element

Q1 Report to Shareholders

The following management discussion and analysis ("MD&A") dated May 14, 2024, provides information management believes is relevant to an assessment and understanding of the consolidated financial condition and consolidated results of operations of Element Fleet Management Corp. (the "Company", "we" or "Element") as at and for the three-month period ended March 31, 2024. This MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and accompanying notes as at and for the three-month period ended March 31, 2024 and the Company's latest annual information form (AIF) both filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and are incorporated by reference herein. All dollar amounts in this MD&A are expressed in U.S. dollars unless otherwise specified and all numbers are in thousands, unless otherwise specified or for per share amounts or percentages or ratios. Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's website at www.elementfleet.com. The Company's functional currency is the Canadian dollar.

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

CAUTIONARY STATEMENT

THIS ANALYSIS HAS BEEN PREPARED TAKING INTO CONSIDERATION INFORMATION AVAILABLE TO MAY 14, 2024. CERTAIN STATEMENTS IN THIS MD&A, OTHER THAN STATEMENTS OF HISTORICAL FACT, ARE FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF APPLICABLE SECURITIES LAWS AND MAY CONTAIN FORWARD-LOOKING INFORMATION. SUCH STATEMENTS ARE BASED UPON ELEMENT'S AND ITS MANAGEMENT'S CURRENT INTERNAL EXPECTATIONS, ESTIMATES, PROJECTIONS, ASSUMPTIONS AND BELIEFS. THESE STATEMENTS MAY INCLUDE, WITHOUT LIMITATION, STATEMENTS REGARDING THE OPERATIONS, BUSINESS, FINANCIAL CONDITION, EXPECTED FINANCIAL RESULTS, PERFORMANCE, PROSPECTS, OPPORTUNITIES, PRIORITIES, TARGETS, GOALS, ONGOING OBJECTIVES, STRATEGIES AND OUTLOOK OF ELEMENT. FORWARD-LOOKING STATEMENTS INCLUDE STATEMENTS THAT ARE PREDICTIVE IN NATURE, AND DEPEND UPON OR REFER TO FUTURE EVENTS OR CONDITIONS. IN SOME CASES, WORDS SUCH AS "PLAN", "EXPECT", "INTEND", "BELIEVE", "ANTICIPATE", "ESTIMATE", "TARGET", "PROJECT", "FORECAST", "MAY", "IMPROVE", "WILL", "POTENTIAL", "PROPOSED" AND OTHER SIMILAR WORDS, OR STATEMENTS THAT CERTAIN EVENTS OR CONDITIONS "MAY" OR "WILL" OCCUR ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS AND FORWARD-LOOKING INFORMATION. FORWARD-LOOKING STATEMENTS (INCLUDING THOSE REGARDING FINANCIAL OUTLOOK) ARE PROVIDED FOR THE PURPOSES OF ASSISTING THE READER IN UNDERSTANDING ELEMENT AND ITS BUSINESS, OPERATIONS, RISKS, SUSTAINABILITY, FINANCIAL PERFORMANCE, FINANCIAL POSITION AND CASH FLOWS AS AT AND FOR THE PERIODS ENDED ON CERTAIN DATES AND TO PRESENT INFORMATION ABOUT MANAGEMENT'S CURRENT EXPECTATIONS AND PLANS RELATING TO THE FUTURE AND THE READER IS CAUTIONED THAT SUCH STATEMENTS MAY NOT BE APPROPRIATE FOR OTHER PURPOSES. THESE STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS OR EVENTS TO DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THE FORWARD-LOOKING STATEMENTS OR INFORMATION. UNDUE RELIANCE SHOULD NOT BE PLACED ON THESE FORWARD-LOOKING STATEMENTS, AS THERE CAN BE NO ASSURANCE THAT THE PLANS, INTENTIONS OR EXPECTATIONS UPON WHICH THEY ARE BASED WILL OCCUR. BY ITS NATURE, FORWARD-LOOKING INFORMATION INVOLVES NUMEROUS ASSUMPTIONS, KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES, BOTH GENERAL AND SPECIFIC, THAT CONTRIBUTE TO THE POSSIBILITY THAT THE EXPECTATIONS, PREDICTIONS, FORECASTS, PROJECTIONS, CONCLUSIONS OR OTHER FORWARD-LOOKING STATEMENTS WILL NOT OCCUR OR PROVE ACCURATE, THAT ASSUMPTIONS MAY NOT BE CORRECT AND THAT OBJECTIVES, STRATEGIC GOALS AND PRIORITIES WILL NOT BE ACHIEVED. SUCH FORWARD-LOOKING STATEMENTS AND INFORMATION IN THIS MD&A SPEAK ONLY AS OF THE DATE OF THIS MD&A. THE FORWARD-LOOKING INFORMATION AND STATEMENTS CONTAINED IN THIS MD&A REFLECT SEVERAL MATERIAL FACTORS, EXPECTATIONS AND ASSUMPTIONS OF ELEMENT INCLUDING, WITHOUT LIMITATION: THAT ELEMENT WILL CONDUCT ITS OPERATIONS IN A MANNER CONSISTENT WITH ITS EXPECTATIONS AND, WHERE APPLICABLE, CONSISTENT WITH PAST PRACTICE; SUCCESSFUL IMPLEMENTATION OF STRATEGIC INITIATIVES AND THE EXPECTED BENEFITS AND COSTS OF SUCH INITIATIVES; ACCEPTABLE NEGOTIATIONS WITH THIRD PARTIES; THE CONTINUANCE OF EXISTING (AND IN CERTAIN CIRCUMSTANCES, THE IMPLEMENTATION OF PROPOSED) TAX AND REGULATORY REGIMES; EXPECTATIONS REGARDING GOVERNMENT POLICIES, LEGISLATION AND REGULATORY ACTIONS IN RESPECT OF SUSTAINABILITY AND RELATED MATTERS; CERTAIN COST ASSUMPTIONS; THE CONTINUED AVAILABILITY OF ADEQUATE DEBT AND/OR EQUITY FINANCING AND CASH FLOW TO FUND ITS CAPITAL AND OPERATING REQUIREMENTS AS NEEDED; THE EXTENT OF ITS ASSETS AND LIABILITIES; THE COMPANY'S NET FINANCING REVENUE YIELD ON AVERAGE NET EARNING ASSETS; GROWTH IN LEASE RECEIVABLES AND SERVICE INCOME;

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

FORWARD-LOOKING STATEMENTS AND INFORMATION IN THIS MD&A INCLUDE, BUT ARE NOT LIMITED TO, STATEMENTS WITH RESPECT TO: ELEMENT'S REVENUES, EXPENSES, RUN-RATE AND OPERATIONS, FUTURE CASH FLOWS, FINANCIAL CONDITION, OPERATING PERFORMANCE, SUSTAINABILITY PERFORMANCE AND TARGETS, FINANCIAL RATIOS, PROJECTED ASSET BASE AND CAPITAL STRUCTURE; ELEMENT'S EXPECTATIONS REGARDING THE IMPLEMENTATION OF STRATEGIC INITIATIVES AND THE EXPECTED BENEFITS AND COSTS OF SUCH INITIATIVES; ELEMENT'S 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 EXPECTATIONS AND ABILITY TO REDEEM ITS PREFERRED SHARES; 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; AND ELEMENT'S ABILITY TO PRE-FUND REDEMPTION OF ITS OUTSTANDING CONVERTIBLE DEBENTURES UPON THEIR MATURITY, IF REQUIRED. THE READER IS CAUTIONED TO CONSIDER THESE AND OTHER FACTORS, UNCERTAINTIES AND POTENTIAL EVENTS CAREFULLY AND NOT TO PUT UNDUE RELIANCE ON FORWARD-LOOKING STATEMENTS. INFORMATION CONTAINED IN FORWARD-LOOKING STATEMENTS IS BASED UPON CERTAIN MATERIAL ASSUMPTIONS THAT WERE APPLIED IN DRAWING A CONCLUSION OR MAKING A FORECAST OR PROJECTION, INCLUDING MANAGEMENT'S PERCEPTIONS OF HISTORICAL TRENDS, CURRENT CONDITIONS AND EXPECTED FUTURE DEVELOPMENTS, AS WELL AS OTHER CONSIDERATIONS THAT ARE BELIEVED TO BE APPROPRIATE IN THE CIRCUMSTANCES. ALTHOUGH ELEMENT BELIEVES THAT THE EXPECTATIONS REFLECTED IN THE FORWARD-LOOKING STATEMENTS ARE REASONABLE, THERE CAN BE NO ASSURANCE THAT SUCH EXPECTATIONS WILL PROVE TO BE CORRECT. ELEMENT CANNOT GUARANTEE FUTURE RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS. MOREOVER, NEITHER ELEMENT NOR ANY OTHER PERSON ASSUMES RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE FORWARD-LOOKING STATEMENTS AND INFORMATION.

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

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Selected Financial Highlights

(in US$000's except per share amounts unless otherwise noted)	For the three-month period ended				
	March 31, 2024	December 31, 2023	March 31, 2023	**Q1 2024 vs Q4 2023**	Q1 2024 vs Q1 2023
	US$	US$	US$	**US$**	US$
Reported results					
Servicing income, net	**147,053**	129,657	115,482	**17,396**	31,571
Net financing revenue	**107,178**	102,211	98,225	**4,967**	8,953
Syndication revenue, net	**8,226**	13,261	10,945	**(5,035)**	(2,719)
Net revenue	**262,457**	245,129	224,652	**17,328**	37,805
Operating expenses	**132,499**	134,085	115,204	**(1,586)**	17,295
Operating income[1]	**129,958**	111,044	109,448	**18,914**	20,510
Operating margin[2]	**49.5 %**	45.3 %	48.7 %	**4.2 %**	0.8 %
Total expenses	**139,478**	141,716	122,719	**(2,238)**	16,759
Income before income taxes	**122,979**	103,413	101,933	**19,566**	21,046
Net Income	**93,817**	81,567	78,687	**12,250**	15,130
Earnings per share (EPS) - basic	**0.23**	0.20	0.19	**0.03**	0.04
Earnings per share (EPS) - diluted	**0.23**	0.19	0.18	**0.04**	0.05
Earnings per share (EPS) - basic [$CAD]	***0.31***	*0.27*	*0.26*	***0.04***	*0.05*
Earnings per share (EPS) - diluted [$CAD]	***0.31***	*0.26*	*0.25*	***0.05***	*0.06*
Adjusted results[4]					
Adjusted net revenue	**262,457**	245,129	224,652	**17,328**	37,805
Adjusted operating expenses[3]	**118,850**	110,201	102,379	**8,649**	16,471
Adjusted operating income (AOI)[1]	**143,607**	134,928	122,273	**8,679**	21,334
Adjusted operating margin[2]	**54.7 %**	55.0 %	54.4 %	**(0.3)%**	0.3 %
Adjusted net income	**108,423**	99,806	93,539	**8,617**	14,884
Adjusted EPS [basic]	**0.27**	0.25	0.23	**0.02**	0.04
Adjusted EPS [diluted]	**0.26**	0.24	0.22	**0.02**	0.04
Adjusted EPS [basic] [$CAD]	***0.36***	*0.33*	*0.31*	***0.03***	*0.05*
Adjusted EPS [diluted] [$CAD]	***0.35***	*0.33*	*0.30*	***0.02***	*0.05*
Other highlights					
Originations (excluding Armada)[4]	**1,541,883**	1,489,595	1,404,647	**52,288**	137,236
Vehicles under management (VUM)[4] - end of period	**1,490**	1,485	1,541	**5**	(51)
Adjusted free cash flow per share[4]	**0.35**	0.29	0.28	**0.06**	0.07
Adjusted free cash flow per share [$CAD]	***0.47***	*0.40*	*0.37*	***0.07***	*0.10*
Weighted average common shares outstanding - basic	**389,161**	389,115	392,220	**46**	(3,059)
Weighted average common shares outstanding - diluted	**404,118**	404,068	408,966	**50**	(4,848)
Dividends declared per common share [$CAD]	***0.12***	*0.12*	*0.10*	**—**	*0.02*
Return on equity (ROE)	**12.7 %**	12.4 %	11.8 %	**0.3 %**	0.9 %

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

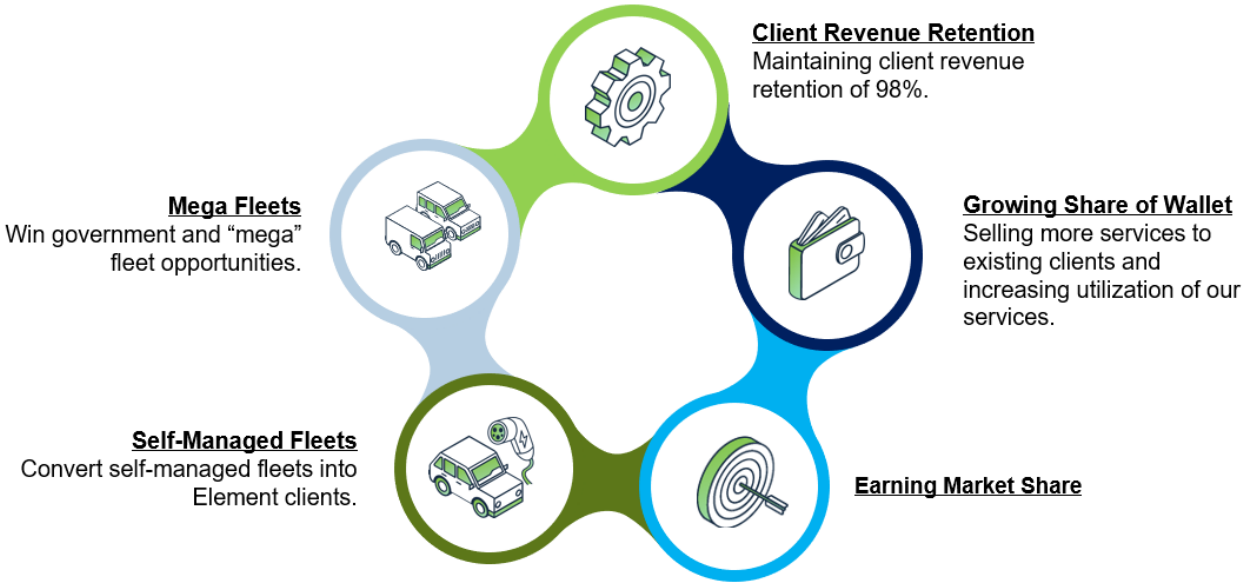
Company Overview

Element Fleet Management Corp. ("Element") is the largest publicly traded, pure-play automotive fleet manager in the world. We provide a full range of fleet services and solutions to a growing base of loyal, world-class clients - corporations, governments and not for profits - across North America, Australia and New Zealand.

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

Element has 1.5 million vehicles under management (March, 31, 2024).

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



Strategic Initiatives Update

As previously disclosed, we plan to optimize our business further by centralizing accountability for our U.S. and Canadian leasing operations and establishing a strategic sourcing presence in Asia.

We continue to expect these initiatives to generate between $30 - $45 million (CAD $40 - $60 million) of run-rate net revenue, and between $22 - $37 million (CAD $30 - $50 million) of run-rate adjusted operating income ("AOI"), by full-year 2028. The above initiatives require approximately $22 million (total) (CAD $30 million) in non-recurring setup costs, of which $2.1 million were incurred in Q1 2024 (Q1 2023 - nil). In 2023, we incurred $13.7 million, in aggregate, in such costs. The remaining non-recurring setup costs of approximately $6.3 million are expected to be incurred in Q2 2024.

Additionally, we are prioritizing digitization and automation initiatives to enable future growth and drive operational efficiencies.

Centralizing accountability for U.S. and Canadian leasing

In late March 2024, we entered into a lease agreement with Union Investment and Hines for premier and LEED Platinum-certified office space in Dublin's city center. This transaction marks a significant milestone in the establishment of our new centralized leasing function in Ireland. This initiative remains on track to be operational by mid-2024.

Strategic sourcing

On April 24, 2024, we commenced operations in Singapore, marking a significant milestone in our ongoing strategic initiative to enhance our global procurement capabilities and strategic sourcing relationships in Asia. Concurrently, we entered into a collaboration agreement with BYD, the world's leading new energy vehicle manufacturer and power battery supplier.

This newly formed relationship with BYD reinforces a shared commitment to advancing sustainable, zero-emission solutions in the fleet management industry. Partnering with a global leader like BYD also underscores our commitment to innovation and sustainability in fleet management in Asia and across the world. It also complements our global alliance with Arval, further demonstrating our dedication to promoting decarbonization efforts worldwide.

We also welcomed Christine Lee Barber, Head of Asia Operations, to lead our operations in Singapore. She brings in-depth knowledge and expertise within the region, and will be accountable for strategic sourcing and relationship management in order to solidify and expand our relationships with Asian-based original equipment manufacturers (OEMs).

Digitization and automation

We continue to advance our digital and automation initiatives to elevate the client experience, improve operational efficiency, and deepen client relationships with a focus on growing capital-light service revenues. We strive to position ourselves as a leading industry player in supporting clients to navigate the rapidly evolving mobility and vehicle connectivity landscape efficiently.

We are modernizing our technology platform and business processes to accelerate innovation and deliver value for our clients. These forward-looking investments in Element's and our clients' future include transitioning towards more agile, scalable, and secure cloud-based solutions and creating a globally unified, digitally enabled technology platform that strives to further streamline operations. Investments in Ordering, Collateral Services, and Enterprise Resource Planning are being made to deliver superior client experiences and support when and where clients, drivers, partners, and employees need them most.

Effect of Foreign Currency Exchange Rate Changes

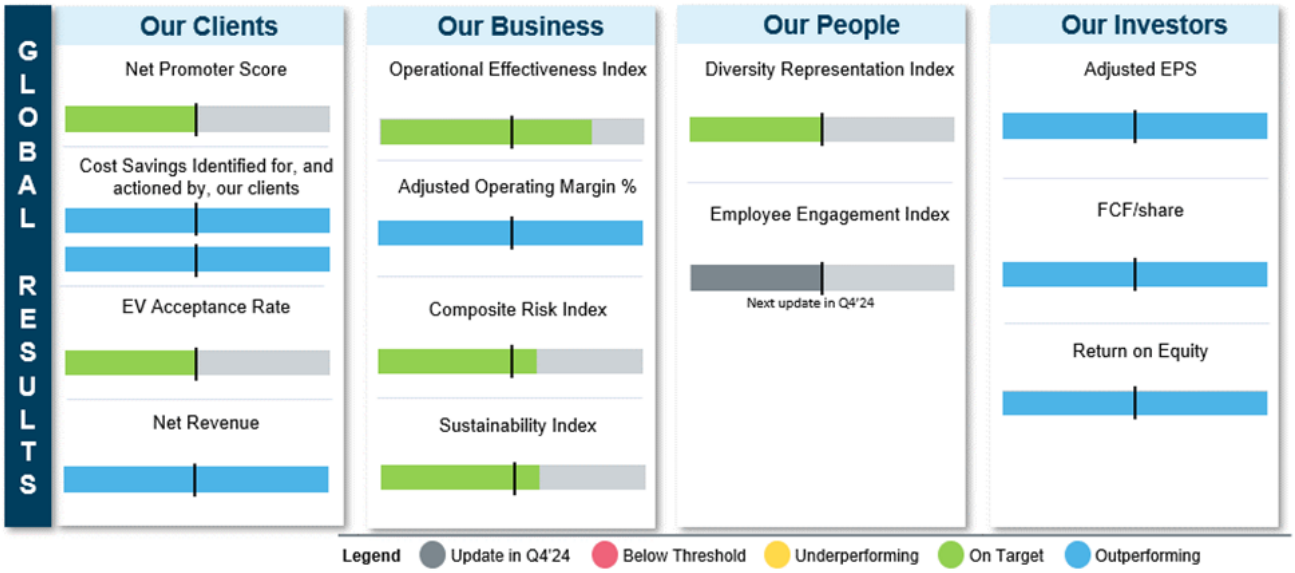
Effective this quarter, we transitioned all our financial reporting currency from the Canadian dollar to the U.S. dollar. The Company cautions readers that the transition to U.S. dollar reporting does not entirely eliminate foreign exchange fluctuations from its financial performance. We are exposed to fluctuations in certain foreign currencies from operations we conduct in Mexico, Australia, New Zealand, and Canada. We performed a foreign exchange sensitivity analysis to assess potential mitigating actions. Additionally, we institute certain designated hedges that further mitigate the effects of FX exposure on our financial performance. Notwithstanding, our assets, liabilities, and foreign operating results do fluctuate as a result of fluctuations in these currencies against the reporting currency, now being the U.S. dollar. Based on our analysis, a 1% of 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 $3.9 million, on an annualized basis.

Items impacting our Unaudited Interim Condensed Consolidated Statements of Operations are translated to U.S. Dollars using average exchange rates for the respective quarterly period. For items impacting our Unaudited Interim Condensed Consolidated Statements of Financial Position, period end rates are used for currency translation purposes.

Global Balanced Scorecard

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

We either achieved or outperformed on all of our Global BSC metrics in Q1 2024.



Our Clients

Earning our clients' loyalty

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

Our global NPS rose to a record level of 48 at the end of Q1 2024; up from 41 at the end of 2023. This increase can be attributed in part to a methodology adjustment made this quarter, where we began to assign equal weight to all client responses, previously revenue-weighted (under previous methodology, NPS was 45 at the end of 2023). NPS scores rose in all regions, highlighting the consistency of the elevated client experience.

This quarter also saw record levels of client engagement. Client feedback regarding the ease of doing business with us remains very positive, validating our ability to continuously deliver the right outcomes for our clients as their priorities evolve.

Creating compelling value for our clients

Our global Strategic Advisory Services (SAS) team is committed to delivering substantial value to our clients. It does this by proactively identifying the unique challenges and opportunities within each clients' fleet and responding with solutions and strategies tailored to their specific needs. As trusted advisors, the SAS team (i) has long-term engagement with clients, (ii) provides comprehensive guidance that allows clients to anticipate uncertainties and risks, and (iii) provides recommendations based on specialized knowledge and years of expertise.

In Q1 2024, our SAS team, in collaboration with our global alliance partner Arval, launched the Global Fleet Barometer. The Global Fleet Barometer provides a comprehensive view of the evolving fleet landscape across 30 countries, serving as a valuable benchmark for organizations looking to make strategic and informed decisions. Additionally, it highlights industry trends, helping position us as strategic advisors to our clients. Our SAS team also continues to invest a substantial amount of time advising our clients on the EV landscape and providing guidance on approaches to transitioning from internal combustion engine (ICE) - powered vehicles to EVs.

In Q1 2024, our SAS team identified and shared with clients over $332 million of fleet-operating-cost savings opportunities, of which approximately $28 million in value were "actioned" by clients.

Enabling client fleet electrification

Our clients continue to leverage *Arc by Element,* our end-to-end electric vehicle fleet solution. In Q1 2024, we added multiple depot and home charging engagements to the pipeline of in-flight pilots and client engagements. We also recently completed a pilot for new payment capabilities for public charging, which we intend to roll out later in 2024. This will provide clients with broader access to public charging networks in Canada and the US. We expect the continued focus on decarbonization to expand the level of client engagement on fleet electrification in 2024.

To further enhance the scale of our solutions and integrate with our core systems, we also completed multiple rounds of technology upgrades. These enhancements are designed to more fully incorporate electric vehicles (EVs) and charging stations into both our internal systems and driver and client facing applications. These capabilities will be rolled out over the course of 2024, ensuring that our clients and internal teams have comprehensive access to the insights available from EVs and charging infrastructure. To elevate the advisory support we provide for clients, we have also developed new training modules aimed at supporting change management with our clients and drivers. These training modules also support continuous education for our internal Element team.

Our Business

Consistently meeting service commitments

In Q1 2024, our maintenance team continued to drive savings per transaction for our clients. This achievement reflects our team's strategic approach to managing repair orders, utilizing expertise and tools to drive down our clients' total cost of fleet operations.

Our dedication to safety and efficiency is reflected in this quarter's rollout of an online EV driver training series. Designed for both new and experienced EV drivers, the program aims to improve safety and vehicle performance, covering topics like driving dynamics, range planning, and battery optimization. This initiative further reinforces our commitment to supporting our clients' fleet electrification goals.

Continuously improving the way we work

Our rebranded Continuous Improvement and Automation team (previously Continuous Improvement Group) remains committed to driving innovation, process optimization and automation. To achieve its goals, the team leverages the latest technological advancements, including Artificial Intelligence and Machine Learning tools.

The introduction of new automation solutions has saved more than 31,000 employee hours in Q1 2024. The implementation of our automation solutions has significantly boosted operational efficiency, elevating both employee and client experiences. By automating routine tasks, our teams can concentrate on strategic and client-centric activities.

Prudently managing our risks

Our Enterprise Risk Council (the "Council") is a cross-functional group led by our Chief Financial Officer. Risk owners from across Element regularly update the Council on their risks, the steps to mitigate these risks, and any potential emerging trends. In 2024, we are committed to updating our risk universe to reflect the current landscape, further embedding a culture of risk awareness throughout our organization. We will review our inventory of compliance risks, ensuring ownership is attributed to individuals responsible for daily operations, rather than defaulting to executive-level appointments for all areas. This approach not only enhances accountability but also aligns with our dedication to precision and clarity in managing our risk profile.

During Q1 2024, we updated our Enterprise Composite Risk Index (ECRI) to reflect the current environment, which evaluates risks impacting revenue, credit and collections, operations, treasury, information technology and people. The ECRI remains aligned with our Risk Appetite Statements, providing clear metrics and thresholds for effective risk management.

Sustainability: Fostering positive environmental and social outcomes and maintaining good governance

In Q1 2024, we advanced on our commitment to sustainable, ethical, and transparent practices. We deepened our commitment to long-term sustainable actions to reduce emissions with our commitment to the Science-based targets initiative (SBTi). This marks an important step toward setting science-based emissions reduction targets across our facilities, business operations, and supply chain.

Further accomplishments in Q1 2024 include:

- We achieved a B score on the CDP Climate Change questionnaire, which is higher than the North American regional average. Our CDP score acknowledges that we are taking action on climate issues.

- In Maryland, we moved into a modern, energy efficient office. Our Owings Mills office is LEED for Interior Design and Construction (LEED IC+C) Gold Certified ensuring better air quality, energy and water efficiency. We purchased 2,595 MWh of Green-e Certified Renewable Energy Credits (RECs)

from U.S. wind projects to address GHG emissions associated with 50% of the total energy at this office over a 10 year period.

- Element joined the inaugural Ceres Corporate Electric Vehicle Alliance (CEVA) Advisory Board, deepening our engagement with CEVA.
- Element ranked #19 out of a total 170 companies in the “Better companies” ranking for LATAM.
- For the fourth year in a row, Element Mexico obtained the CSR certification from Centro Mexicano para la Filantropia (CEMEFI).

For more information on our initiatives and results, our sustainability report is available on our website.

Supplier diversity

We have a long- and well-established track record of fostering supplier diversity, fully aligning us with our clients. Our Supplier Diversity Program is designed to create opportunities for diverse suppliers who meet our business, procurement and contractual criteria, as well as support our clients in achieving their own supplier diversity goals.

We track diversity spending and offer clients various tracking solutions to clearly identify their diversity commitments and expenditures applicable to their fleet operations. These commitments and expenditures are understood, organized and can be accurately reported and traced. Additionally, our SAS team applies a “client diversity spend requirements” perspective to all our proactive advisory work, providing clients with actionable insights necessary to enhance their diversity spending practices.

In Q1, we received our Supplier Engagement rating from CDP. We achieved an above average B rating mirroring our overall climate disclosure score.

We are proud members of the National Minority Supplier Development Council (NMSDC), Disability:IN Minnesota, and the Women’s Business Enterprise National Council (WBENC) in the U.S., as well as the Canadian Council for Aboriginal Business (CCAB) and the Canadian Aboriginal and Minority Supplier Council (CAMSC) - which we partner with to further a diverse supply chain.

Our People

Our people continue to focus on delivering a consistent, superior client experience, while building a strong, diverse culture, and giving back to the communities where we work and live.

Launching 2024 strategy and articulating our Purpose

In January, we held our annual Senior Leadership Forum and Sales Kickoff meetings, followed by a Global Town Hall in February. These events served as an important launch for our 2024 strategy, aligning on our direction for the year and beyond as we make a real difference for our clients, simplify the work we do, and help us to build even stronger client relationships. We also used these sessions as an opportunity to educate and seek feedback from our people on the articulation of our Purpose, gathering their input on statement themes, ensuring their perspective is embedded as we prepare to launch our Purpose globally this summer.

Recognizing our people

Recognizing our people for their performance is key to our culture, and we had many opportunities to celebrate the achievements of teams and individuals for their performance in 2023. These included our Global Awards for our salesforce including induction of our top performers to our annual Winner’s Circle incentive trip, our Global Operations Awards recognizing consistently outstanding performance and collaboration, as

well as our annual Client Experience Award, that recognized two leader-nominated employees for their stand-out performance in delivering a consistent, superior client experience.

Connecting pay to performance

In February, we announced above-target Short-Term Incentive Plan (STIP) payouts, recognizing our people for their tremendous contributions leading to record results in 2023. This is the first year we reflected both Element's performance along with an individual employee performance in the overall STIP factor to further recognize top performers and to align with shareholder value. We also launched our 2024 Balanced Scorecard and resources to empower our people to better understand the connection of performance to pay. Our people began goal setting activities, working with their managers, to develop a plan that aligns performance with our BSC and individual development goals.

Fostering inclusion and supporting our communities

We continue to build awareness, education, and take action to foster a more inclusive workplace that celebrates differences and encourages individuality. Our Global BSC Diversity Representation Index performance is on target, surpassing our target on Race and/or Ethnicity hires and exits, with consistent performance in Women Promotions.

With a focus on giving back to the communities where we live and work, we coordinated with Holland Bloorview Kids Rehabilitation Hospital in Toronto for their *Capes for Kids* campaign. With our support, they were able to beat their target and surpassed their $1 million fundraising goal benefiting vital research programs. At our annual Sales Kickoff meeting, our sales team and leaders participated in a volunteer event supporting local Arizona charity, Urban Farming Education. Our ANZ team provided donations to Share the Dignity, as part of celebrations for International Women's Day, and members of our Mexico team participated in a storytelling event with the children at Casa Hogar Alegría.

Championing diversity, equity, inclusion, and belonging

We recently incorporated 'Belonging' into our Diversity, Equity, Inclusion, and Belonging (DEI&B) framework. This marks a significant step in our journey, representing our commitment to make Element a place where everyone feels that they belong and are encouraged to be themselves at work. Our Business Resource Groups (BRG)[5] honoured Black History Month, Martin Luther King Jr. Day, Lunar New Year, World Down Syndrome Day, and Women's History Month. We also celebrated International Women's Day, with panel speaker events featuring our clients and leaders across our offices in North America and Australia and New Zealand. Our Abled and Disabled Empowering People Together (ADEPT) BRG participated in the annual Polar Bear Plunge, benefiting the athletes of Special Olympics. We also launched accessibility learning tools and resources for our team in North America to provide our employees with information they can use to support accessibility in their day to day and work.

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

Quarterly Results of Operations

			For the three-month period ended
	March 31, 2024	December 31, 2023	March 31, 2023
(in US$000's except per share amounts unless otherwise noted)	**US$**	US$	US$
Reported results			
Net revenue			
Net interest income and rental revenue	**241,161**	224,827	184,638
Interest expense	**133,983**	122,616	86,413
Net financing revenue	**107,178**	102,211	98,225
Servicing income, net	**147,053**	129,657	115,482
Syndication revenue, net	**8,226**	13,261	10,945
Net revenue	**262,457**	245,129	224,652
Operating expenses			
Salaries, wages and benefits	**74,562**	71,717	63,301
General and administration expenses	**32,135**	35,678	27,033
Depreciation and amortization	**14,278**	13,572	12,045
Amortization of convertible debenture discount	**793**	772	739
Share-based compensation	**10,731**	12,346	12,086
Operating expenses	**132,499**	134,085	115,204
Other expenses			
Amortization of intangible assets from acquisition	**6,979**	6,971	6,977
Loss on investments	**—**	660	538
Other expenses	**6,979**	7,631	7,515
Income before income taxes	**122,979**	103,413	101,933
Provision for income taxes	**29,162**	21,846	23,246
Net income	**93,817**	81,567	78,687
Total assets	**13,336,018**	12,430,536	11,123,782
Total debt	**9,060,476**	8,064,097	7,006,332
Weighted average number of shares outstanding [basic]	**389,161**	389,115	392,220
EPS [basic]	**0.23**	0.20	0.19
EPS [basic] [$CAD]	***0.31***	*0.27*	*0.26*
Weighted average number of shares outstanding [diluted]	**404,118**	404,068	408,966
EPS [diluted]	**0.23**	0.19	0.18
EPS [diluted] [$CAD]	***0.31***	*0.26*	*0.25*
Dividends declared, per share [$CAD]			
Common share	***0.120000***	*0.120000*	*0.100000*
Preferred Shares, Series A	**—**	*0.433313*	*0.433313*
Preferred Shares, Series C	***0.388130***	*0.388130*	*0.388130*
Preferred Shares, Series E	***0.368938***	*0.368938*	*0.368938*

	For the three-month period ended		
	March 31, 2024	December 31, 2023	March 31, 2023
(in US$000's for stated values, except per share amounts)	**US$**	US$	US$
Adjusted results[6]			
Adjusted operating expenses[7]	**118,850**	110,201	102,379
Adjusted operating income[8]	**143,607**	134,928	122,273
Adjusted operating margin[9]	**54.7 %**	55.0 %	54.4 %
Adjusted net income	**108,423**	99,806	93,539
Adjusted EPS [basic]	**0.27**	0.25	0.23
Adjusted EPS [diluted]	**0.26**	0.24	0.22
Adjusted EPS [basic] [$CAD]	***0.36***	*0.33*	*0.31*
Adjusted EPS [diluted] [$CAD]	***0.35***	*0.33*	*0.30*

We offer the following commentary on net revenue, operating expenses, pre-tax income margin, net income, and earnings per share for the three-month period ended March 31, 2024, which are results quantified by IFRS measures. In addition, we present and offer commentary on the adjusted results for the three-month period ended March 31, 2024.

Net revenue

Q1 2024 net revenue of $262.5 million increased $37.8 million or 16.8% from Q1 2023. This growth was driven largely by strong services revenue, and to a lesser extent, growth in net financing revenue.

Net revenue increased $17.3 million or 7.1% from Q4 2023 ("quarter-over-quarter"), largely due to the same reasons cited directly above.

Services income, net

Q1 2024 services revenue grew $31.6 million or 27.3% from Q1 2023 to $147.1 million. This increase was largely driven by higher utilization and penetration rates, largely maintenance and remarketing fees. Also contributing to the growth was stronger services revenue in Mexico and higher origination volumes which also helps drive services utilization. Q1 2024 services revenue benefitted from $7.0 million in certain items which are unlikely to repeat in 2024. Excluding those amounts, services revenue grew by 21.3% or $24.6 million year-over-year. In Q1 2024, Element accelerated investment in the business for clients which partially offset the benefits of those items in the Adjusted Operating Income.

Q1 2024 services grew $17.4 million or 13.4% quarter-over-quarter - driven by higher utilization and penetration rates with existing clients as well as modest VUM growth quarter-over-quarter. Excluding the $7.0 million cited in the paragraph above, services revenue grew 8.0% or $10.4 million quarter-over-quarter.

Net financing revenue

Q1 2024 net financing revenue grew $9.0 million or 9.1% from Q1 2023 and grew $5.0 million or 4.9% quarter-over-quarter. Year-over-year growth was largely as a result of higher net earning assets associated with higher originations, partly offset by higher funding costs. Gain on sale ("GOS") was largely unchanged year-over-year as higher GOS in Mexico was mostly offset by lower GOS in ANZ.

Quarter-over-quarter growth was driven primarily by higher GOS in both Mexico and ANZ (largely due to the

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

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

[8] Calculated as net revenue less operating expenses.

[9] Calculated as operating income divided by net revenue.

seasonality of GOS in ANZ).

Net financing revenue yield on average net earning assets

(in US$000's unless otherwise noted)	For the three-month period ended		
	March 31 2024	December 31, 2023	March 31, 2023
	US$	US$	US$
Average net earning assets	**$ 7,825,155**	$ 7,494,561	$ 6,437,978
Net interest income and rental revenue	**12.33 %**	12.00 %	11.48 %
Interest expense	**6.85 %**	6.54 %	5.37 %
Net financing revenue yield on average net earning assets	**5.48 %**	5.46 %	6.11 %
Average debt outstanding	**$ 8,239,147**	$ 7,855,986	$ 6,665,307
Average cost of debt (Interest expense / average debt)	**6.50 %**	6.24 %	5.19 %
Average 1-Month LIBOR rates	**— %**	— %	4.62 %

Syndication revenue

We syndicated $473.2 million of assets in Q1 2024 - $33.5 million or 6.6% less volume than Q1 last year. This decrease reflects a strategic decision to postpone the syndication of certain assets to the second half of 2024 pending the outcome of proposed U.S. tax legislation changes. The demand for our assets remains strong and this strategic postponement underscores a calculated approach to fiscal prudence.

We syndicated 32.8% less volume quarter-over-quarter for the same reasons cited directly above.

Operating expenses

Q1 2024 operating expenses of $132.5 million increased $17.3 million or 15.0% year-over-year. This increase in operating expenses is largely due to an increase in salaries, wages and benefits and higher general and administrative expenses, which are both predominantly a function of investments made in our people and our business to support future growth. Higher depreciation and amortization also contributed to the increase.

Q1 2024 included $2.1 million (CAD $2.9 million) in one-time strategic project costs and Q4 2023 included $10.8 million (CAD $14.6 million) of such costs incurred in connection with previously announced leasing and strategic sourcing initiatives (Q1 2023 - nil). Q1 2024 adjusted operating expenses of $118.9 million were $16.5 million or 16.1% higher year-over-year. This increase was largely driven by the same reasons cited directly above.

Q1 2024 operating expenses of $132.5 million decreased $1.6 million or 1.2% quarter-over-quarter driven largely by lower one-time strategic project costs cited and lower share based compensation in the quarter - offset by an increase in salaries, wages and benefits. On an adjusted basis, operating expenses increased $8.6 million or 7.8% quarter-over-quarter largely due to higher compensation related expenses, higher initial benefits expenses to commence the new fiscal year, increased business development expenses and higher depreciation and amortization.

Net income and adjusted operating income

Q1 2024 net income of $93.8 million grew by $15.1 million or 19.2% from Q1 2023 and increased by $12.3 million or 15.0% quarter-over-quarter - both increases primarily driven by stronger net revenue generation. On an adjusted basis, net income of $108.4 million in Q1 2024 was $14.9 million or 15.9% higher than Q1 2023 and $8.6 million or 8.6% higher than Q4 2023.

AOI was $143.6 million this quarter, an increase of $21.3 million or 17.4% year-over-year - amounting to adjusted EPS of $0.27 for Q1 2024, which is a 4 cent increase over the same period last year.

AOI increased by $8.7 million or 6.4% quarter-over-quarter. Q1 2024 adjusted EPS was 2 cents higher than Q4 2023.

Pre-tax income margin and adjusted operating margin

Q1 2024 pre-tax income margin was 46.9% compared to 45.4% in Q1 2023 and 42.2% in Q4 2023. Q1 2024 adjusted operating margin was 54.7%, representing margin expansion of 30 basis points year-over-year. This expansion is driven largely by positive operating leverage (i.e. net revenue growth outpacing growth). Quarter-over-quarter adjusted operating margin was down 30 basis points.

Originations

We originated $1.5 billion of assets in Q1 2024 (excluding Armada), which is a $137.2 million or 9.8% increase year-over-year. Originations grew modestly by 3.5% quarter-over-quarter.

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

(in US$000's)	**March 31, 2024**		December 31, 2023		March 31, 2023	
(Excluding Armada)	**US$**	**%**	US$	%	US$	%
United States and Canada	**1,182,987**	**76.7**	1,081,089	72.6	1,072,166	76.3
Mexico	**259,143**	**16.8**	292,324	19.6	231,926	16.5
Australia and New Zealand	**99,753**	**6.5**	116,182	7.8	100,555	7.2
Total	**1,541,883**	**100.0**	1,489,595	100.0	1,404,647	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 latest of which ended March 31, 2024. This information has been prepared on the same basis as our audited consolidated financial statements, and all necessary adjustments have been included in the amounts stated below to present fairly the unaudited quarterly results when read in conjunction with our audited consolidated financial statements and the related notes to those statements.

(in US$ 000's except per share amounts and ratios or unless otherwise noted)	**Q1 2024**	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
	US$	US$	US$	US$	US$	US$	US$	US$
Net revenue	**262,457**	245,129	248,671	240,623	224,652	215,292	222,639	225,934
Adjusted operating income	**143,607**	134,928	140,607	132,686	122,273	110,664	113,794	123,883
After-tax adjusted operating income	**108,423**	99,806	106,861	100,178	93,539	82,998	84,777	92,293
Net income	**93,817**	81,567	95,946	89,373	78,687	74,389	79,471	87,174
EPS, basic	**0.23**	0.20	0.24	0.22	0.19	0.18	0.19	0.20
EPS, diluted	**0.23**	0.19	0.23	0.21	0.18	0.17	0.18	0.19
Adjusted EPS, basic	**0.27**	0.25	0.26	0.25	0.23	0.20	0.20	0.22
Adjusted EPS, diluted	**0.26**	0.24	0.25	0.24	0.22	0.19	0.19	0.21
Total assets	**13,336,018**	12,430,536	12,101,324	11,959,106	11,123,782	10,581,343	10,009,118	10,225,499
Net earning assets	**8,034,053**	7,610,333	7,327,686	7,063,377	6,527,491	6,197,402	6,053,067	6,199,842
Total debt	**9,060,476**	8,064,097	7,737,840	7,656,545	6,884,314	6,583,795	6,183,174	6,463,370
Originations	**1,541,883**	1,489,595	1,556,967	1,888,817	1,404,647	1,317,238	1,058,525	1,373,158
Allowance for credit losses	**5,794**	5,539	6,947	7,613	7,535	7,655	7,409	7,580
As a % of total finance receivables before allowance	**0.08**	0.08	0.10	0.11	0.12	0.13	0.13	0.13
Senior revolving credit facilities - drawn	**796,104**	825,319	923,120	1,288,390	1,959,812	1,397,823	1,041,124	1,025,942
Borrowings	**8,225,463**	7,192,813	6,760,142	6,298,892	4,970,289	5,104,937	5,053,184	5,327,593
Convertible debentures[10]	**126,108**	127,816	124,419	125,653	122,018	121,030	118,859	125,496

[10] On May 14, 2024, we announced our intention to redeem all of our convertible debentures on June 26, 2024 (due June 30, 2024).

Financial Position

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

(in US$000's unless otherwise noted)	**March 31, 2024**	December 31, 2023	March 31, 2023
	US$	US$	US$
ASSETS			
Cash	**696,043**	96,419	107,151
Restricted funds	**335,908**	254,218	282,070
Finance receivables	**7,473,180**	7,219,554	6,358,174
Equipment under operating leases	**2,685,015**	2,646,158	2,224,087
Accounts receivable and other current assets	**197,553**	202,898	163,291
Derivative financial instruments	**62,164**	85,459	72,933
Property, equipment and leasehold improvements	**114,466**	102,733	67,955
Intangible assets	**631,288**	638,411	633,664
Deferred tax assets	**184,224**	226,774	258,290
Goodwill	**956,177**	957,912	956,167
	13,336,018	12,430,536	11,123,782
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Accounts payable and accrued liabilities	**1,098,935**	1,207,797	1,073,262
Derivative financial instruments	**41,552**	27,864	49,068
Borrowings	**9,021,567**	8,018,132	6,930,101
Convertible debentures	**126,108**	127,816	122,018
Deferred tax liabilities	**103,268**	105,099	100,868
	10,391,430	9,486,708	8,275,317
Shareholders' equity	**2,944,588**	2,943,828	2,848,465
	13,336,018	12,430,536	11,123,782

Total assets and liabilities increased by $905.5 million and $904.7 million, respectively, from December 31, 2023; and $2.2 billion and $2.1 billion, respectively, from March 31, 2023.

The increases in total assets and liabilities were primarily increases in cash, finance receivables, restricted funds, equipment under operating leases, and borrowings.

Approximately 50% 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, Australian and New Zealand dollars, and Canadian dollars, may have an impact on our balance sheet.

The net impact of currency variations predominantly flows through to Shareholders' Equity as Other Comprehensive Income.

Portfolio Details

Total finance receivables

The following table breaks down our total finance receivables, which were $253.6 million higher at March 31, 2024 than at December 31, 2023, driven primarily by originations and timing of payment received.

(in US$000's except ratios or unless otherwise noted)	**March 31, 2024**	December 31, 2023
	US$	US$
Net investment in finance receivables	**5,349,038**	4,964,175
Impaired receivables - at net realizable value	**5,359**	6,247
	5,354,397	4,970,422
Unamortized origination costs and subsidies	**(63,298)**	(58,232)
Net finance receivables	**5,291,099**	4,912,190
Prepaid lease payments and Security deposits	**(77,104)**	(60,014)
Interim funding	**979,079**	1,129,091
Fleet management service receivables	**711,515**	649,562
Other	**487,186**	512,413
Continuing involvement asset	**87,199**	81,851
	7,478,974	7,225,093
Allowance for credit losses	**5,794**	5,539
Total finance receivables	**7,473,180**	7,219,554

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

Credit losses and provisions as at and for the three-month period ended March 31, 2024, year ended December 31, 2023 are as follows.

(in US$000's except ratios or unless otherwise noted)	**March 31, 2024**	December 31, 2023
	US$	US$
Allowance for credit losses, beginning of period	**5,539**	7,655
Provision for credit losses	**328**	(1,560)
Charge-offs, net of recoveries	**(13)**	(749)
Impact of foreign exchange rates	**(60)**	193
Allowance for credit losses, end of period	**5,794**	5,539
Charge-offs, net of recoveries, as a % of total finance receivables	**— %**	0.02%
Allowance for credit losses, as a % of total finance receivables before allowance	**0.08 %**	0.08%

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

We reviewed inputs to our expected credit loss model throughout the quarter. We also consider forward-looking macroeconomic information (in light of a potential slowing economy) such as overall default rates and the impact that potential upward or downward trends in GDP would have on our lease and loan portfolio. We expect inflation to moderate and that interest rates will ease in the second half of 2024. The growth of our portfolio when combined with the favorable evolution of our credit mix and the resilience of our client base, resulted in a modest increase of $0.3 million to our allowance for credit losses in the quarter.

Our allowance for credit losses has increased $0.3 million since December 31, 2023.

Impaired receivables

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

Impaired receivables decreased to $5.4 million as at March 31, 2024 following the continued payment from our clients. One of our clients that filed Chapter 11 bankruptcy in Q4 is expected to have its re-organization plan confirmed in the second quarter of 2024, with our lease and service agreements affirmed. This client has also continued to make payments during bankruptcy.

Portfolio distribution by geography

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

(in US$000's unless otherwise noted)	**March 31, 2024**		December 31, 2023	
	US$	**%**	US$	%
United States and Canada	**4,498,423**	**56.4**	4,144,494	54.8
Mexico	**2,266,179**	**28.4**	2,145,845	28.4
Australia and New Zealand	**1,211,512**	**15.2**	1,268,009	16.8
Total	**7,976,114**	**100.0**	7,558,348	100.0
Allocated as:				
Net finance receivables	**5,291,099**	**66.3**	4,912,190	65.0
Equipment under operating leases, net	**2,685,015**	**33.7**	2,646,158	35.0
Total	**7,976,114**	**100.0**	7,558,348	100.0

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

(in US$000's unless otherwise noted)	**March 31, 2024**		December 31, 2023	
	US$	**%**	US$	%
United States and Canada	**9,976,486**	**73.9**	9,751,650	73.1
Mexico	**2,311,652**	**17.1**	2,323,170	17.4
Australia and New Zealand	**1,210,975**	**9.0**	1,267,505	9.5
Assets under management	**13,499,113**	**100.0**	13,342,325	100.0

Liquidity

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

Cash flow

Daily cash flow / liquidity

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

Notwithstanding our dependable operating cash flows and $4.9 billion of committed, undrawn capital at March 31, 2024, we continue our efforts to sustainably enhance our dynamic liquidity management capabilities, including data analysis capacity and forecasting.

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

Cash used in operating activities for the three-month period ended March 31, 2024 was $302.5 million, a change of $85.2 million from the $387.7 million used in operating activities for the three-month period ended March 31, 2023. The year-over-year change was primarily the result of higher repayment of finance receivables offset by the decrease of syndication of finance receivables and decrease investment in finance receivable.

Cash used in investing activities for the three-month period ended March 31, 2024 was $18.9 million compared to $12.8 million for the three-month period ended March 31, 2023. The year-over-year change is driven by an increase in the purchase of property, plant, and equipment related to leasehold improvements of $3.6 million and an increase in the purchase of computer software of $2.0 million.

Cash provided by financing activities for the three-month period ended March 31, 2024 was $987.5 million, compared to $392.4 million provided in financing activities for the three-month period ended March 31, 2023. The increase is primarily due to the issuance of the U.S. Senior notes. This is offset by decrease in restricted funds, deferred financing costs and repayment made to our borrowings facilities.

Free cash flow

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

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

	For the three-month period ended		
(in US$000's unless otherwise noted)	**March 31, 2024**	December 31, 2023	March 31, 2023
	US$	US$	US$
Adjusted free cash flow	**134,446**	114,001	109,676
Amortization of equipment under operating leases	**137,331**	132,639	105,730
Investment in finance receivables	**(1,362,974)**	(1,353,500)	(1,336,762)
Repayments of finance receivables	**631,306**	601,143	521,468
Investment in equipment under operating leases	**(258,111)**	(314,613)	(254,613)
Disposals of equipment under operating leases	**76,068**	86,011	61,185
Proceeds from syndication financings	**482,483**	719,771	518,065
Sustaining capital investments	**12,947**	18,881	10,997
Preferred share dividends	**2,951**	4,434	4,343
Other	**(158,962)**	(94,150)	(127,817)
Cash flow from operations	**(302,515)**	(85,383)	(387,728)

Leverage

We view both financial and tangible leverage as indicators of the strength of our financial position. At March 31, 2024, our financial leverage ratio was 3.08:1 and tangible leverage ratio was 6.68:1.

Our financial and tangible leverage is calculated as follows:

As at		**March 31, 2024**	December 31, 2023
(in US$000's, except ratios or unless otherwise noted)		**US$**	US$
Borrowings		**9,021,567**	8,018,132
Convertible debentures		**126,108**	127,816
Less: Continuing involvement liability		**(87,199)**	(81,851)
Total debt	**(a)**	**9,060,476**	8,064,097
Total shareholders' equity	**(b)**	**2,944,588**	2,943,828
		12,005,064	11,007,925
Goodwill and intangible assets	**(c)**	**1,587,465**	1,596,323
Financial leverage	**(a)/(b)**	**3.08**	2.74
Tangible leverage	**(a)/[(b)-(c)]**	**6.68**	5.99

We were in compliance with all financial and reporting covenants with all of our lenders at March 31, 2024.

Credit and debt facilities

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

We had $4.9 billion of committed, undrawn liquidity available across our senior unsecured revolving credit facilities ($2.33 billion), secured variable funding note facilities ($1.82 billion), term facilities ($0.04 billion), and cash of $0.70 billion at March 31, 2024. Commitments under these facilities are funded by a syndicate of

leading Canadian, U.S. and international banks, who provide us with access to efficient liquidity and capital required to support the growth of our business.

Prior to June 30, 2023, we transitioned all of our U.S. dollar-based floating rate benchmark credit facilities from LIBOR to SOFR. In addition, prior to December 31, 2023 we transitioned all of our Canadian dollar based floating rate benchmark credit facilities from CDOR to CORRA.

As at	March 31, 2024			
(in US$000's unless otherwise noted)	US$	%	US$	US$
	Facility size	Undrawn amount		Drawn amount
Senior unsecured revolving credit facilities	**3,125,000**	***74.5***	**2,328,896**	**796,104**
Senior notes	**3,150,000**	**—**	**—**	**3,150,000**
Term facilities	**44,301**	**—**	**44,301**	**—**
Vehicle management asset-backed debt facilities				
Revolving term notes in amortization	**1,515,545**	**—**	**—**	**1,515,545**
Variable funding notes	**5,299,250**	***34.3***	**1,817,985**	**3,481,265**
Other	**21,999**	**—**	**—**	**21,999**
Total vehicle management asset-backed debt	**6,836,794**	***26.6***	**1,817,985**	**5,018,809**
Total cash			**696,043**	
Total capital available for continuing operations			**4,887,225**	

Senior unsecured revolving credit facilities

The Senior Credit Facilities comprise of (i) a $2.425 billion committed revolving facility with a group of lenders, comprising Canadian, U.S. and international banks (the "Syndicated Senior Credit Facility") and (ii) a $700 million committed revolving facility (the "Committed Credit Facility") syndicated between two lenders, and together the “Senior Unsecured Revolving Credit Facilities”.

On January 11, 2023, the Syndicated Senior Credit Facility was amended to increase the available capacity by $0.5 billion to $1.75 billion and the maturity date was extended to November 2, 2025. On June 28, 2023, two members of the lending syndicate entered into an accordion agreement with each of the borrowers to increase their commitments by $175 million pursuant to the accordion provided for in the Syndicated Senior Credit Facility. On December 13, 2023, the Syndicated Senior Credit Facility was amended to further increase the available capacity by $0.500 billion to $2.425 billion, and the maturity date was extended by an additional year to November 2, 2026.

The Committed Credit Facility is used solely for the purposes of financing specified assets of our New Zealand and Mexican operations. On March 24, 2023, the Committed Credit Facility was increased by $100 million to $700 million, with the maturity date on the revolving period extended to April 24, 2024, and the maturity date of the non-revolving period extended to March 24, 2028.

As at March 31, 2024, $796.1 million was drawn on the Senior Unsecured Revolving Credit Facilities (December 31, 2023 - $825.3 million) leaving us with access to $2.3 billion (December 31, 2023 - $2.3 billion) of available financing under these facilities.

On April 24, 2024, we increased the commitment of one of our revolving senior credit facilities by $150 million, for a total facility amount of $850 million. In addition, the maturity on the revolving portion of the facility was extended to April 24, 2025, and the maturity on the non-revolving portion of the facility was extended to March 24, 2029.

Senior notes

On March 13, 2024, we completed the issuance of $750.0 million 5.643% senior unsecured investment-grade notes with a maturity of March 13, 2027. The proceeds received at the time of closing were used to repay upcoming debt maturities and for general corporate purposes.

On December 4, 2023, we completed the issuance of $750.0 million 6.319% senior unsecured investment-grade notes with a maturity of December 4, 2028. The proceeds received were used (i) to repay all of the outstanding indebtedness under our existing Term facilities, including related fees and expenses, thereby terminating these facilities, and (ii) for working capital and general corporate purposes.

As at March 31, 2024, we had $3.15 billion in outstanding senior unsecured notes (December 31, 2023 - $2.4 billion).

On April 5, 2024, proceeds from the March 13, 2024 senior notes issuance were used to repay the 1.600% $500 million senior unsecured notes.

Term facilities

On November 28, 2023, we entered into a two-year letter of credit facility agreement with a Canadian bank, with a facility limit of up to $44.3 million (CAD $60 million). Borrowings under this facility are made available in Canadian dollars in the form of two separate letters of credit, both issued on November 28, 2023. As at March 31, 2024 and December 31, 2023, no amounts were drawn on this facility.

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, a securitization program to fund U.S. fleet assets. On December 15, 2023, the aggregate funding commitment for the variable funding notes was increased to $3.0 billion, and the maturity date was extended to December 31, 2024.

On April 19, 2023, we (through a special purpose entity) issued amortizing term notes in the amount of $750 million at an initial weighted average interest rate of 5.78%. On September 12, 2023, we (through a special purpose entity) issued a second term note in the amount of $750 million and at an initial weighted average interest rate of 6.19%. The proceeds from both term note issuances were used to pay down the U.S. variable funding notes outstanding. As of March 31, 2024, we had four series of term notes outstanding, having an aggregate principal amount of $1.52 billion.

On April 17, 2024, we (under our US vehicle management asset-backed debt program) issued $1 billion in amortizing term notes with an initial weighted average interest rate of 5.646%. The proceeds from these issuances were used to pay down variable funding notes.

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 two classes of variable-funding notes; Class A and Class B. The facility was amended on November 28, 2023 to upsize the Class A notes commitment from $0.9 billion (CAD $1.2 billion) to $1.2 billion (CAD $1.6 billion), reduce the Class B notes commitment from $41.4 million (CAD $56.04 million) to nil and extend the maturity by two years to November 2025. In addition, the amendment provided for letters of credit to be used as a form of credit enhancement under the securitization series. As at March 31, 2024, Element had available and unutilized funding capacity of $307.4 million (CAD $416.4 million) under the existing securitization funding Class A commitment.

Australian Fleet Receivables Securitization program: We operate, through a special purpose trust, a securitization program to fund the origination of Australian fleet assets. In May 2023, the facility was upsized by $0.065 billion (AUD $0.1 billion) to $0.668 billion (AUD $1.025 billion) and was extended for a period of one year to May 16, 2024. As of March 31, 2024, the third-party funding of these issued notes and loans amounted to outstanding balances of $657.3 million (AUD $1,008.8 million), with unutilized funding capacity of $10.6 million (AUD $16.2 million).

Other Asset-Backed Receivables Financing Agreement: We are, through an indirect wholly-owned special purpose subsidiary, part of an asset-backed receivables financing agreement with one lender. On September 27, 2022, the receivables agreement commitment limit was increased from $400 million to $450 million, and the commitment period was extended to September 27, 2024. As at March 31, 2024, we had available and

unutilized funding capacity of nil under the existing commitment provided for under the Receivables Agreement.

As at	December 31, 2023			
(in US$000's unless otherwise noted)	**US$**	**%**	**US$**	**US$**
	Facility size	**Undrawn amount**		**Drawn amount**
Senior unsecured revolving credit facilities	3,125,000	*73.6*	2,299,681	825,319
Senior notes	2,400,000	—	—	2,400,000
Term facilities	45,277	—	45,277	—
Vehicle management asset-backed debt facilities				
Revolving term notes in amortization	1,694,837	—	—	1,694,837
Variable funding notes	5,355,612	*44.0*	2,355,998	2,999,614
Other	29,061	—	—	29,061
Total vehicle management asset-backed debt	7,079,510	*33.3*	2,355,998	4,723,512
Total cash			96,419	
Total capital available for continuing operations			4,797,375	

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 *(in US$000's)*	**March 31, 2024** **US$**	December 31, 2023 US$
Cash	**696,043**	96,419
Unsecured debt		
Senior credit facilities	**796,104**	825,319
4.250% Convertible Debentures due 2024	**126,108**	127,816
1.600% Senior Notes due 2024	**500,000**	500,000
3.850% Senior Notes due 2025	**400,000**	400,000
6.271% Senior Notes due 2026	**750,000**	750,000
5.643% Senior Notes due 2027	**750,000**	—
6.319% Senior Notes due 2028	**750,000**	750,000
Vehicle Management Asset-Backed Debt		
Revolving term notes in amortization	**1,515,545**	1,694,837
Variable funding notes	**3,481,265**	2,999,614
Other	**21,999**	29,061
Deferred financing costs	**(30,607)**	(29,618)
Continuing involvement liability	**87,199**	81,851
Hedge accounting fair value adjustments	**62**	17,068
Total debt	**9,147,675**	8,145,948
Shareholders' equity		
Common share capital	**2,108,023**	2,109,103
Preferred share capital	**181,077**	181,077
Other	**655,488**	653,648
Total Shareholders' Equity	**2,944,588**	2,943,828
Total Capitalization	**12,092,263**	11,089,776

On December 28, 2023, we redeemed all of our 4,600,000 outstanding Cumulative 5-Year Rate Reset Preferred Shares Series A at a price of $25.00 per Series A share for an aggregate total of approximately CAD $115 million.

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

Corporate updates

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

On May 14, 2024, we announced our intention to redeem – in accordance with the terms of the 6.21% Cumulative 5-Year Rate Reset Preferred Shares Series C (the "Series C Shares") as set out in our articles – all of its 5,126,400 issued and outstanding Series C Shares on June 30, 2024 (the "Share Redemption Date") for a redemption price equal to CAD $25.00 per Series C Share for an aggregate total amount of approximately of $94.6 million (CAD $128 million), together with all accrued and unpaid dividends up to but excluding the Share Redemption Date (the "Redemption Price"), less any tax required to be deducted and withheld by the Company.

Following their redemption on June 30, 2024, the Series C Shares will be delisted from and no longer trade on the Toronto Stock Exchange ("TSX").

The Company also currently anticipates using a portion of its free cash flow to redeem all its outstanding 5.903% Cumulative 5-Year Rate Reset Preferred Shares Series E (due September 2024) for an approximate aggregate total amount of $98.2 million (CAD $133 million).

Redemption of all outstanding 4.250% Convertible Unsecured Subordinated Debentures

On May 14, 2024, we also announced our intention to redeem all of our currently outstanding 4.250% Convertible Unsecured Subordinated Debentures (the "Debentures") due June 30, 2024. The Debentures will be called for redemption early by the Company on June 26, 2024 (the "Redemption Date"). The Debentures are listed on the TSX under the symbol EFN.DB.B. As at March 31, 2024, the net carrying value of the Debentures was $126.1 million.

On the Debenture Redemption Date, the Company will pay holders of the Debentures a redemption price equal to the principal amount of Debentures held, plus accrued and unpaid interest thereon up to but excluding the Debenture Redemption Date, less any taxes required to be deducted or withheld. Notice of redemption has been delivered to the registered holder(s) of the Debentures through the debenture trustee, Computershare Trust Company of Canada ("Computershare Trust"), in accordance with the trust indenture governing the Debentures between the Company and Computershare Trust dated April 5, 2019.

Prior to the Deventure Redemption Date, beneficial holders of the Debenture will have the right to convert their Debentures into Common Shares at a conversion price of approximately CAD$11.77391 per Common Share. Assuming the Debentures are fully converted prior to the Debenture Redemption Date, we expect to issue and deliver to the holders of the Debentures approximately 14.6 million shares from Treasury or approximately 3.8% of Common Shares issued and outstanding as at March 31, 2024.

Beneficial holders of the Debentures are encouraged to contact their investment dealer if they have any questions about this redemption.

Normal course issuer bids

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

During Q1 2024, we purchased 281,500 common shares for cancellation, for an aggregate amount of approximately $4.6 million (CAD $6.2 million) at a volume weighted average price of CAD $21.97 per Common Share.

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

Credit ratings

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

Credit Ratings(1) as at March 31, 2024

Rating agency	Issuer rating	Outlook
DBRS, Inc.	BBB (high)	Positive
Fitch Ratings	BBB+	Stable
Kroll Bond Rating Agency	A-	Stable
S&P Global Ratings	BBB	Stable

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

In Q3 2023, DBRS, Inc. upgraded its outlook to positive and affirmed its investment-grade rating of BBB (high). Additionally, Fitch Ratings affirmed its stable outlook and investment-grade rating of BBB+. In Q4 2023, Kroll Bond Rating Agency affirmed its stable outlook investment-grade rating of A- and Standard & Poor affirmed its stable outlook and investment-grade rating of BBB.

Risk Management & Risk Factors

We have risk management processes in place to monitor, evaluate and manage the principal risks we assume in conducting our business. Our primary risks have not changed materially from those described in the "Risk Management & Risk Factors" section of our 2023 Annual MD&A.

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

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

Economic Conditions & Outlook

Outlook

Full-year 2024 results guidance

We remain confident in our ability to meet, or potentially exceed, the upper end of guidance on most metrics as a result of our strong first quarter results, sustained commercial success and resilient client demand.

The following table highlights our full-year 2024 guidance compared to full-year 2023 results.

In US$ unless otherwise noted	FY 2023 - U.S. Dollars	2024 Guidance - U.S. Dollars
Net revenue	$959.1 million	$1.020 - 1.040 billion
Implied YoY Growth		6-8%
Adjusted operating margin	55.3%	55.0% - 55.5%
Adjusted operating income	$530.6 million	$560 – 575 million
Implied YoY Growth		6-8%
Adjusted EPS [basic]	$0.98	$1.05 - 1.09
Implied YoY Growth		7-11%
Adjusted free cash flow per share	$1.24	$1.31 - 1.34
Implied YoY Growth		6-8%
Originations (excl Armada)	$6.3 billion	$7.0 - 7.4 billion
Implied YoY Growth		11-17%

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

Our full-year 2023 results and 2024 guidance exclude non-recurring setup costs associated with our strategic initiatives.

We continue to expect new client growth, including the conversion of self-managed fleets, and enhanced demand from existing clients for our services and solutions (resulting from higher penetration and utilization rates) as key drivers of net revenue growth. We strive for positive operating leverage in managing the business.

We anticipate origination volume increases in both the second and fourth quarters of 2024. This is primarily due to OEM order constraints which deferred certain activity from Q1 2024 into Q2 2024, with Q4 2024 traditionally benefiting from higher volumes associated with OEM model year turnover. Positive market dynamics, such as the cost and complexity associated with fleet management, including aspects like vehicle connectivity and fleet electrification, will continue to enhance our commercial momentum.

Syndication volume and funding

During Q1 2024, we made the strategic decision to postpone certain syndication volume to the second half of 2024 pending U.S. tax legislation changes. We continue to expect full-year 2024 syndication volumes to be higher than 2023. We will also look to accelerate the execution of funding requirements while credit conditions continue to be favorable.

Capital allocation priorities

Our capital allocation priorities have not changed. They are as follows:

- Prudently invest in our business, while maintaining a tangible leverage ratio of 6.25x-6.75x;
- Grow common share dividend in keeping with our target payout of 25% to 35% of last twelve months' adjusted free cash flow per share;
- Redeem the last of the high-cost legacy financing instruments (preferred share series); and
- Repurchase common shares under NCIBs.

We continue to expect share repurchases in 2024 to be modest given our intention to redeem all of our remaining preferred shares and convertible debentures.

Electric vehicles and sustainability

Fleet electrification plays a meaningful role in the decarbonization that underpins many corporate pledges toward greenhouse gas emission neutrality by 2050. This prioritization of decarbonization from C-suites and boards of directors is expected to accelerate client demand for and transition to electric vehicles. Full commercial EV adoption has been slowed by lack of necessary infrastructure, battery range concerns, grid capacity concerns, and higher vehicle pricing.

We believe the complexity and risk associated with gradually transitioning mission-critical automotive fleets from ICE-powered to electric vehicles will increase demand for outsourced fleet management services and expertise. Importantly, we are seeing this belief bear itself out in our Commercial engagements with both new and existing clients.

Economic conditions

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

Inflation

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

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

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

Recession

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

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

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

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

- Our "credit first, collateral second" underwriting philosophy mitigates credit losses as we focus on maintaining a high credit quality client base, diversified across industries and, geographies.

- Element leases are typically among the first contracts to be affirmed by administrators in a bankruptcy scenario given the aforementioned mission-critical nature of the leased vehicles.

- The nature of our security positions (*eg*. cross-collateralization of leases, and cross-default provisions with respect to our service receivables) as part of our pro-active collateral gap management practices has proven effective at minimizing real economic losses for Element in the rare cases of client bankruptcy. Historically, our real economic losses as a percentage of total finance receivables has been in the low single-digit basis point range.

Interest rates

Interest rates play a crucial role in our business impacting our borrowing costs. When interest rates rise, so do our borrowing costs. This increase can make it more costly to finance our clients' fleets and service activity as well as our own operational activity, including new projects. Conversely, when interest rates decline, they can stimulate economic activity, 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 monitor 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.

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-month period ended March 31, 2024. A summary of our significant accounting policies is presented in Note 2 to the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2023. The unaudited interim condensed consolidated financial statements and the accompanying notes for the three-month period ended March 31, 2024 have been prepared in conformity with accounting polices disclosed in the audited consolidated financial statements and the accompanying notes for the three-month period ended December 31, 2023, except as discussed below.

Translation of foreign currencies

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

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

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

Income taxes

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

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

Related Party Transactions

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

Future Accounting Changes

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

Presentation and disclosure in financial statements

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

Internal Control over Disclosure and Financial Reporting

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

As of March 31, 2024, management evaluated the design of disclosure controls and procedures as defined under National Instrument 52-109. Based on that evaluation, the CEO and CFO concluded that the design of disclosure controls and procedures was effective.

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

It should be noted that while the Company's CEO and CFO believe that the Company's 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 the Company's 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 its stated goals under all potential conditions.

The Company has 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-month period ended March 31, 2024, there were no changes in internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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

Our unaudited interim condensed consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB and the accounting policies we adopted in accordance with IFRS. These unaudited interim condensed consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary to present fairly our financial position as at March 31, 2024 and March 31, 2023, the results of operations, comprehensive income and cash flows for the three-month period-ended and year-ended March 31, 2024 and March 31, 2023.

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

			As at and for the three-month period ended	
(in U,S,$000's except ratios and per share amounts or unless otherwise noted)		**March 31, 2024**	December 31, 2023	March 31, 2023
Key annualized operating ratios				
Leverage ratios				
Financial leverage ratio	P/R	**3.08**	2.74	2.46
Tangible leverage ratio	P/ (R-K)	**6.68**	5.99	5.57
Average financial leverage ratio	Q/V	**2.81**	2.66	2.36
Average tangible leverage ratio	Q/(V-L)	**6.15**	5.77	5.39
Other key operating ratios				
Allowance for credit losses as a % of total finance receivables before allowance	F/E	**0.08 %**	0.08 %	0.12 %
Adjusted operating income on average net earning assets	B/J	**7.34 %**	7.20 %	7.60 %
Adjusted operating income on average tangible total equity of Element	D/(V-L)	**32.37 %**	29.34 %	30.26 %
Per share information				
Number of shares outstanding	W	**388,926**	389,169	391,571
Weighted average number of shares outstanding [basic]	X	**389,161**	389,115	392,220
Pro forma diluted average number of shares outstanding	Y	**404,118**	404,068	408,966
Cumulative preferred share dividends during the period	Z	**2,919**	4,418	4,343
Other effects of dilution on an adjusted operating income basis	AA	**$ 1,222**	$ 1,184	$ 1,225
Net income per share [basic]	(A-Z)/X	**$ 0.23**	$ 0.20	$ 0.19
Net income per share [diluted]		**$ 0.23**	$ 0.19	$ 0.18
Adjusted EPS [basic]	(D1)/X	**$ 0.27**	$ 0.25	$ 0.23
Adjusted EPS [diluted]	(D1+AA) /Y	**$ 0.26**	$ 0.24	$ 0.22

Management also uses 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 the operations of the Company and other supplemental information.

		For the three-month period ended		
(in US$000's except per share amounts or unless otherwise noted)		**March 31, 2024**	December 31, 2023	March 31, 2023
Reported results		**US$**	US$	US$
Services income, net		**147,053**	129,657	115,482
Net financing revenue		**107,178**	102,211	98,225
Syndication revenue, net		**8,226**	13,261	10,945
Net revenue		**262,457**	245,129	224,652
Operating expenses		**132,499**	134,085	115,204
Operating income		**129,958**	111,044	109,448
Operating margin		**49.5 %**	45.3 %	48.7 %
Total expenses		**139,478**	141,716	122,719
Income before income taxes		**122,979**	103,413	101,933
Net income	A	**93,817**	81,567	78,687
EPS [basic]		**0.23**	0.20	0.19
EPS [diluted]		**0.23**	0.19	0.18
Adjusting items				
Impact of adjusting items on operating expenses:				
Strategic initiatives costs – Salaries, wages, and benefits		**485**	5,329	—
Strategic initiatives costs – General and administrative expenses		**1,640**	5,437	—
Amortization of convertible debenture discount		**793**	772	739
Share-based compensation		**10,731**	12,346	12,086
Total impact of adjusting items on operating expenses		**13,649**	23,884	12,825
Total pre-tax impact of adjusting items		**13,649**	23,884	12,825
Total after-tax impact of adjusting items		**10,305**	17,667	9,811
Total impact of adjusting items on EPS [basic]		**0.03**	0.05	0.03
Total impact of adjusting items on EPS [diluted]		**0.03**	0.04	0.02

		For the three-month period ended		
(in US$000's except per share amounts or unless otherwise noted)		**March 31, 2024**	December 31, 2023	March 31, 2023
Adjusted results		**US$**	US$	US$
Adjusted net revenue		**262,457**	245,129	224,652
Adjusted operating expenses		**118,850**	110,201	102,379
Adjusted operating income		**143,607**	134,928	122,273
Adjusted operating margin		**54.7 %**	55.0 %	54.4 %
Provision for income taxes		**29,162**	21,846	23,246
Adjustments:				
Pre-tax income		**5,390**	8,184	5,272
Foreign tax rate differential and other		**632**	5,092	216
Provision for taxes applicable to adjusted results	C	**35,184**	35,122	28,734
Adjusted net income		**108,423**	99,806	93,539
Adjusted EPS [basic]		**0.27**	0.25	0.23
Adjusted EPS [diluted]		**0.26**	0.24	0.22

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	
(in US$000's unless otherwise noted)		**March 31, 2024**	December 31, 2023	March 31, 2023
Total Finance receivables, before allowance for credit losses	E	**7,478,974**	7,225,093	6,365,708
Allowance for credit losses	F	**5,794**	5,539	7,535
Net investment in finance receivable	G	**5,349,038**	4,964,175	4,303,404
Equipment under operating leases	H	**2,685,015**	2,646,158	2,224,087
Net earning assets	I=G+H	**8,034,053**	7,610,333	6,527,491
Average net earning assets	J	**7,825,155**	7,494,561	6,437,978
Goodwill and intangible assets	K	**1,587,465**	1,596,323	1,589,831
Average goodwill and intangible assets	L	**1,588,981**	1,589,182	1,592,708
Borrowings	M	**9,021,567**	8,018,132	6,930,101
Unsecured convertible debentures	N	**126,108**	127,816	122,018
Less: continuing involvement liability	O	**(87,199)**	(81,851)	(45,787)
Total debt	P=M+N-O	**9,060,476**	8,064,097	7,006,332
Average debt	Q	**8,239,147**	7,855,986	6,665,307
Total shareholders' equity	R	**2,944,588**	2,943,828	2,848,465
Preferred shares	S	**181,077**	181,077	263,380
Common shareholders' equity	T=R-S	**2,763,511**	2,762,751	3,315,860
Average common shareholders' equity	U	**2,747,716**	2,713,843	2,565,689
Average total shareholders' equity	V	**2,928,793**	2,949,789	2,829,070

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

Adjusted operating expenses

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

		For the three-month period ended	
	March 31, 2024	December 31, 2023	March 31, 2023
(in US$000's except per share amounts or unless otherwise noted)	**US$**	US$	US$
Reported Expenses	**139,478**	141,716	122,719
Less:			
Amortization of intangible assets from acquisitions	**6,979**	6,971	6,977
Loss on investments	**—**	660	538
Operating expenses	**132,499**	134,085	115,204
Less:			
Amortization of convertible debenture discount	**793**	772	739
Share-based compensation	**10,731**	12,346	12,086
Strategic initiatives costs - Salaries, wages and benefits	**485**	5,329	—
Strategic initiatives costs - General and administrative expenses	**1,640**	5,437	—
Total adjustments	**13,649**	23,884	12,825
Adjusted operating expenses	**118,850**	110,201	102,379

Adjusted operating income or Pre-tax adjusted operating income

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

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

		For the three-month period ended	
(in US$000's except per share amounts or unless otherwise noted)	**March 31, 2024**	December 31, 2023	March 31, 2023
	US$	US$	US$
Income before income taxes	**122,979**	103,413	101,933
Adjustments:			
Amortization of convertible debenture discount	**793**	772	739
Share-based compensation	**10,731**	12,346	12,086
Amortization of intangible assets from acquisition	**6,979**	6,971	6,977
Loss on investments	**—**	660	538
Adjusting Items:			
Strategic initiatives costs - Salaries, wages and benefits	**485**	5,329	—
Strategic initiatives costs - General and administrative expenses	**1,640**	5,437	—
Total pre-tax impact of adjusting items	**2,125**	10,766	—
Adjusted operating income	**143,607**	134,928	122,273

Adjusted operating margin

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

After-tax adjusted operating income

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

Adjusted net income

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

		For the three-month period ended	
(in US$000's except per share amounts or unless otherwise noted)	**March 31, 2024**	December 31, 2023	March 31, 2023
	US$	US$	US$
Net income	**93,817**	81,567	78,687
Amortization of convertible debenture discount	**793**	772	739
Share-based compensation	**10,731**	12,346	12,086
Amortization of intangible assets from acquisition	**6,979**	6,971	6,977
Loss on investments	**—**	660	538
Strategic initiatives costs - Salaries, wages and benefits	**485**	5,329	—
Strategic initiatives costs - General and administrative expenses	**1,640**	5,437	—
Provision for income taxes	**29,162**	21,846	23,246
Provision for taxes applicable to adjusted results	**(35,184)**	(35,122)	(28,734)
Adjusted net income	**108,423**	99,806	93,539

After-tax adjusted operating income attributable to common shareholders

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

After-tax adjusted operating income on average tangible total equity

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

Adjusted EPS diluted

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

Adjusted EPS basic

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

Assets under management

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

Allowance for credit losses as a percentage of total finance receivables

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

Average common shareholders' equity

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

Average cost of borrowing or average cost of debt

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

Average debt outstanding

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

Average shareholders' equity

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

Average tangible leverage ratio

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

Average financial leverage or average financial leverage ratio

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

Finance assets or total finance assets

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

Financial leverage or financial leverage ratio

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

Adjusted free cash flow per share

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

Average net earning assets

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

Net earning assets

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

Net financing revenue yield on average net earning assets

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

Net interest and rental revenue

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

Orders

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

Originations

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

Period-end vehicles under management (VUM)

Every "VUM" is one unique vehicle (a) receiving or subscribed for one or more Element services, and/or (b) financed by Element, whether or not subsequently syndicated. Period-end VUM refers to total VUM as at the end of the quarter.

Pro forma diluted average number of shares outstanding

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

Pre-tax income margin

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

Pre-tax return on common equity

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

Return on common equity

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

Tangible leverage ratio

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

Updated Share Information

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

As at May 14, 2024, the Company had 388,752,350 Common Shares issued and outstanding. In addition, 517,352 options were issued and outstanding under the Company's stock option plan as at May 14, 2024. These convertible securities are convertible into, or exercisable for, Common Shares of the Company. 517,352 of these convertible securities were exercisable at March 31, 2024, for what would have been proceeds to the Company upon exercise of $3.1 million. In addition, the Company had convertible debentures outstanding that are convertible into an aggregate of 14,627,599 Common Shares.

As at May 14, 2024, the Company had 5,126,400 Preferred Shares, Series C and 5,321,900 Preferred Shares, Series E issued and outstanding.

Interim Condensed Consolidated Financial Statements

Element Fleet Management Corp.

March 31, 2024

Element Fleet Management Corp.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited, in thousands of United States dollars)

	As at March 31, 2024	As at December 31, 2023	As at January 1, 2023
	$	$	$
ASSETS			
Cash	**696,043**	96,419	50,850
Restricted funds (note 5)	**335,908**	254,218	319,921
Finance receivables (notes 3 and 15)	**7,473,180**	7,219,554	5,957,552
Equipment under operating leases (note 4)	**2,685,015**	2,646,158	2,072,264
Accounts receivable and other assets	**197,553**	202,898	159,336
Derivative financial instruments (notes 15)	**62,164**	85,459	97,412
Property, equipment and leasehold improvements, net	**114,466**	102,733	59,727
Intangible assets, net	**631,288**	638,411	638,335
Deferred tax assets	**184,224**	226,774	269,794
Goodwill	**956,177**	957,912	956,152
	13,336,018	12,430,536	10,581,343
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Accounts payable and accrued liabilities	**1,098,935**	1,207,797	1,081,766
Derivative financial instruments (notes 15)	**41,552**	27,864	60,340
Borrowings (note 5)	**9,021,567**	8,018,132	6,502,760
Convertible debenture (notes 6 and 15)	**126,108**	127,816	121,030
Deferred tax liabilities	**103,268**	105,099	97,842
	10,391,430	9,486,708	7,863,738
Shareholders' equity (note 7)	**2,944,588**	2,943,828	2,717,605
	13,336,018	12,430,536	10,581,343

See accompanying notes

On behalf of the Board:

Director Director

Element Fleet Management Corp.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three-month period ended	Three-month period ended
	March 31, 2024	March 31, 2023
	$	$
NET REVENUE		
Interest income, net (note 9)	**144,603**	108,878
Rental revenue and other (note 9)	**233,889**	181,490
Depreciation of equipment under operating leases (notes 4 and 9)	**(137,331)**	(105,730)
	241,161	184,638
Interest expense	**133,983**	86,413
Net financing revenue	**107,178**	98,225
Fleet service revenue (note 9)	**157,061**	125,241
Direct costs of fixed rate service contracts (note 9)	**(10,008)**	(9,759)
Servicing income, net	**147,053**	115,482
Syndication revenue, net (note 9 and 16)	**8,226**	10,945
Net revenue	**262,457**	224,652
OPERATING EXPENSES		
Salaries, wages and benefits	**74,562**	63,301
General and administrative expenses	**32,135**	27,033
Depreciation and amortization (note 14)	**14,278**	12,045
Amortization of convertible debenture discount (note 6)	**793**	739
Share-based compensation (note 8)	**10,731**	12,086
	132,499	115,204
OTHER EXPENSES		
Amortization of intangible assets from acquisitions	**6,979**	6,977
Loss on investments	**—**	538
Income before income taxes from operations	**122,979**	101,933
Provision for income taxes	**29,162**	23,246
Net income for the period	**93,817**	78,687
Basic earnings per share (note 11)	**$ 0.23**	$ 0.19
Diluted earnings per share (note 11)	**$ 0.23**	$ 0.18

See accompanying notes

Element Fleet Management Corp.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited, in thousands of United States dollars)

	Three-month period ended	Three-month period ended
	March 31, 2024	March 31, 2023
	$	$
Net income for the period	**93,817**	78,687
OTHER COMPREHENSIVE (LOSS) INCOME		
Items that may be reclassified subsequently to profit or loss:		
Cash flow and foreign exchange hedges loss	**(49,702)**	(8,474)
Net unrealized foreign exchange gain	**12,914**	103,078
	(36,788)	94,604
Provision for/(recovery of) income taxes	**14,701**	(3,577)
Total other comprehensive (loss) income	**(51,489)**	98,181
Comprehensive income for the period	**42,328**	176,868

See accompanying notes

Element Fleet Management Corp.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited, in thousands of United States dollars)

	Common share capital	Preferred share capital	Equity component of convertible debentures	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Total shareholders' equity
	$	$	$	$	$	$
Balance, December 31, 2023	**2,109,103**	**181,077**	**8,990**	**424,646**	**220,012**	**2,943,828**
Comprehensive income for the period	**—**	**—**	**—**	**93,817**	**(51,489)**	**42,328**
Dividends - Preferred shares (note 7)	**—**	**—**	**—**	**(2,919)**	**—**	**(2,919)**
Dividends - Common shares (note 7)	**—**	**—**	**—**	**(34,469)**	**—**	**(34,469)**
Options exercised (notes 7 and 8)	**465**	**—**	**—**	**(93)**	**—**	**372**
Shares repurchased for cancellation (note 7)	**(1,545)**	**—**	**—**	**(3,007)**	**—**	**(4,552)**
Balance, March 31, 2024	**2,108,023**	**181,077**	**8,990**	**477,975**	**168,523**	**2,944,588**
Balance, December 31, 2022	2,124,564	263,380	8,990	282,272	38,399	2,717,605
Comprehensive income for the period	—	—	—	78,687	98,181	176,868
Dividends - Preferred shares (note 7)	—	—	—	(4,343)	—	(4,343)
Dividends - Common shares (note 7)	—	—	—	(28,599)	—	(28,599)
Options exercised (notes 7 and 8)	2,123	—	—	(537)	—	1,586
Issuance of shares, net of share issue costs (note 7)	6	—	—	(1)	—	5
Shares repurchased for cancellation (note 7)	(6,063)	—	—	(8,596)	—	(14,659)
Balance, March 31, 2023	2,120,630	263,380	8,990	318,883	136,580	2,848,463

See accompanying notes

Element Fleet Management Corp.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in thousands of United States dollars)

	Three-month period ended	
	March 31, 2024	March 31, 2023
	$	$
OPERATING ACTIVITIES		
Net income for the period	**93,817**	78,687
Items not affecting cash		
Depreciation of property, equipment and leasehold improvements	**4,057**	3,560
Amortization of intangible assets, including from acquisitions	**17,200**	15,462
Amortization of deferred lease costs	**5,911**	5,825
Amortization of deferred financing costs	**4,453**	2,712
Depreciation of equipment under operating leases (note 4)	**137,331**	105,730
Amortization of convertible debenture discount and deferred costs (note 6)	**1,052**	985
Loss on investments	**—**	538
Provision for credit losses	**328**	(77)
	264,149	213,422
Changes in non-cash operating assets and liabilities		
Investment in finance receivables	**(1,365,952)**	(1,339,861)
Repayments of finance receivables	**631,306**	521,468
Investment in equipment under operating leases	**(258,111)**	(254,613)
Proceeds on disposal of equipment under operating leases	**76,068**	61,185
Syndications of finance receivables	**482,483**	518,065
Cash payments for interest portion of lease liability	**(784)**	(421)
Other non-cash operating assets and liabilities	**(131,674)**	(106,973)
Cash used in operating activities	**(302,515)**	(387,728)
INVESTING ACTIVITIES		
Investments	**—**	478
Purchase of property, equipment and leasehold improvements	**(6,482)**	(2,900)
Proceeds on disposals of property, equipment and leasehold improvements and intangible assets	**75**	121
Purchase of intangible assets, including computer software	**(12,514)**	(10,534)
Cash used in investing activities	**(18,921)**	(12,835)
FINANCING ACTIVITIES		
Cash payments for principal portion of lease liability	**(1,753)**	(1,714)
Increase (decrease) in restricted funds	**(82,303)**	37,762
Decrease in deferred financing costs	**(5,860)**	(1,607)
Issuance of share capital, net	**372**	1,586
Shares repurchased (note 7)	**(3,673)**	(14,669)
Repayments of borrowings, net	**368,447**	404,588
Dividends paid (note 7)	**(37,741)**	(33,587)
Issuance of senior notes (note 5)	**750,000**	—
Cash provided by financing activities	**987,489**	392,359
Effects of foreign exchange rates on cash	**(66,429)**	64,505
Net increase in cash during the period	**599,624**	56,301
Cash, beginning of the period	**96,419**	50,850
Cash, end of the period	**696,043**	107,151
Supplemental cash flow information:		
Cash taxes paid	**15,500**	14,915
Cash interest paid	**116,042**	73,765

See accompanying notes

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March 31, 2024

1. CORPORATE INFORMATION

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

Element is a publicly traded fleet management company with $13.3 billion in assets and operations in the United States ("US"), Canada, Mexico, Australia and New Zealand. Element is a leading global fleet management company, providing services and financings for commercial vehicle and equipment fleets, reaching 55 countries worldwide through the Element-Arval Global Alliance. Element provides a comprehensive range of fleet services that span the total lifecycle, from vehicle acquisition and financing to program management and remarketing with approximately 1.5 million fleet vehicles under management which include all leased vehicles, including syndicated leases and interim funding.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

These unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2023, which include information necessary or useful in understanding the Company's business and financial statement presentation. The results reported in these unaudited interim condensed consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year.

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 14, 2024.

Accounting policies

These unaudited interim condensed consolidated financial statements have been prepared in conformity with accounting policies disclosed in the consolidated financial statements for the year ended December 31, 2023, except as discussed below.

Translation of foreign currencies

Effective January 1, 2024, the Company has elected and changed its presentation currency from Canadian dollars ("CAD" or "C$") to United States dollars ("USD"). Management is of the view that financial reporting in USD more accurately reflects the predominant currency of the Company's revenue, expenses, and cash flows and enhances comparability to its peers. The change in presentation currency is a voluntary change which is accounted for retrospectively, in accordance with the guidance in IAS 21, *The Effects of Changes in Foreign Exchange Rates.* Comparative balances from prior periods have been translated from CAD to USD using the procedures outlined below:

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The Company's unaudited interim condensed consolidated financial statements are now presented in USD. All information in these unaudited interim condensed consolidated financial statements is presented in USD unless otherwise specified. The change in presentation currency did not impact the functional currency for any of the Company's wholly owned subsidiaries. Cumulative translation differences between functional currency and presentation currency are recognized and included as part of the cumulative foreign currency translation adjustment in Comprehensive Income.

Income Taxes

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions the Company operates. The legislation is effective for the Company's financial year beginning January 1, 2024. The Company is in scope of the enacted or substantively enacted legislation and has performed an assessment of its potential exposure to Pillar Two income taxes.

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

Future accounting change

The following IFRS pronouncement has been issued but is not yet effective and may have a future impact on the Company's consolidated financial statements:

IFRS 18, *Presentation and Disclosure in Financial Statements* ("IFRS 18")

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 Company's 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. Management is currently evaluating the potential impact that the adoption of IFRS 18 will have on the Company's consolidated financial statements.

3. FINANCE RECEIVABLES

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

	As at March 31, 2024			
	US and Canada	Australia and New Zealand	Mexico	Total
	$	$	$	$
Minimum lease payments	5,280,729	230,915	660,205	6,171,849
Unguaranteed residual values	—	61,499	—	61,499
Gross investment	5,280,729	292,414	660,205	6,233,348
Unearned income	(741,473)	(44,219)	(98,618)	(884,310)
Net investment (Subsection A)	4,539,256	248,195	561,587	5,349,038
Net realizable value of impaired receivables	4,822	537	—	5,359
Unamortized deferred costs and subsidies	(63,298)	—	—	(63,298)
Prepaid lease payments and security deposits	(34,487)	—	(42,617)	(77,104)
Interim funding	933,004	—	46,075	979,079
Fleet management receivables	620,778	39,222	51,515	711,515
Other receivables	225,656	71,446	190,084	487,186
Continuing involvement asset	87,199	—	—	87,199
Allowance for credit losses (Subsection B)	(3,227)	(1,609)	(958)	(5,794)
Total finance receivables	6,309,703	357,791	805,686	7,473,180

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

March 31, 2024

	As at December 31, 2023			
	US and Canada	Australia and New Zealand	Mexico	Total
	$	$	$	$
Minimum lease payments	4,836,840	228,217	634,591	5,699,648
Unguaranteed residual values	—	61,969	—	61,969
Gross investment	4,836,840	290,186	634,591	5,761,617
Unearned income	(657,220)	(42,402)	(97,820)	(797,442)
Net investment (Subsection A)	4,179,620	247,784	536,771	4,964,175
Net realizable value of impaired receivables	5,743	504	—	6,247
Unamortized deferred costs and subsidies	(58,232)	—	—	(58,232)
Prepaid lease payments and security deposits	(15,373)	—	(44,641)	(60,014)
Interim funding	950,700	—	178,391	1,129,091
Fleet management receivables	576,332	31,690	41,540	649,562
Other receivables	272,342	76,724	163,347	512,413
Continuing involvement asset	81,851	—	—	81,851
Allowance for credit losses (Subsection B)	(2,937)	(1,724)	(878)	(5,539)
Total finance receivables	5,990,046	354,978	874,530	7,219,554

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

	As at March 31, 2024		As at December 31, 2023	
	Leases	**Loans**	Leases	Loans
Net investment	**$ 5,074,385**	**$ 274,653**	$ 4,696,280	$ 267,895
Weighted average fixed interest rate	**6.76 %**	**10.69 %**	6.39 %	10.71 %
Weighted average floating interest rate	**7.91 %**	**8.49 %**	8.02 %	8.30 %
Percentage of portfolio with fixed interest rate	**50.97 %**	**99.99 %**	49.86 %	99.99 %

B) Allowance for credit losses

The Company continues to monitor its inputs to the expected credit loss ("ECL") model to ensure it appropriately reflects current market conditions in light of a clearing economic outlook and information available to the Company as at March 31, 2024.

The Company evaluates its credit risk exposure broadly in line with Standard & Poor's and Moody's ratings outlined below and will adjust internal classifications based on additional information the Company has available to it at the time of the assessment. In conjunction with the Company's evaluation of the probability of default ("PD") as at March 31, 2024, and consistent with the ECL model, the Company reviewed its classifications and updated its internal assessment of PD based on current information.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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The Company's lease and loan portfolio is secured by the underlying assets and, in the event of an obligor bankruptcy, leases are typically affirmed, resulting in continued collection of lease payments. Further, all the vehicles in a client portfolio are cross-collateralized, such that the surplus collateral on (usually older) vehicles can be used to offset under-collateralized positions (usually newer vehicles), such that the net full value of the lease and loan would be recovered. As a result, the Company is often able to recover 100% of the net investment.

Although overall used vehicle prices continue to decline continuing into 2024 as OEM production returned to historical levels, prices remain materially elevated from a historical basis leading to continued low loss given default levels as at March 31, 2024. The Company expects used vehicle pricing in 2024 to follow normal season trends and for values to decline versus 2023. Should a recessionary scenario occur, we would expect an increasing number of drivers to keep their vehicles for longer periods of time (or purchase used, instead of new, vehicles) which would likely lead to higher used vehicle demand and prices.

In determining the appropriate allowance for credit losses, the Company considered forward-looking macroeconomic information, including moderating inflation, potential decline in interest rates in the second half of 2024, and the impact that potential upward or downward trends in gross domestic product and default rates might have on the Company's lease and loan portfolio. The Company has also evaluated multiple scenarios related to this environment, including how it is expected to affect markets and as it pertains to specific industries or clients most susceptible to be impacted by recession. Clearing forward-looking macroeconomic expectations, the creditworthiness of our clients and the favorable evolution of our portfolio, as well as the release of specific provisions, has kept the Company's allowance for credit losses relatively flat at $5,794 as at March 31, 2024.

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

Finance receivables	**Performing**	**Impaired**	**Total**
	$	**$**	**$**
Balance as at January 1, 2024	**5,477**	**62**	**5,539**
Transfer to Performing	**24**	**(24)**	**—**
Transfer to Impaired	**(24)**	**24**	**—**
Lease originations	**2,011**	**—**	**2,011**
Changes in models and inputs, derecognition, and repayments	**(1,688)**	**5**	**(1,683)**
Total	**5,800**	**67**	**5,867**
Charge-offs, net of recoveries	**—**	**(13)**	**(13)**
Foreign exchange	**(61)**	**1**	**(60)**
Balance as at March 31, 2024	**5,739**	**55**	**5,794**

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Finance receivables	Performing	Impaired	Total
	$	$	$
Balance as at January 1, 2023	7,606	49	7,655
Transfer to Performing	1	(1)	—
Transfer to Impaired	(36)	36	—
Lease originations	8,968	—	8,968
Changes in models and inputs, derecognition, and repayments	(11,256)	728	(10,528)
Total	5,283	812	6,095
Charge-offs, net of recoveries	—	(749)	(749)
Foreign exchange	194	(1)	193
Balance as at December 31, 2023	5,477	62	5,539

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

Allowance for credit losses	**Three-month period ended March 31, 2024**	Year ended December 31, 2023
	$	$
Allowance for credit losses, beginning of the period	**5,539**	7,655
Provision for/(recovery of) credit losses	**328**	(1,560)
Charge-offs, net of recoveries	**(13)**	(749)
Impact of foreign exchange rates	**(60)**	193
Allowance for credit losses, end of the period	**5,794**	5,539
Allowance as a percentage of total finance receivables before allowance	**0.08 %**	0.08%

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C) Credit risk exposure

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

	As at March 31, 2024		
Finance receivables	**Performing**	**Impaired**	**Total**
	$	**$**	**$**
Internal risk rating grade [1]			
Low	**3,247,812**	**—**	**3,247,812**
Medium	**2,044,149**	**—**	**2,044,149**
High	**57,077**	**—**	**57,077**
Fleet management receivables	**710,887**	**628**	**711,515**
Other finance receivables	**487,186**	**—**	**487,186**
Impaired	**—**	**5,359**	**5,359**
	6,547,111	**5,987**	**6,553,098**
Allowance for credit losses	**(5,739)**	**(55)**	**(5,794)**
Net carrying value	**6,541,372**	**5,932**	**6,547,304**

1. Loan balances of $7,799, $266,854 and $0 are included in the Performing category in internal risk rating grade low, medium, and high, respectively, and nil in Impaired.

	As at December 31, 2023		
Finance receivables	Performing	Impaired	Total
	$	$	$
Internal risk rating grade [2]			
Low	3,015,771	—	3,015,771
Medium	1,859,659	—	1,859,659
High	88,745	—	88,745
Fleet management receivables	648,982	580	649,562
Other finance receivables	512,413	—	512,413
Impaired	—	6,247	6,247
	6,125,570	6,827	6,132,397
Allowance for credit losses	(5,477)	(62)	(5,539)
Net carrying value	6,120,093	6,765	6,126,858

2. Loan balances of $9,251, $258,643 and $1 are included in the Performing category in internal risk rating grade low, medium, and high, respectively, and nil in Impaired.

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

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

4. EQUIPMENT UNDER OPERATING LEASES

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

	As at March 31, 2024	As at December 31, 2023
	$	$
Cost	**3,931,010**	3,859,907
Accumulated depreciation	**1,245,995**	1,213,749
Net carrying amount	**2,685,015**	2,646,158

5 . BORROWINGS

The Company's outstanding borrowings were as follows:

	As at March 31, 2024			
	Balance outstanding	**Weighted average interest rate[1]**	**Pledged finance receivables and equipment under operating leases**	**Cash reserves**
	$	**%**	**$**	**$**
Revolving term notes in amortization	**1,515,545**	**5.17**	**1,815,328**	**19,456**
Variable funding notes	**3,481,265**	**6.19**	**4,031,826**	**21,577**
Other	**21,999**	**5.05**	**21,930**	**—**
Vehicle management asset-backed debt	**5,018,809**	**5.88**	**5,869,084**	**41,033**
Revolving senior credit facilities	**796,104**	**9.30**	**—**	**—**
Senior notes	**3,150,000**	**5.08**	**—**	**—**
	8,964,913	**5.90**	**5,869,084**	**41,033**
Deferred financing costs	**(30,607)**			
Hedge accounting fair value adjustments	**62**			
Continuing involvement liability	**87,199**			
Total borrowings	**9,021,567**			

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March 31, 2024

	As at December 31, 2023			
	Balance outstanding	Weighted average interest rate[1]	Pledged finance receivables and equipment under operating leases	Cash reserves
	$	%	$	$
Revolving term notes in amortization	1,694,837	5.01	2,055,363	20,637
Variable funding notes	2,999,614	6.22	3,491,873	14,187
Other	29,061	4.75	28,452	—
Vehicle management asset-backed debt	4,723,512	5.78	5,575,688	34,824
Revolving senior credit facilities	825,319	9.17	—	—
Senior notes	2,400,000	4.91	—	—
	7,948,831	5.88	5,575,688	34,824
Deferred financing costs	(29,618)			
Hedge accounting fair value adjustments	17,068			
Continuing involvement liability	81,851			
Total borrowings	8,018,132			

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

The Company was in compliance with all financial and reporting covenants with all of its lenders at March 31, 2024.

Vehicle management asset-backed debt

As at March 31, 2024, the Company had available capacity in variable funding notes of $1,817,985 (December 31, 2023 – $2,355,998) under its vehicle management asset-backed debt facilities.

Revolving senior credit facilities

As at March 31, 2024, the Company had available capacity under the revolving senior credit facilities of $2,328,896 (December 31, 2023 - $2,299,681).

Senior notes

As at March 31, 2024, the Company had $3,150,000 in outstanding senior unsecured notes (December 31, 2023 - $2,400,000).

On March 13, 2024, the Company issued $750,000 in aggregate principal amount of 5.643% senior unsecured notes due March 13, 2027. The notes were issued at par. Interest is paid semi-annually in arrears on March 13 and September 13, commencing on September 13, 2024. The proceeds received at the time of closing were used for general corporate purposes and will be used to repay upcoming debt maturities.

Restricted funds

As at March 31, 2024, restricted funds include (i) cash reserves of $41,033 (December 31, 2023 - $34,824), which represent collateral for secured borrowing arrangements; (ii) cash accumulated in the collection accounts of $283,648 (December 31, 2023 - $216,822), which represents repayments received on assets

financed pursuant to the secured borrowing facilities, which are subsequently utilized in accordance with applicable provisions and other payments received that are due back to clients in accordance with their contracts; and (iii) cash of $11,227 (December 31, 2023 - $2,572) provided to counter-parties as collateral against derivative liabilities.

6. CONVERTIBLE DEBENTURE

Convertible debentures consist of:

	As at March 31, 2024						
Issue Date	**Final maturity date**	**Conversion price per share[1]**	**Interest rate[2]**	**Face value**	**Deferred costs**	**Discount**	**Net carrying value**
		C$	**%**	**$**	**$**	**$**	**$**
April 5, 2019	**June 30, 2024**	**11.77**	**4.250**	**127,162**	**(261)**	**(793)**	**126,108**

	As at December 31, 2023						
Issue Date	Final maturity date	Conversion price per share[1]	Interest rate[2]	Face value	Deferred costs	Discount	Net carrying value
		C$	%	$	$	$	$
April 5, 2019	June 30, 2024	11.77	4.250	129,964	(530)	(1,618)	127,816

1. The conversion price was adjusted on June 30, 2023, the ex-dividend date for dividends to be paid on July 14, 2023, to C$11.77391 for the April 5, 2019 issuance.
2. Stated interest rate on principal face value.

Conversions

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

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7. SHARE CAPITAL

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

	Common shares	
	Shares	**Amount**
	#	**$**
Balance, December 31, 2022	392,495,287	2,124,564
Convertible debenture	671	6
Share repurchase	(3,957,622)	(21,830)
Exercise of options	630,399	6,363
Balance, December 31, 2023	**389,168,735**	**2,109,103**
Share repurchase	**(281,500)**	**(1,545)**
Exercise of options	**38,915**	**465**
Balance, March 31, 2024	**388,926,150**	**2,108,023**

Share repurchase

On November 13, 2023, the TSX approved the Company's notice of intention to renew its Normal Course Issuer Bid ("NCIB"). The renewal allows the Company to repurchase on the open market (or as otherwise permitted), at its discretion during the period commencing on November 15, 2023 and ending on the earlier of November 14, 2024 or the completion of purchases under the NCIB, up to 38,852,159 common shares of the Company, subject to the normal terms and limitations of such bids, which include the number of common shares purchased in any 12 month period being limited to 10% of the common shares outstanding at the commencement of such period.

For the three-month period ended March 31, 2024, 281,500 common shares have been repurchased for cancellation for $4,552 including commission, at a volume weighted average price of C$21.97 per common share. For the three-month period ended March 31, 2023 1,906,533 common shares have been repurchased for cancellation for $14,659, including commission, at a volume weighted average price of C$18.27 per common share. The Company applies trade date accounting in determining the date on which the share repurchase is reflected in the unaudited interim condensed consolidated financial statements. The trade date is the date on which the Company commits itself to purchase the shares.

Common share dividends

For the three-month period ended March 31, 2024, the Company declared $34,469 in common share dividends or C$0.12 per common share (March 31, 2023 - $28,599 or C$0.10 per common share).

As at March 31, 2024, the accrued common share dividends were $34,464 (December 31, 2023 – $35,241).

Increase in common share dividend

On November 6, 2023, the Board approved an increase in the quarterly common share dividend from C$0.10 to C$0.12 per share.

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Preferred shares

The Company's cumulative 5-Year rate reset Preferred Shares series as at March 31, 2024 consist of the following:

Series	Issue date	Interest rate	Gross	After tax transaction costs	Net proceeds	Shares
		%	$	$	$	#
C	**March 7, 2014**	**6.21[1]**	**91,101**	**2,428**	**88,673**	**5,126,400**
E	**June 18, 2014**	**5.903[2]**	**94,575**	**2,171**	**92,404**	**5,321,900**

1. On June 21, 2019, Preferred Shares Series C dividend rate was reset from 6.50% to 6.21%.
2. On September 19, 2019, Preferred Shares Series E dividend rate was reset from 6.40% to 5.903%.

For each five-year period, holders of the respective Series are entitled to receive a fixed, cumulative, preferential cash dividend, if, as and when declared by the Board, payable quarterly on the last business day of March, June, September and December in each year.

Series A Preferred Shares Redemption

On December 31, 2023, Company redeemed all of its 4,600,000 Series A Preferred Shares for a redemption price equal to C$25.00 per share for a total of $85,752 together with all accrued and unpaid dividends.

Preferred share dividends

For the three-month period ended March 31, 2024, the Company declared $2,919 in preferred share dividends (March 31, 2023 – $4,343).

As at March 31, 2024, the accrued preferred share dividends were $32 (December 31, 2023 – $33).

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8. SHARE-BASED COMPENSATION

Share-based compensation expense consists of the following:

	Three-month period ended	
	March 31, 2024	March 31, 2023
	$	$
(b) Deferred share units	**(129)**	784
(c) Performance share units	**5,897**	7,046
(d) Restricted share units	**4,963**	4,256
	10,731	12,086

(a) Stock options

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

	Number of options	**Weighted average exercise price**
	#	**C$**
Outstanding, December 31, 2022	3,809,948	7.17
Expired	(123,280)	12.97
Exercised[1]	(3,130,399)	6.70
Outstanding, December 31, 2023	**556,269**	**8.49**
Expired	**(2)**	**11.65**
Exercised[1]	**(38,915)**	**12.95**
Outstanding, March 31, 2024	**517,352**	**8.15**

1. Weighted average share price of options exercised during the three-month period ended March 31, 2024 was C$22.96 (year ended December 31, 2023 – C$20.22).

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

	Deferred share units	Performance share units	Restricted share units
	#	#	#
Outstanding, December 31, 2022	788,182	1,752,480	1,775,914
Granted	110,841	1,122,451	812,991
Forfeited	—	(664)	(74,122)
Redeemed	(70,810)	(976,528)	(673,141)
Outstanding, December 31, 2023	**828,213**	**1,897,739**	**1,841,642**
Granted	**28,622**	**878,592**	**503,024**
Forfeited	**—**	**—**	**(63,089)**
Redeemed	**—**	**(1,098,636)**	**(754,095)**
Outstanding, March 31, 2024	**856,835**	**1,677,695**	**1,527,482**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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9. REVENUE

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

	Three-month period ended	
	March 31, 2024	March 31, 2023
	$	$
Major service lines		
Interest income, net	**144,603**	108,878
Rental revenue	**206,914**	153,628
Gain on sale of equipment under operating leases	**26,975**	27,862
Depreciation of equipment under operating leases	**(137,331)**	(105,730)
Financing revenue before interest expense	**241,161**	184,638
Service revenue, net	**125,259**	96,426
Vehicle sales and end of contract fees	**21,794**	19,056
Servicing income, net	**147,053**	115,482
Syndication revenue, net	**8,226**	10,945
Net revenue before interest expense	**396,440**	311,065
Primary geographical markets		
US and Canada	**252,771**	205,305
Australia and New Zealand	**54,554**	54,557
Mexico	**89,115**	51,203
Net revenue before interest expense	**396,440**	311,065
Timing of revenue recognition		
Revenue earned at a point in time	**124,173**	111,190
Revenue earned over time	**272,267**	199,875
Net revenue before interest expense	**396,440**	311,065

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

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A) Contract balances

	As at March 31, 2024	As at December 31, 2023
	$	$
Contract assets	**12,903**	12,877

Contract assets represent the costs the Company incurs to enter into service contracts with clients including certain commissions. Contract assets are recorded in the unamortized deferred costs and subsidies line within note 3. For the three-month period ended March 31, 2024, the Company has recorded $2,169 of amortization on its service contract assets (March 31, 2023 - $2,315).

B) Performance obligations

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

10. INCOME TAXES

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

The effective income tax rate was 23.74% for the three-month period ended March 31, 2024 (three-month period ended March 31, 2023 - 22.80%). The effective tax rate is higher than prior year reflecting year-over-year variances in pre-tax income and other tax related adjustments.

11. EARNINGS PER SHARE

Basic earnings per share is as follows:

	Three-month period ended	
	March 31, 2024	March 31, 2023
Net income attributable to shareholders	**$ 93,817**	$ 78,687
Cumulative dividends on preferred shares	**(2,919)**	(4,343)
Net income available to common shareholders	**$ 90,898**	$ 74,344
Weighted average number of common shares outstanding – basic (number)	**389,161,041**	392,220,198
Basic earnings per share	**$ 0.23**	$ 0.19

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Diluted earnings per share is as follows:

	Three-month period ended	
	March 31, 2024	March 31, 2023
Net income available to common shareholders adjusted for the effects of dilution	**$ 92,120**	$ 75,569
Weighted average number of common shares outstanding – basic (number)	**389,161,041**	392,220,198
Convertible debentures (number)	**14,627,599**	14,462,387
Dilutive stock options (number)	**329,348**	2,283,170
Weighted average number of common shares outstanding – diluted (number)	**404,117,988**	408,965,755
Diluted earnings per share	**$ 0.23**	$ 0.18

Instruments outstanding as at March 31, 2024 that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they were anti-dilutive, included nil stock options for the three-month period ended March 31, 2024 (March 31, 2023 - nil stock options).

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12. CAPITALIZATION

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

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

As at	**March 31, 2024**	December 31, 2023
	$	$
Cash	**696,043**	96,419
Unsecured debt		
Revolving senior credit facilities	**796,104**	825,319
4.250% Convertible Debentures due 2024	**126,108**	127,816
1.600% Senior Notes due 2024	**500,000**	500,000
3.850% Senior Notes due 2025	**400,000**	400,000
6.271% Senior Notes due 2026	**750,000**	750,000
5.643% Senior Notes due 2027	**750,000**	—
6.319% Senior Notes due 2028	**750,000**	750,000
Vehicle Management Asset-Backed Debt		
Revolving term notes in amortization	**1,515,545**	1,694,837
Variable funding notes	**3,481,265**	2,999,614
Other	**21,999**	29,061
Deferred financing costs	**(30,607)**	(29,618)
Continuing involvement liability	**87,199**	81,851
Hedge accounting fair value adjustments	**62**	17,068
Total debt	**9,147,675**	8,145,948
Shareholders' equity		
Common share capital	**2,108,023**	2,109,103
Preferred share capital	**181,077**	181,077
Other	**655,488**	653,648
Total Shareholders' Equity	**2,944,588**	2,943,828
Total Capitalization	**12,092,263**	11,089,776

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13. GEOGRAPHIC INFORMATION

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

Selected geographic assets are as follows:

	As at March 31, 2024				As at December 31, 2023			
	US and Canada	**Australia and New Zealand**	**Mexico**	**Total**	US and Canada	Australia and New Zealand	Mexico	Total
	$	**$**	**$**	**$**	$	$	$	$
Select assets								
Finance receivables	**6,309,703**	**357,791**	**805,686**	**7,473,180**	5,990,046	354,978	874,530	7,219,554
Equipment under operating leases	**18,244**	**962,780**	**1,703,991**	**2,685,015**	18,428	1,019,722	1,608,008	2,646,158
Goodwill and intangible assets	**1,550,832**	**23,409**	**13,224**	**1,587,465**	1,559,868	24,176	12,279	1,596,323
Property, equipment and leasehold improvements	**90,589**	**14,085**	**9,792**	**114,466**	77,511	15,189	10,033	102,733
	7,969,368	**1,358,065**	**2,532,693**	**11,860,126**	7,645,853	1,414,065	2,504,850	11,564,768

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

14. LEASES

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

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

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

Management evaluates all facilities to ensure the Company's footprint continues to support business activities, employees and client needs. In support of this and to align with the Company's growth strategy, the Company closed certain facilities in the US, Canada, Australia and New Zealand during the year ended December 31, 2020. The remaining lease liability for the closed facilities is $333 as at March 31, 2024 (December 31, 2023 - $1,081).

		As at March 31, 2024	As at December 31, 2023
		$	$
Assets	**Classification**		
Right-of-use assets	Buildings, net of accumulated amortization[1]	**81,250**	73,930
Liabilities	**Classification**		
Lease liabilities	Accounts payable and accrued liabilities	**90,112**	82,804

1. As at March 31, 2024, right-of-use assets are recorded net of accumulated amortization of $49,021 (December 31, 2023 - $47,201).

		Three-month period ended	
		March 31, 2024	March 31, 2023
Lease cost	**Classification**	**$**	$
Amortization of leased assets	Depreciation and amortization	**2,167**	2,188
Interest on lease liabilities	Interest expense	**784**	421
Net lease cost		**2,951**	2,609

Maturity of lease liabilities	**As at March 31, 2024**
	$
2024	**3,182**
2025	**4,471**
2026	**5,518**
2027	**5,769**
2028	**5,753**
Thereafter	**65,419**

Lease Term and Discount Rate	**As at March 31, 2024**	As at December 31, 2023
Weighted-average remaining lease term (years)	**15.7**	14.4
Weighted-average discount rate	**4.07 %**	3.84 %

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities the Company can access at the measurement date. Bid prices, ask prices or prices within the bid and ask, which are the most representative of the fair value, are used as appropriate to measure fair value. Fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where transactions are occurring with sufficient frequency and volume to provide quoted prices on an ongoing basis.

- Level 2 – Quoted prices for identical assets or liabilities in markets that are inactive or observable market quotes for similar instruments, or use of valuation techniques where all significant inputs are observable. Inactive markets may be characterized by a significant decline in the volume and level of observed trading activity or through large or erratic bid/offer spreads. In instances where traded markets do not exist or are not considered sufficiently active, we measure fair value using valuation models.

- Level 3 – Non-observable or indicative prices or use of valuation techniques where one or more significant inputs are non-observable.

Valuation methods and assumptions

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

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

Convertible debentures

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

Derivatives

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

Investments

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

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Accounts receivable, accounts payable, and accrued liabilities

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

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

	As at March 31, 2024				
		Level 1	Level 2	Level 3	
	Carrying value	Quoted market price	Observable market inputs	Non-observable market inputs	Total
	$	$	$	$	$
Financial assets					
Assets not carried at fair value					
Cash	**696,043**	**696,043**	—	—	**696,043**
Finance lease receivables[1]	**7,111,328**	—	—	**7,111,328**	**7,111,328**
Finance loans receivables	**274,653**	—	—	**274,653**	**274,653**
Accounts receivable and other assets	**191,372**	—	—	**191,372**	**191,372**
Assets held at fair value					
Derivative financial assets					
Interest rate swaps	**37,997**	—	**37,997**	—	**37,997**
Equity swaps	**24,167**	—	**24,167**	—	**24,167**
Investments classified as FVTPL	**6,181**	—	—	**6,181**	**6,181**
Total financial assets	**8,341,741**	**696,043**	**62,164**	**7,583,534**	**8,341,741**
Financial liabilities					
Liabilities not carried at fair value					
Accounts payable and accrued liabilities	**1,098,935**	—	—	**1,098,935**	**1,098,935**
Borrowings on finance receivables[1]	**8,934,368**	—	—	**8,934,368**	**8,934,368**
Convertible debentures	**126,108**	—	**126,198**	—	**126,198**
Liabilities held at fair value					
Derivative financial liabilities					
Foreign exchange contracts	**28,106**	—	**28,106**	—	**28,106**
Interest rate swaps	**13,446**	—	**13,446**	—	**13,446**
Total financial liabilities	**10,200,963**	—	**167,750**	**10,033,303**	**10,201,053**

1. As at March 31, 2024, the finance lease receivables and borrowings on finance receivables exclude the continuing involvement asset and liability, respectively, of $87,199.

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	As at December 31, 2023				
		Level 1	Level 2	Level 3	
	Carrying value	Quoted market price	Observable market inputs	Non-observable market inputs	Total
	$	$	$	$	$
Financial assets					
Assets not carried at fair value					
Cash	96,419	96,419	—	—	96,419
Finance lease receivables	6,869,808	—	—	6,869,808	6,869,808
Finance loans receivables	267,895	—	—	267,895	267,895
Accounts receivable and other assets	196,717	—	—	196,717	196,717
Assets held at fair value					
Derivative financial assets					
Interest rate swaps	61,688	—	61,688	—	61,688
Equity Swaps	23,771	—	23,771	—	23,771
Investments classified as FVTPL	6,181	—	—	6,181	6,181
Total financial assets	7,522,479	96,419	85,459	7,340,601	7,522,479
Financial liabilities					
Liabilities not carried at fair value					
Accounts payable and accrued liabilities	1,207,797	—	—	1,207,797	1,207,797
Borrowings on finance receivables	7,936,281	—	—	7,936,281	7,936,281
Convertible debentures	127,816	—	128,592	—	128,592
Liabilities held at fair value					
Derivative financial liabilities					
Foreign exchange contracts	5,421	—	5,421	—	5,421
Interest rate swaps	22,443	—	22,443	—	22,443
Total financial liabilities	9,299,758	—	156,456	9,144,078	9,300,534

1. As at December 31, 2023, the finance lease receivables and borrowings on finance receivables exclude the continuing involvement asset and liability, respectively, of $81,851.

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16. SYNDICATIONS

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

	Classification	**As at March 31, 2024**	As at December 31, 2023
		$	$
Allowance for early termination	Accounts payable and accrued liabilities	**2,970**	3,758
Deferred servicing fee	Finance receivables	**107**	127

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

	Classification	**As at March 31, 2024**	As at December 31, 2023
		$	$
Continuing involvement in syndicated assets	Finance receivables	**87,199**	81,851
Liabilities associated with continuing involvement in syndicated assets	Secured borrowings	**87,199**	81,851
Allowance for early termination	Accounts payable and accrued liabilities	**10,930**	10,429
Net book value of assets related to deals remaining in continuing involvement	N/A	**2,940,393**	2,760,584

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

		Three-month period ended	
	Classification	**March 31, 2024**	March 31, 2023
		$	$
Syndication revenue, net	Syndication revenue, net	**8,226**	10,945
Net book value of assets syndicated	n/a	**473,248**	506,758

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current periods' presentation.

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18. SUBSEQUENT EVENTS

Vehicle management asset-backed debt

On April 17, 2024, the Company, under its US vehicle management asset-backed debt program, issued $1 billion in amortizing term notes with an initial weighted average interest rate of 5.646%. The proceeds from these issuances were used to pay down variable funding notes.

Revolving senior credit facilities

On April 24, 2024, the Company increased the commitment of one of our revolving senior credit facilities by $150 million, for a total facility amount of $850 million. In addition, the maturity on the revolving portion of the facility was extended to April 24, 2025, and the maturity on the non-revolving portion of the facility was extended to March 24, 2029.

Senior notes

On April 5, 2024, proceeds from the March 13, 2024 senior notes issuance were used to repay the 1.600% $500 million senior unsecured notes.