0.28	\$ 0.25	\$ 0.25	\$ 0.53	\$ 0.48
Adjusted EPS [basic]	$(D1)/X$	\$ 0.30	\$ 0.28	\$ 0.29	\$ 0.58	\$ 0.56
Adjusted EPS [diluted]	$(D1+AA)/Y$	\$ 0.30	\$ 0.28	\$ 0.28	\$ 0.58	\$ 0.55

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.

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

IFRS to Non-GAAP Reconciliations

(in US\$000's except per share amounts or unless otherwise noted)	For the three-month period ended			For the six-month period ended	
	June 30, 2025	March 31, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Reported results					
Services income, net	151,336	152,482	140,123	303,818	287,176
Net financing revenue	127,082	111,556	122,409	238,638	229,587
Syndication revenue, net	11,608	11,633	12,045	23,241	20,271
Net revenue	290,026	275,671	274,577	565,697	537,034
Operating expenses	138,509	135,007	131,581	273,516	264,080
Operating income	151,517	140,664	142,996	292,181	272,954
Operating margin	52.2 %	51.0 %	52.1 %	51.6 %	50.8 %
Total expenses	146,576	139,200	139,393	285,776	278,871
Income before income taxes	143,450	136,471	135,184	279,921	258,163
Net income	112,366	102,250	102,698	214,616	196,515
EPS [basic]	\$ 0.28	\$ 0.25	\$ 0.26	\$ 0.53	\$ 0.49
EPS [diluted]	\$ 0.28	\$ 0.25	\$ 0.25	\$ 0.53	\$ 0.48
Adjusting items					
<i>Impact of adjusting items on operating expenses:</i>					
Strategic initiatives costs – Salaries, wages, and benefits	—	—	475	—	960
Strategic initiatives costs – General and administrative expenses	—	—	1,883	—	3,523
Amortization of convertible debenture discount	—	—	724	—	1,517
Share-based compensation	10,333	10,183	6,775	20,516	17,506
Total impact of adjusting items on operating expenses	10,333	10,183	9,857	20,516	23,506
Total pre-tax impact of adjusting items	10,333	10,183	9,857	20,516	23,506
Total after-tax impact of adjusting items	7,724	7,612	7,442	15,336	17,747
Total impact of adjusting items on EPS [basic]	0.02	0.02	0.02	0.04	0.05
Total impact of adjusting items on EPS [diluted]	0.02	0.02	0.02	0.04	0.04

(in US\$000's except per share amounts or unless otherwise noted)	For the three-month period ended			For the six-month period ended	
	June 30, 2025	March 31, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Adjusted results					
Adjusted net revenue	290,026	275,671	274,577	565,697	537,034
Adjusted operating expenses	128,176	124,824	121,724	253,000	240,574
Adjusted operating income	161,850	150,847	152,853	312,697	296,460
Adjusted operating margin	55.8 %	54.7 %	55.7 %	55.3 %	55.2 %
Provision for income taxes	31,084	34,221	32,486	65,305	61,648
Adjustments:					
Pre-tax income	4,655	3,750	5,381	8,401	10,771
Foreign tax rate differential and other	5,128	118	(418)	5,250	214
Provision for taxes applicable to adjusted results	40,867	38,089	37,449	78,956	72,633
Adjusted net income	120,983	112,758	115,404	233,741	223,827
Adjusted EPS [basic]	\$ 0.30	\$ 0.28	\$ 0.29	\$ 0.58	\$ 0.56
Adjusted EPS [diluted]	\$ 0.30	\$ 0.28	\$ 0.28	\$ 0.58	\$ 0.55

IFRS to Non-GAAP Reconciliations

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 six-month period ended	
		June 30, 2025	March 31, 2025	June 30, 2024	June 30, 2025	June 30, 2024
(in US\$000's unless otherwise noted)						
Total Finance receivables, before allowance for credit losses	E	8,454,488	7,699,109	7,775,035	8,454,488	7,775,035
Allowance for credit losses	F	8,870	7,137	5,351	8,870	5,351
Net investment in finance receivable	G	5,645,443	5,148,688	5,525,306	5,645,443	5,525,306
Equipment under operating leases	H	2,644,722	2,428,013	2,589,411	2,644,722	2,589,411
Net earning assets	I=G+H	8,290,165	7,576,701	8,114,717	8,290,165	8,114,717
Average net earning assets	J	7,987,751	7,618,350	8,186,031	7,803,050	8,006,280
Goodwill and intangible assets	K	1,660,538	1,660,009	1,583,634	1,660,538	1,583,634
Average goodwill and intangible assets	L	1,661,213	1,663,050	1,584,972	1,662,131	1,586,976
Borrowings	M	9,441,705	9,045,885	8,711,416	9,441,705	8,711,416
Unsecured convertible debentures	N	—	—	—	—	—
Less: continuing involvement liability	O	(145,014)	(136,932)	(101,075)	(145,014)	(101,075)
Total debt	P=M+N-O	9,296,691	8,908,953	8,610,341	9,296,691	8,610,341
Cash and restricted funds	P ₁	470,372	780,531	351,437	470,372	351,437
Total net debt	P ₂ = P-P ₁	8,826,319	8,128,422	8,258,904	8,826,319	8,258,904
Average debt	Q	8,852,832	8,363,864	8,757,365	8,608,348	8,498,256
Total shareholders' equity	R	2,775,053	2,720,616	2,908,420	2,775,053	2,908,420
Preferred shares	S	—	—	92,404	—	92,404
Common shareholders' equity	T=R-S	2,775,053	2,720,616	2,816,016	2,775,053	2,816,016
Average common shareholders' equity	U	2,776,435	2,730,985	2,782,534	2,753,710	2,765,125
Average total shareholders' equity	V	2,776,435	2,730,985	2,934,053	2,753,710	2,931,423

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.

IFRS to Non-GAAP Reconciliations

	For the three-month period ended			For the six-month period ended	
	June 30, 2025	March 31, 2025	June 30, 2024	June 30, 2025	June 30, 2024
(in US\$000's except per share amounts or unless otherwise noted)	\$	\$	\$	\$	\$
Reported Expenses	146,576	139,200	139,393	285,776	278,871
Less:					
Amortization of intangible assets from acquisitions	7,829	7,799	6,966	15,628	13,945
Loss (gain) on investments	238	(3,606)	846	(3,368)	846
Operating expenses	138,509	135,007	131,581	273,516	264,080
Less:					
Amortization of convertible debenture discount	—	—	724	—	1,517
Share-based compensation	10,333	10,183	6,775	20,516	17,506
Strategic initiatives costs - Salaries, wages and benefits	—	—	475	—	960
Strategic initiatives costs - General and administrative expenses	—	—	1,883	—	3,523
Total adjustments	10,333	10,183	9,857	20,516	23,506
Adjusted operating expenses	128,176	124,824	121,724	253,000	240,574

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			For the six-month period ended	
	June 30, 2025	March 31, 2025	June 30, 2024	June 30, 2025	June 30, 2024
(in US\$000's except per share amounts or unless otherwise noted)	\$	\$	\$	\$	\$
Income before income taxes	143,450	136,471	135,184	279,921	258,163
Adjustments:					
Amortization of convertible debenture discount	—	—	724	—	1,517
Share-based compensation	10,333	10,183	6,775	20,516	17,506
Amortization of intangible assets from acquisition	7,829	7,799	6,966	15,628	13,945
Loss (gain) on investments	238	(3,606)	846	(3,368)	846
Adjusting Items:					
Strategic initiatives costs - Salaries, wages and benefits	—	—	475	—	960
Strategic initiatives costs - General and administrative expenses	—	—	1,883	—	3,523
Total pre-tax impact of adjusting items	—	—	2,358	—	4,483
Adjusted operating income	161,850	150,847	152,853	312,697	296,460

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			For the six-month period ended	
	June 30, 2025	March 31, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	\$	\$	\$	\$	\$
Net income	112,366	102,250	102,698	214,616	196,515
Amortization of convertible debenture discount	—	—	724	—	1,517
Share-based compensation	10,333	10,183	6,775	20,516	17,506
Amortization of intangible assets from acquisition	7,829	7,799	6,966	15,628	13,945
Loss (gain) on investments	238	(3,606)	846	(3,368)	846
Strategic initiatives costs - Salaries, wages and benefits	—	—	475	—	960
Strategic initiatives costs - General and administrative expenses	—	—	1,883	—	3,523
Provision for income taxes	31,084	34,221	32,486	65,305	61,648
Provision for taxes applicable to adjusted results	(40,867)	(38,089)	(37,449)	(78,956)	(72,633)
Adjusted net income	120,983	112,758	115,404	233,741	223,827

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. It is computed as the after-tax adjusted operating income attributable to common shareholders for the period, divided by the diluted 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 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.

Pre-tax income margin

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

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 August 6, 2025, the Company had 401,669,142 Common Shares issued and 401,446,342 Common Shares outstanding. In addition, 144,432 options were issued and outstanding under the Company's stock option plan as at August 6, 2025. These convertible securities are convertible into, or exercisable for, Common Shares of the Company. 144,432 of these convertible securities were exercisable at June 30, 2025, for what would have been proceeds to the Company upon exercise of \$0.6 million.