



Q4 2024 | **Supplementary Information** as at December 31, 2024

This supplementary information should be read in conjunction with the Company's Annual Management Discussion & Analysis dated December 31, 2024.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The following pages provide information management believes is relevant to an assessment and understanding of the financial condition, results and operations of Element Fleet Management Corp. (the "Company" or "Element") and should be read in conjunction with the Company's Annual Management Discussion & Analysis and audited consolidated financial statements and accompanying notes for the three- and twelve-month period ended December 31, 2024. All monetary figures are in millions of U.S. dollars unless otherwise noted or for per share amounts. Additional information regarding the Company is available on SEDAR at www.sedarplus.ca and on the Company's website at www.elementfleet.com. Totals may not add due to rounding.

CAUTIONARY STATEMENT

THIS ANALYSIS HAS BEEN PREPARED TAKING INTO CONSIDERATION INFORMATION AVAILABLE TO FEBRUARY 26, 2024. CERTAIN STATEMENTS CONTAINED IN THIS REPORT CONSTITUTE "FORWARD-LOOKING STATEMENTS". IN SOME CASES THE FORWARD-LOOKING STATEMENTS CAN BE IDENTIFIED BY WORDS OR PHRASES SUCH AS "MAY", "CAN", "WILL", "EXPECT", "GUIDANCE", "PLAN", "ANTICIPATE", "TARGET", "INTEND", "POTENTIAL", "ESTIMATE", "BELIEVE" OR THE NEGATIVE OF THESE TERMS, OR OTHER SIMILAR EXPRESSIONS INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS, INCLUDING, AMONG OTHERS, STATEMENTS REGARDING ELEMENT'S FUTURE FINANCIAL PERFORMANCE, GROWTH PROSPECTS AND OBJECTIVES, IMPACTS OF STRATEGIC INITIATIVES, EXPECTATIONS REGARDING SYNDICATION, ABILITY TO DRIVE OPERATIONAL EFFICIENCIES, ASSETS, BUSINESS STRATEGY, COMPETITIVE POSITIONING, ABILITY TO CREATE VALUE FOR SHAREHOLDERS, THE EVOLUTION OF ELEMENT'S BUSINESS, THE AVAILABILITY OF FUNDS FROM OPERATIONS, CASH FLOW GENERATION, STRATEGIC ASSESSMENT, BUSINESS OUTLOOK, ELEMENT'S DIVIDEND POLICY AND THE PAYMENT OF FUTURE DIVIDENDS, ELEMENT'S PROPOSED SHARE PURCHASES, INCLUDING THE NUMBER OF COMMON SHARES TO BE REPURCHASED, THE TIMING THEREOF AND TSX ACCEPTANCE OF THE NORMAL COURSE ISSUER BID AND ANY RENEWAL THEREOF AND OTHER EXPECTATIONS REGARDING FINANCIAL OR OPERATING PERFORMANCE AND METRICS. SUCH STATEMENTS REFLECT THE COMPANY'S CURRENT VIEWS WITH RESPECT TO FUTURE EVENTS AND ARE SUBJECT TO INHERENT RISKS, UNCERTAINTIES AND NUMEROUS ASSUMPTIONS, INCLUDING, WITHOUT LIMITATION, GENERAL ECONOMIC CONDITIONS, OPERATIONAL CAPABILITIES, TECHNOLOGICAL DEVELOPMENT, SUPPLY CHAIN, RELIANCE ON DEBT FINANCING, COMPETITION, INTEREST RATES, REGULATION, FAILURE OF KEY SYSTEMS, FUTURE CAPITAL NEEDS, ANY IMPACTS OF PANDEMICS OR OTHER HEALTH THREATS, AND SUCH OTHER RISKS OR FACTORS DESCRIBED FROM TIME TO TIME IN REPORTS OF ELEMENT, INCLUDING HEREIN AND IN ELEMENT'S MD&A AND ANNUAL INFORMATION FORM, WHICH HAVE BEEN FILED ON SEDAR AND MAY BE ACCESSED AT WWW.SEDARPLUS.CA.

BY THEIR NATURE, FORWARD-LOOKING STATEMENTS INVOLVE NUMEROUS ASSUMPTIONS, KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES, BOTH GENERAL AND SPECIFIC, WHICH CONTRIBUTE TO THE POSSIBILITY THAT PREDICTIONS, FORECASTS, PROJECTIONS AND OTHER FORMS OF FORWARD-LOOKING INFORMATION MAY NOT OCCUR OR BE ACHIEVED. MANY FACTORS COULD CAUSE ELEMENT'S ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS THAT MAY BE EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS AND READERS ARE CAUTIONED THAT THE LIST OF FACTORS IN THE FOREGOING PARAGRAPH IS NOT EXHAUSTIVE. SHOULD ONE OR MORE OF THESE RISKS OR UNCERTAINTIES MATERIALIZE, OR SHOULD ASSUMPTIONS UNDERLYING THE FORWARD-LOOKING STATEMENTS PROVE INCORRECT, ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE DESCRIBED HEREIN AS INTENDED, PLANNED, ANTICIPATED, BELIEVED, ESTIMATED OR EXPECTED. ACCORDINGLY, READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON FORWARD-LOOKING STATEMENTS OR INTERPRET OR REGARD FORWARD-LOOKING STATEMENTS AS GUARANTEES OF FUTURE OUTCOMES, AS NO FORWARD-LOOKING STATEMENT MAY BE GUARANTEED. EXCEPT AS MAY BE REQUIRED BY APPLICABLE CANADIAN SECURITIES LAWS, THE COMPANY DOES NOT INTEND, AND DISCLAIM ANY OBLIGATION TO UPDATE OR REWRITE ANY FORWARD-LOOKING STATEMENTS WHETHER ORAL OR WRITTEN AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

In this document, the Company presents certain non-GAAP or supplemental financial measures (including originations, vehicles under management, adjusted net revenue, adjusted operating income, adjusted net income, pre-tax return on common equity, syndication volume and free cash flow per share) that do not have a standardized meaning prescribed by GAAP under IFRS and may therefore not be comparable to similarly-named measures presented by other issuers. Descriptions of the non-GAAP measures presented in this document can be found in the Company's Annual Management Discussion & Analysis that accompanies the audited consolidated financial statements for the three- and twelve-month period ended December 31, 2024, which have been filed on SEDAR (www.sedarplus.ca).

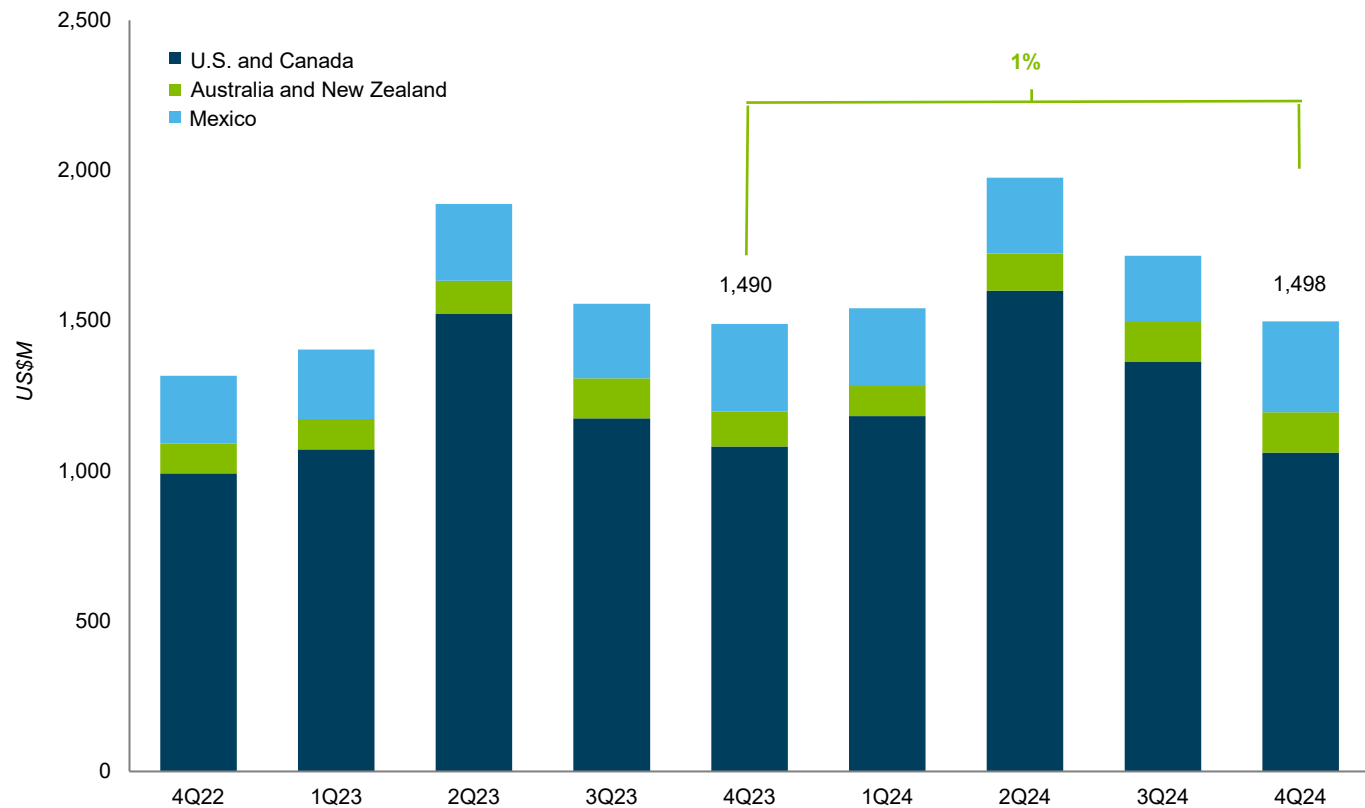
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OPERATIONAL HIGHLIGHTS

1.1 Originations

Q4 2024 originations grew 1% from Q4 2023 (or 3% on a constant currency basis) as OEM production has substantially recovered from earlier supply chain constraints. Strong order volumes over the last four months of 2024, bolstered by improvements made through our U.S. & Canada Leasing Strategic Initiative in Dublin, is expected to drive strong origination volumes in the first half of 2025.

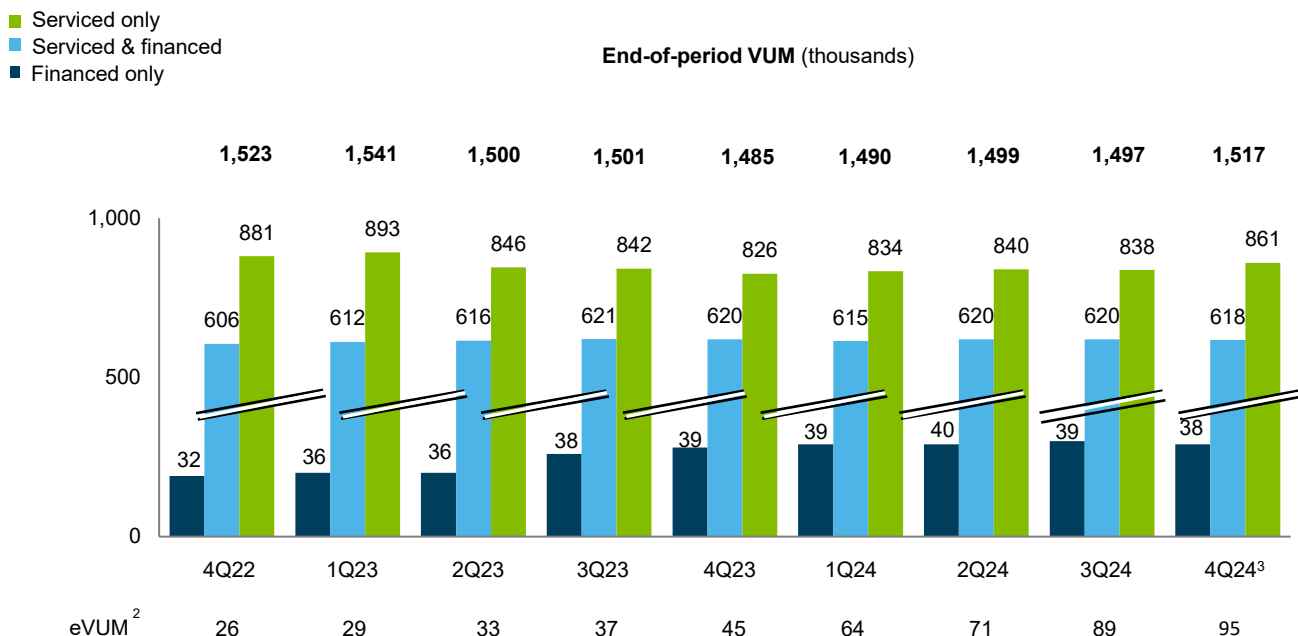


Note: Q2 historically represents the quarterly high watermark in any given year.

OPERATIONAL HIGHLIGHTS

1.2.1 Vehicles Under Management (VUM)

Every "VUM" is one unique vehicle (a) receiving or subscribed to one or more Element services, and/or (b) financed by Element, whether or not subsequently syndicated. The vast majority of the decline in VUM from 2Q23 through 1Q24 was due to our ending the provision of white-label services to competitors. These were largely lower revenue single-service clients, and as such, contributed immaterially to our financial results. In calculating VUM, management applies certain judgements and makes certain estimates, including in respect of a small number of single-service usage-based VUM. Certain estimates rely on information provided by our clients that could not be definitively validated. While there are inherent subjectivities in the VUM calculation due to these judgements and estimates, the Company believes that such judgements and estimates are reasonable.



1. Reductions in VUM of 73,800 in 2Q23, 68,000 in 3Q23, 33,000 in 4Q23 and 31,400 in 1Q24 (in aggregate 206,200 VUM) were as a result of our move to end the provision of white-label services to competitors.

2. Electric vehicles under management (eVUM) consists of battery electric, plug-in hybrid, and hybrid electric vehicles.

3. As of October 1, 2024, includes 9 thousand of acquired VUM from Autofleet.

1.2.1 Vehicles Under Management (VUM) (Cont'd) – U.S. and Canada only

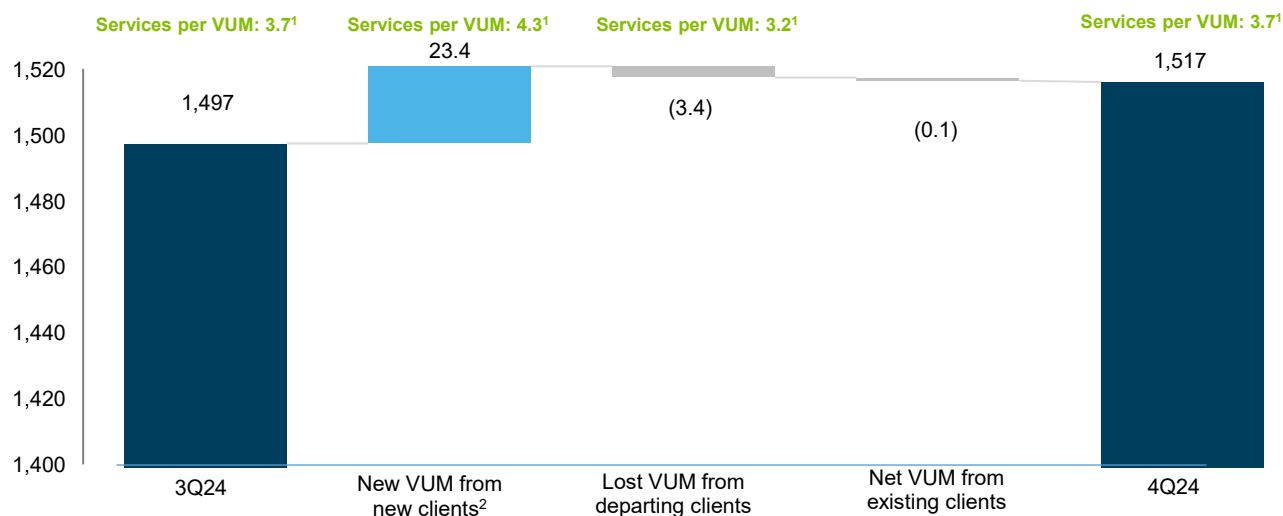
Share-of-Wallet (SoW) growth – selling incremental services to existing clients – is one of the drivers of Element's profitable net revenue growth strategy. As illustrated below, we are both (a) making progress on SoW growth and (b) still in a position to benefit from further SoW growth. Across our fleet in the U.S. and Canada where the vast majority of our vehicles operate, we have increased the percentage of multi-service VUM over the past year from 77% to 79%. Moreover, less than 17% of our fleet are subscribed to more than six services, leaving ample room for further penetration across all geographies.

■ Multi-service VUM
■ Single-service VUM



1.2.2 3Q24 -> 4Q24 End-of-period VUM waterfall

We continue to onboard new client vehicles with higher average service attachment rates. Multi-service clients tend to be more "sticky" given their broader reliance on, and savings derived from, our service offerings.



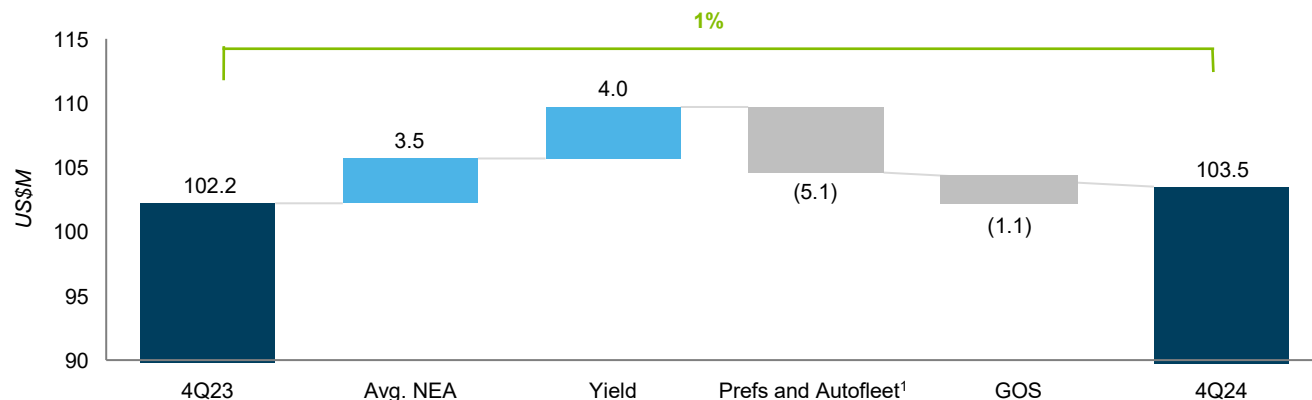
1. Represents the number of services per VUM in U.S. and Canada only, where the vast majority of our vehicles are located. The services being tracked are limited to Collision, Fleet Partnership Solutions, Fuel, Insurance, Maintenance & Roadside Assistance, Tax Benefits, Telematics, Title & Registration and Tolls & Violations. Excludes Acquisitions, Remarketing, Driver Safety and End of Contract services. Financing is excluded from total services count.

2. As of October 1, 2024 includes 9 thousand in acquired VUM from Autofleet.

OPERATIONAL HIGHLIGHTS

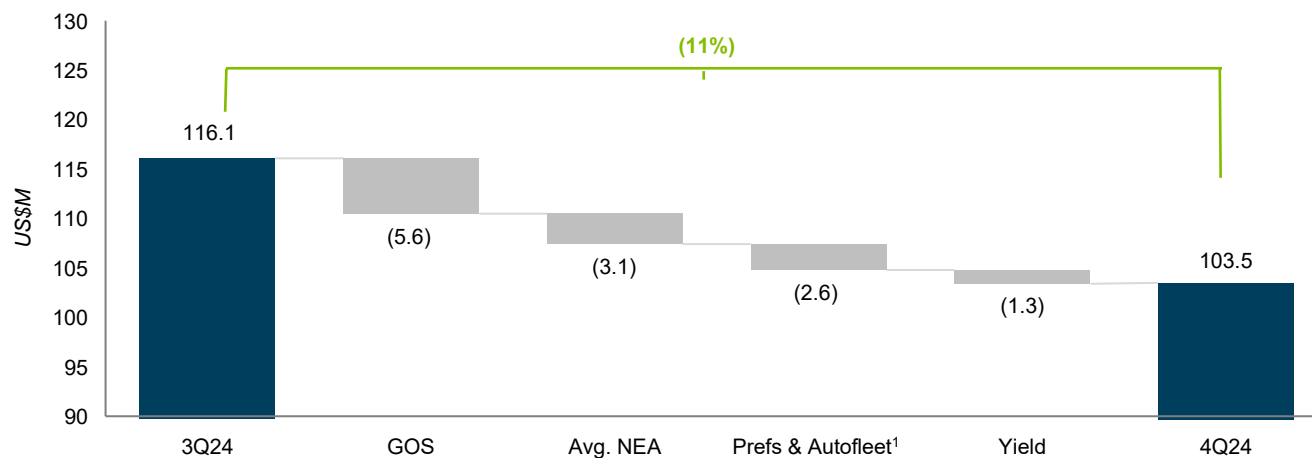
1.3.1 4Q23 -> 4Q24 net financing revenue waterfall

Q4 2024 net financing revenue grew \$1 million or 1% from Q4 2023.



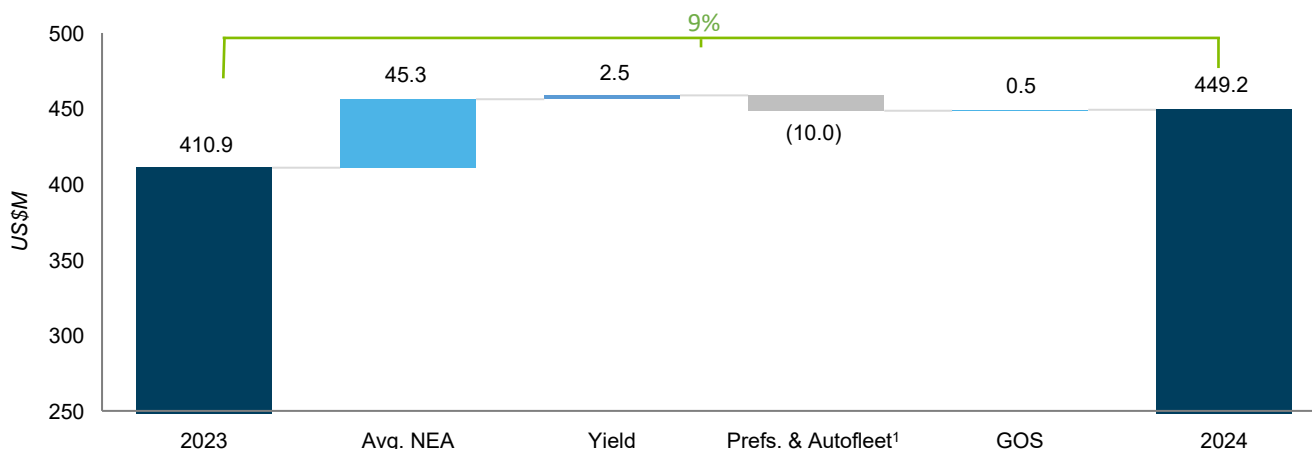
1.3.2 3Q24 -> 4Q24 net financing revenue waterfall

Q4 2024 net financing revenue decreased \$13 million or 11% from Q3 2024.



1.3.3 2023 -> 2024 net financing revenue waterfall

2024 net financing revenue increased \$38 million or 9% from 2023.



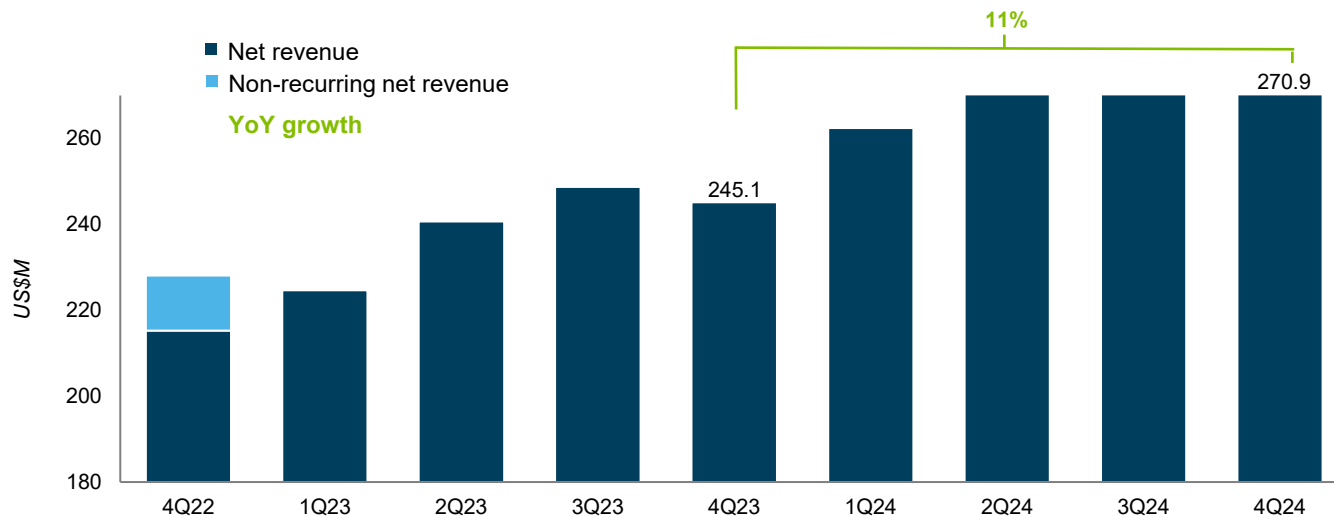
1. Reflects the impact of incremental interest expense in connection with the preferred share redemptions and incremental debt associated with the acquisition of Autofleet.

Profitable net revenue growth

PROFITABLE NET REVENUE GROWTH

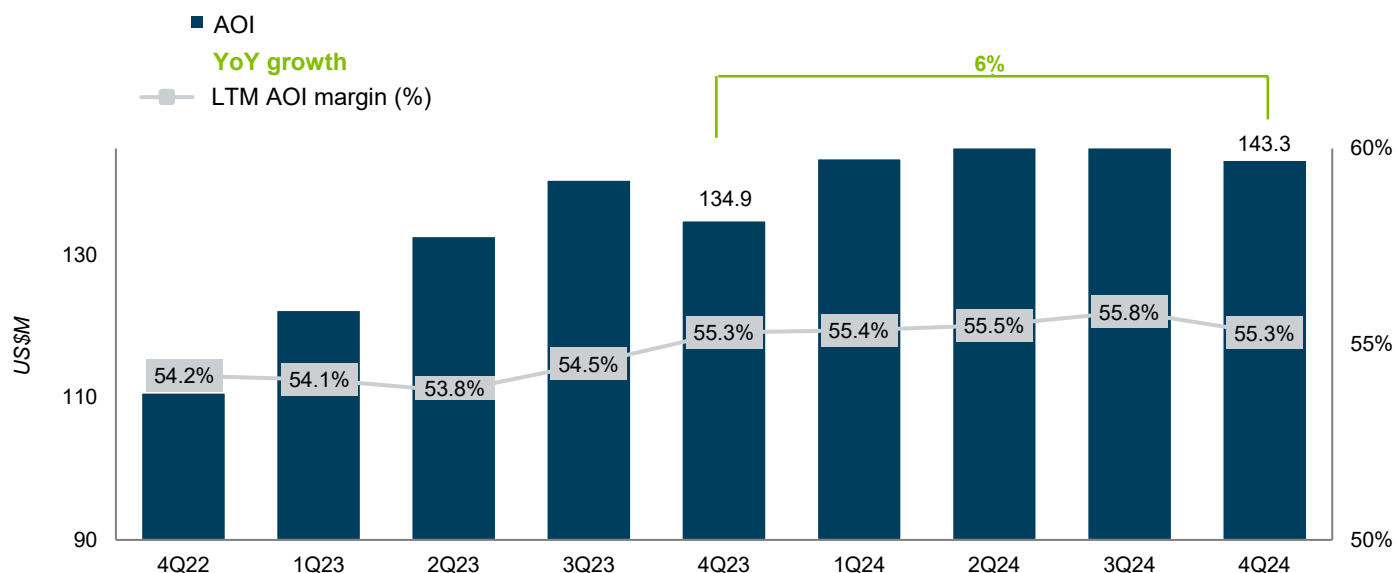
2.1 Net revenue growth

Q4 2024 net revenue grew 11% from Q4 2023.



2.2 Adjusted operating income growth and LTM adjusted operating margin expansion

Q4 2024 adjusted operating income (AOI) grew 6% year-over-year. Adjusted operating margin for the last 12 months (LTM AOI margin) was unchanged year-over-year (YoY). Excluding Autofleet, adjusted operating margin was 55.6% in 2024, representing expansion of 30 basis points year-over-year.



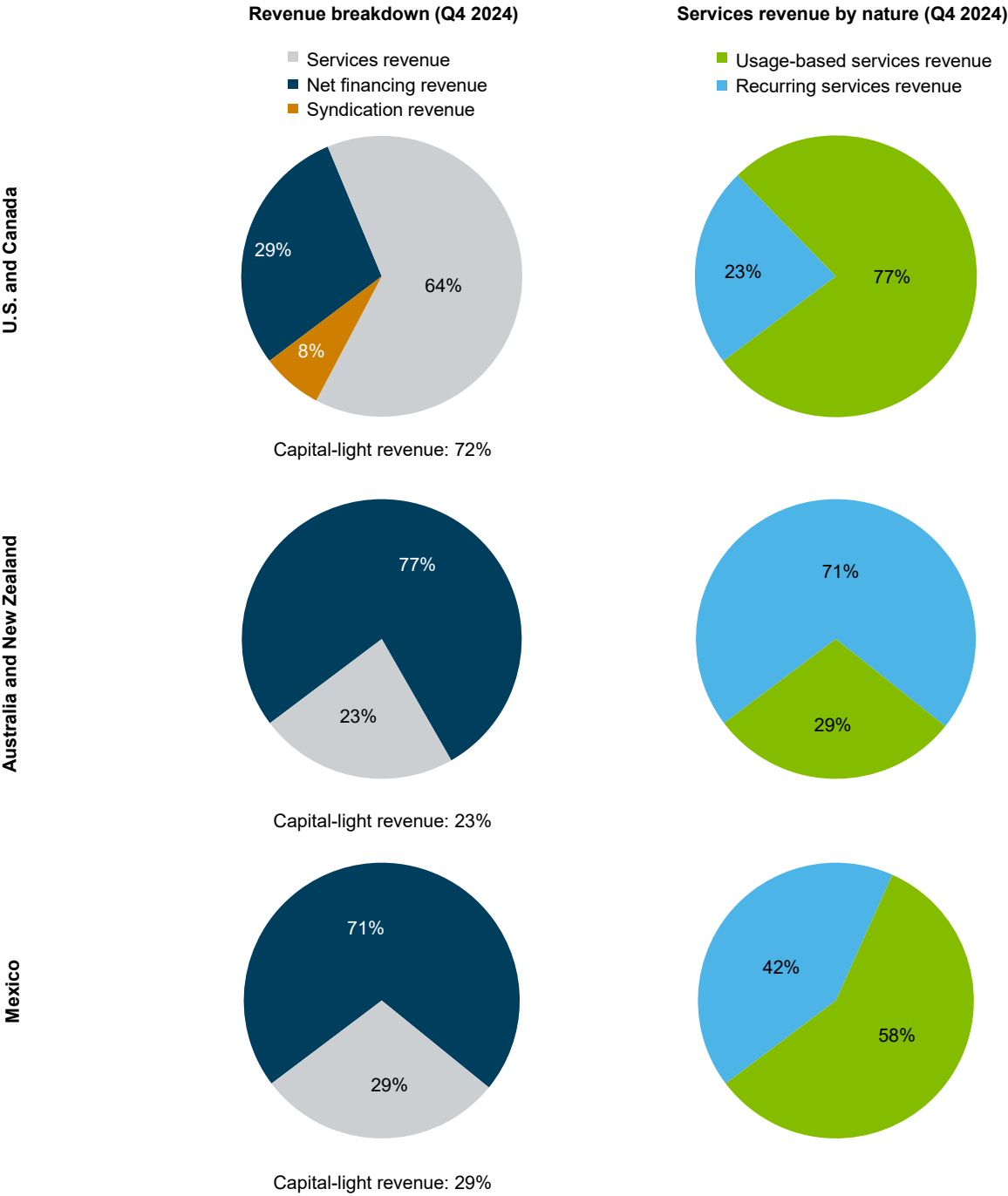
A capital-lighter business model

A CAPITAL-LIGHTER BUSINESS MODEL

3.1 Driving value for shareholders by growing capital-lighter revenue

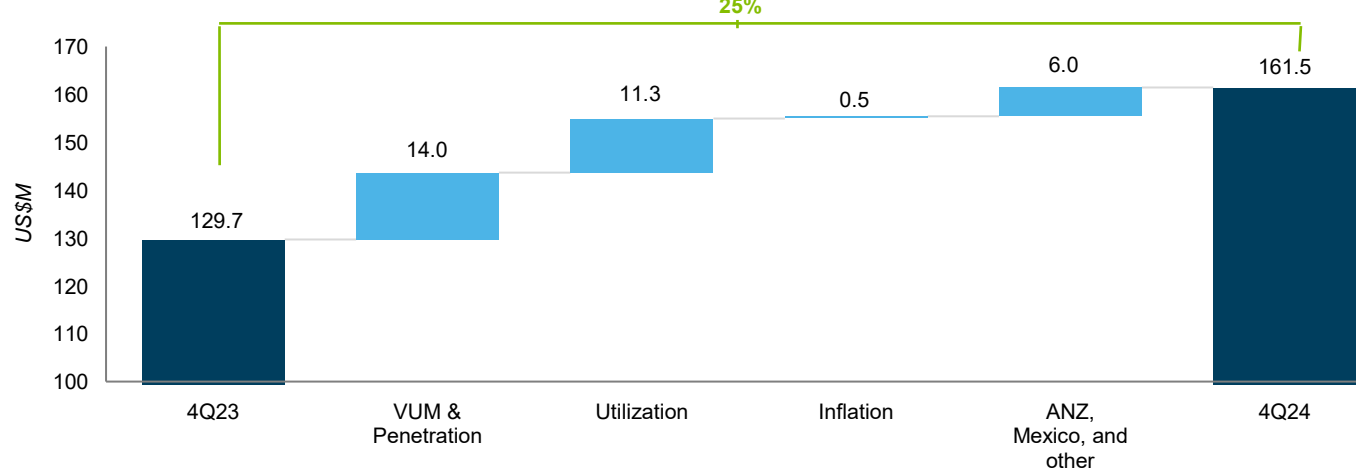
Element continues to advance its capital-lighter business model that focuses on growing high recurring and higher margin services revenue and strategically syndicating assets, both of which improve the Company's return on equity. Services revenue has much lower funding needs than net financing revenue – only the net working capital required to procure fuel, parts and services for clients – making services revenue highly accretive to return on equity.

We earn services revenue in each of our geographies, although the nature (usage-based versus recurring) and magnitude will vary by region. The following pie charts represent our revenue composition by geography and the breakdown of usage-based vs. recurring services revenue at Q4 2024.

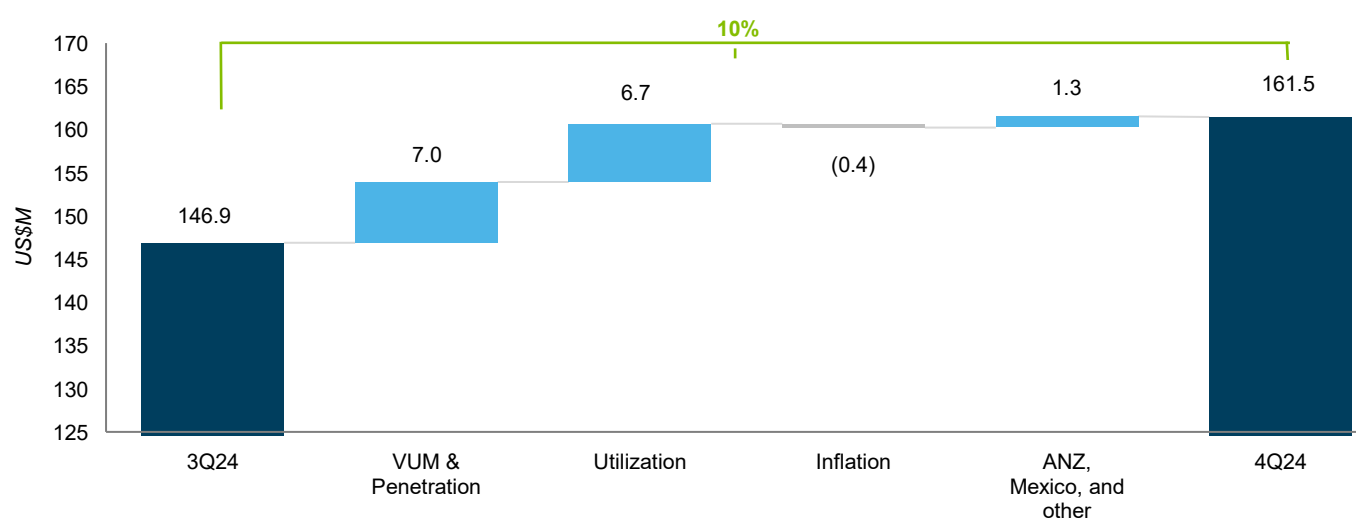


A CAPITAL-LIGHTER BUSINESS MODEL

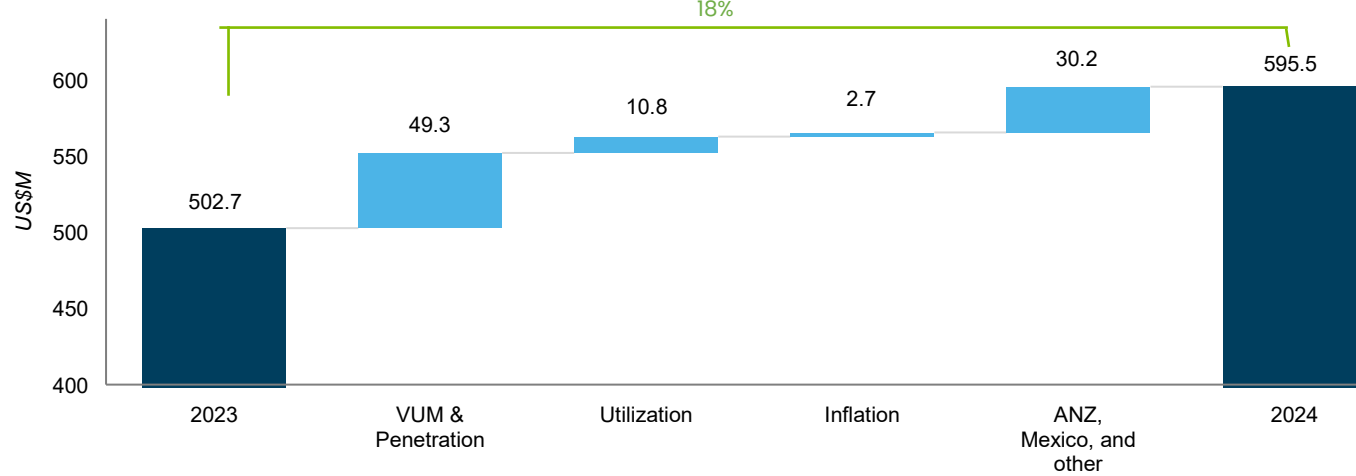
3.2.1 4Q23 -> 4Q24 services revenue waterfall



3.2.2 3Q24 -> 4Q24 services revenue waterfall



3.2.2 2023 -> 2024 services revenue waterfall



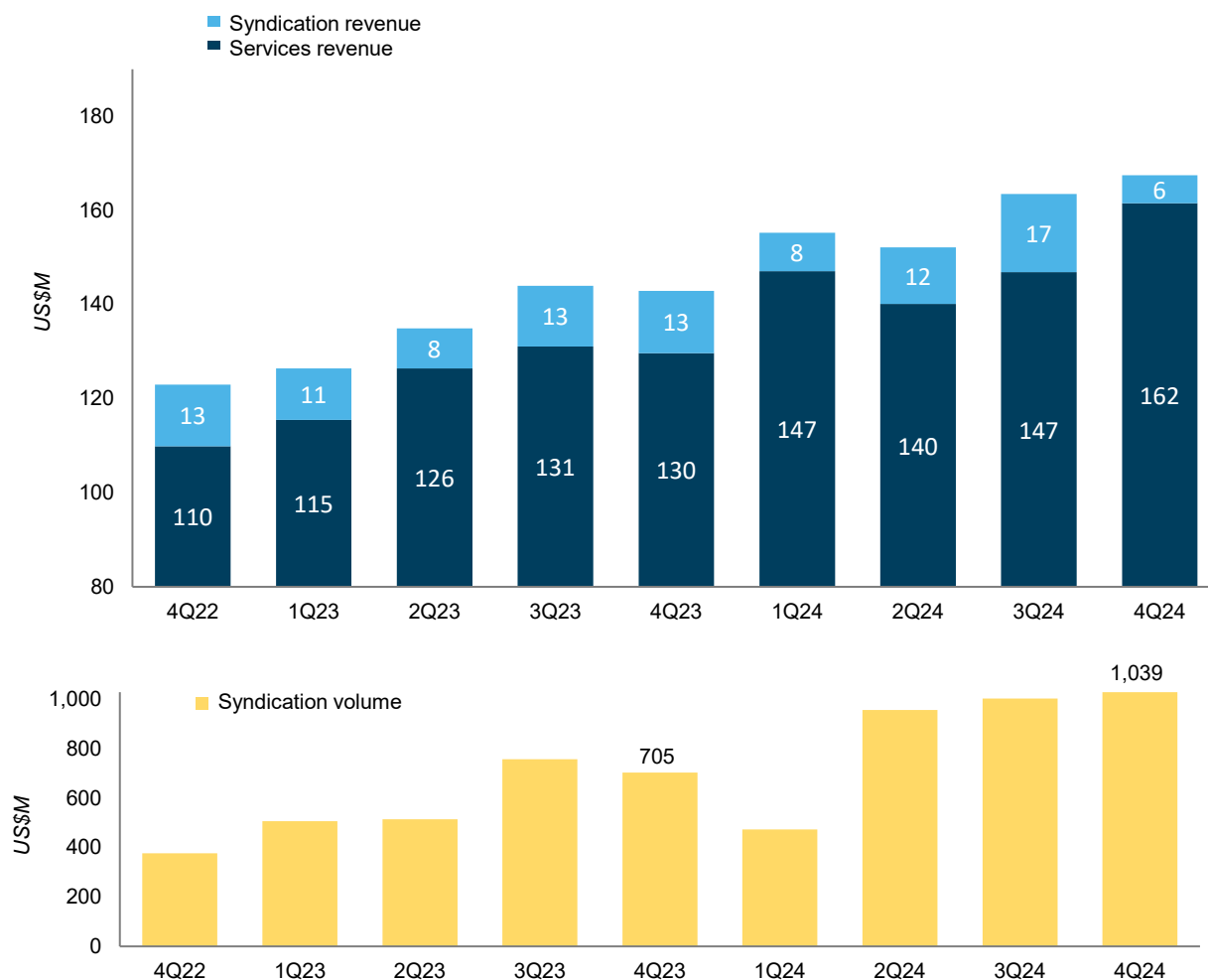
A CAPITAL-LIGHTER BUSINESS MODEL

3.3 Capital-lighter services revenue and syndication revenue

The second pillar of our capital-lighter business model is syndication: the sale of fleet lease receivables, on a non-recourse basis, to financial buyers with a lower cost of capital than Element's, on terms that are economically superior for Element versus holding those assets on balance sheet. The syndication market demand for Element's assets remains robust, affording the Company ready access to this off-balance-sheet source of cost-effective funding.

In 4Q24, we syndicated a record \$1.0 billion in assets driven by our continued focus on our capital lighter business model. Q4 2024 syndication revenue decreased \$7 million or 55% year-over-year and \$11 million or 64% quarter-over-quarter led largely by the bulk syndication of a Canadian lease portfolio in December 2024 in the amount of \$346 million (CAD\$474 million), with overall yield being negatively impacted by setup costs. This was further impacted by the Company's core syndication mix and scheduled reduction in bonus depreciation driving lower net yields. Gross yields, which is a measure of the value and demand for our core syndication product, was relatively unchanged from 2023.

The growth of services revenue and our syndication program advance our capital-lighter business model, which continues to enhance ROE.



Growing adjusted free cash flow per share and returning capital to shareholders

GROWING FREE CASH FLOW PER SHARE AND RETURNING CAPITAL TO SHAREHOLDERS

4.1 Adjusted free cash flow per share

Q4 2024 adjusted free cash flow per share of \$0.30 represents a 3% or 1 cent increase over Q4 2023.

US\$ millions (except free cash flow per common share)	Source	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Adjusted operating income (AOI)	a.	110.7	122.3	132.7	140.6	134.9	143.6	152.9	161.4	143.4
Adjust for non-cash items in AOI:										
Depreciation and amortization	b.	11.3	12.0	12.4	13.3	13.6	14.3	14.4	15.0	15.8
Amortization of deferred lease costs	c.	7.2	5.8	6.2	6.7	6.8	5.9	4.8	7.8	5.6
Amortization of deferred financing costs	c.	2.7	2.7	3.2	3.8	4.3	4.5	4.8	5.0	5.7
Amortization of deferred convertible debenture costs	d.	0.2	0.2	0.3	0.3	0.3	0.3	0.4	-	-
Provision for credit losses	c.	0.1	(0.1)	0.2	(0.4)	(1.3)	0.3	(0.3)	0.9	0.7
X. Amortization of deferred revenue										
Adjust for cash items not included in AOI:										
Y. Cash revenue received in the period, recognition of which is deferred										
Z. Lease costs incurred in the period, recognition of which is deferred										
X. + Y. + Z. =		(17.4)	(3.1)	6.8	(1.0)	(2.9)	(3.0)	(3.5)	(8.4)	(9.8)
Cash from operations		114.8	139.9	161.8	163.3	155.7	165.9	173.5	181.7	161.3
Subtract required cash expenses:										
Sustaining capital investments	c. ¹	(10.9)	(11.0)	(15.2)	(17.0)	(18.9)	(12.9)	(9.3)	(12.3)	(19.1)
Preferred share dividends	e.	(4.4)	(4.3)	(4.5)	(4.4)	(4.4)	(3.0)	(2.9)	(1.4)	-
Cash taxes	c.	(11.2)	(14.9)	(7.9)	(16.1)	(18.4)	(15.5)	(13.2)	(23.1)	(22.4)
Adjusted free cash flow		88.3	109.7	134.1	125.7	114.0	134.5	148.1	144.9	119.8
Weighted avg. # of c.s. outstanding (million)	e.	392.8	392.2	390.4	389.5	389.1	389.2	390.0	403.6	404.6
Per common share outstanding		0.22	0.28	0.34	0.32	0.29	0.35	0.38	0.36	0.30
Australia cash tax payments ²		-	-	-	-	-	-	-	-	(47.0)
Growth capital		(3.9)	(2.4)	(3.3)	(3.5)	(4.7)	(6.1)	(8.2)	(5.6)	(3.5)
Free cash flow available after all capital investments		84.4	107.2	130.9	122.2	109.3	128.4	139.9	139.3	69.3

Sources: a. MD&A; b. Financial Statements - Statement of Operations; c. Financial Statements - Statement of Cash Flows; d. Financial Statements - Convertible debentures note; e. This Supplementary Information document; f. Financial Statements - Earnings per share note

1. Sustaining capital investments are a portion of Element's total capital investments, which are disclosed quarterly in our Financial Statements - Statement of Cash Flows section, line items "Purchase of property, equipment and leasehold improvements" and "Purchase of intangible assets, including computer software".

2. In Q4 2024, Element accelerated approximately \$47 million of tax payments to the Australian Tax Office relating to 2025 to 2027 taxation years. The tax payments relate to cash tax timing benefits received due to temporary accelerated depreciation available during the pandemic, effectively providing the Company with a tax deferral. The accelerated payment allows for future adjusted free cash flow to better represent the cash taxes that would be paid in the normal course of operations during those future years. This acceleration of Australian cash taxes is excluded from adjusted free cash flow per share.

GROWING FREE CASH FLOW PER SHARE AND RETURNING CAPITAL TO SHAREHOLDERS

4.2 Return of capital

We return capital to our shareholders through growing common dividends (see section 4.3 below) and common share buybacks (section 4.4 below). We allocate capital to these return levers based on required investments in our business, balance sheet management, and free cash flow per share performance.

4.3 Common dividends (in CAD)

On November 14, 2024, the Company announced an 8% increase to its common dividend, from CAD\$0.48 to CAD\$0.52 per share annually. Additionally, the Company's Board authorized and declared a quarterly dividend of CAD\$0.13 per outstanding common share of Element for Q1 2025. Our annual common dividend target payout range is 25% to 35% of the Company's last twelve months' (LTM) free cash flow (FCF) per share.

	Units	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Common dividend per share	CAD	\$0.10	\$0.12	\$0.12	\$0.12	\$0.12	\$0.13

4.4 NCIB activity (in CAD)

In 2024, Element returned approximately \$336 million (CAD\$466 million) to shareholders through a combination of common share dividends, common share buybacks, and preferred share redemptions.

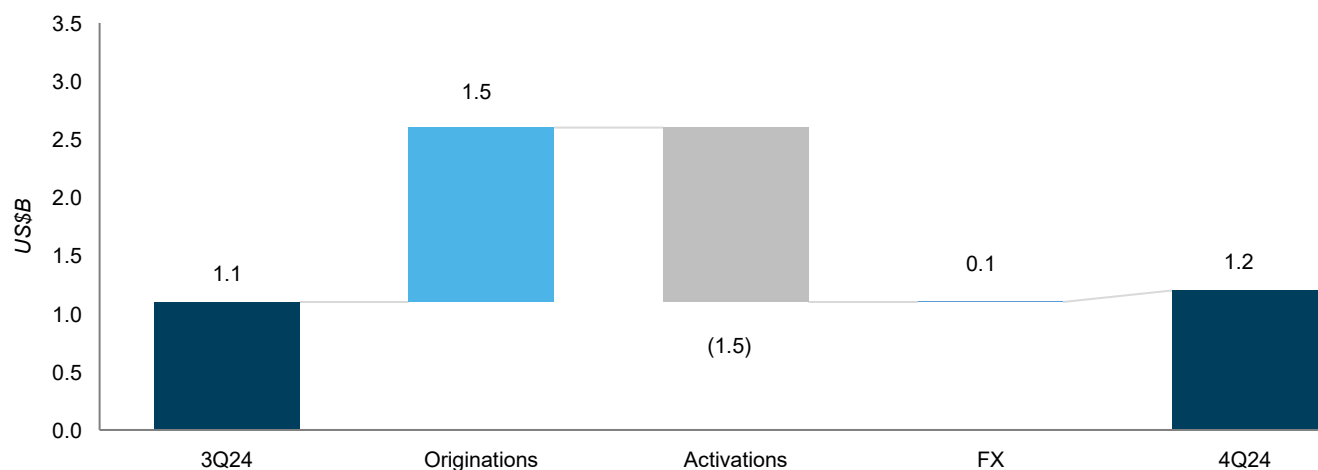
	NCIB ¹					
<i>C\$ millions (except per share amounts)</i>	1Q24	2Q24	3Q24	4Q24	2024	YTD 2025
Shares repurchased	0.3	0.17	-	0.18	0.63	1.10
Weighted avg. repurchased share price	\$21.97	\$21.91	-	\$28.51	\$23.77	\$28.75
Cost of repurchases - \$CAD	6.2	3.8	-	5.0	15.0	31.7
Shares issued in the period on exercise of options	0.1	0.3	-	-	0.4	-
Shares issued in the period on exercise of convertible debentures	-	14.6	-	-	14.6	-
Shares issued and outstanding at period end	388.9	403.6	403.6	404.5	404.5	403.4

1. Element's current NCIB will run from November 20, 2024 to November 19, 2025.

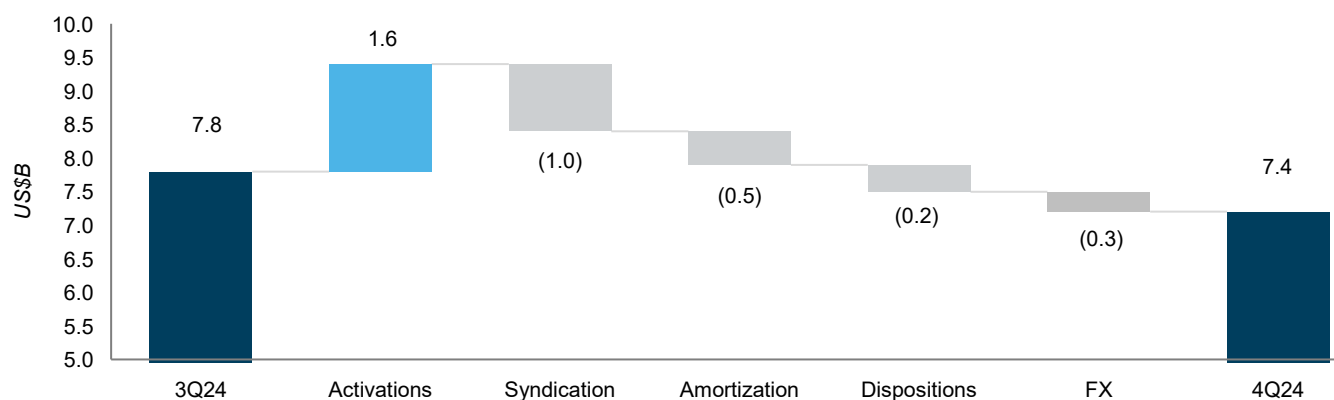
Assets under management

ASSETS UNDER MANAGEMENT

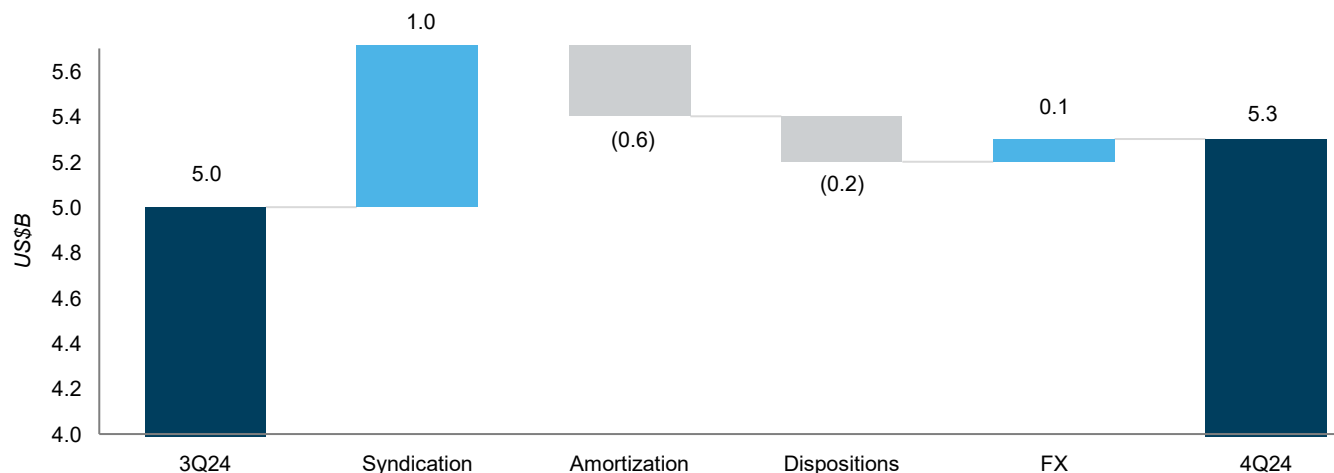
5.1.1 3Q24 -> 4Q24 End-of-period interim funded assets



5.1.2 3Q24 -> 4Q24 End-of-period net earning assets

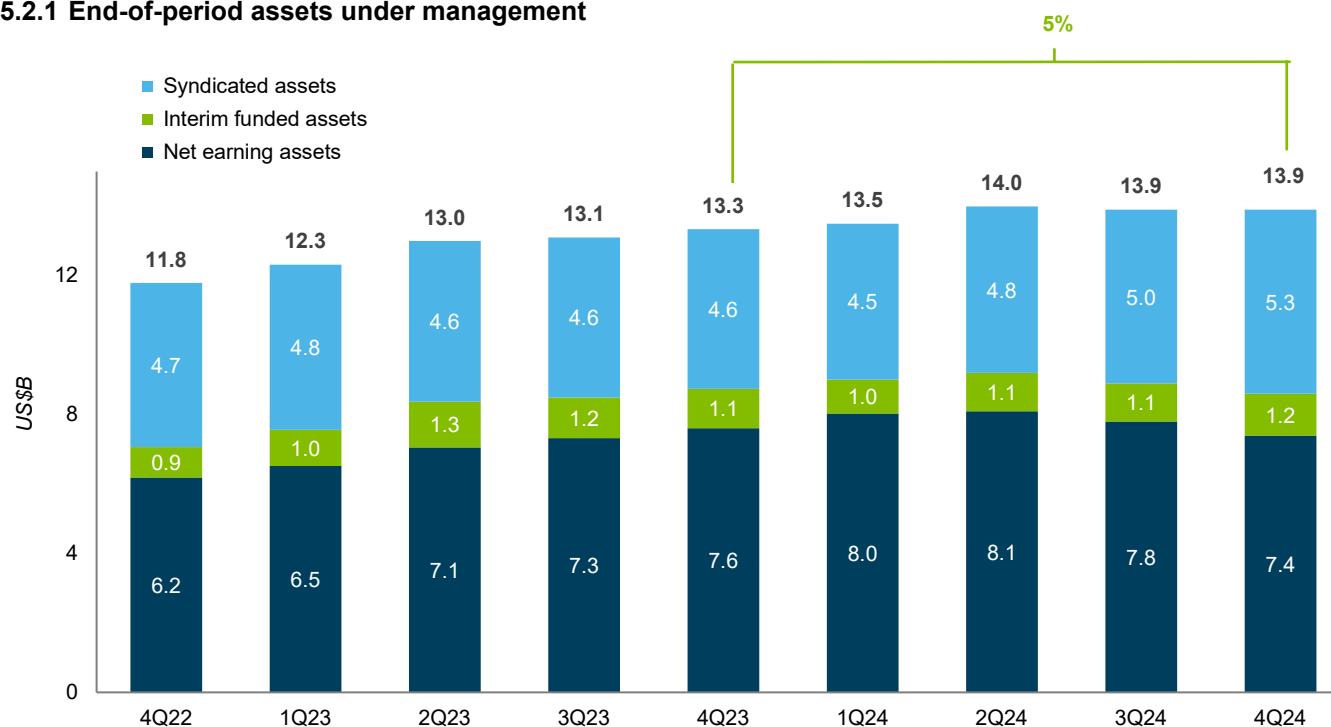


5.1.3 3Q24 -> 4Q24 End-of-period syndicated assets

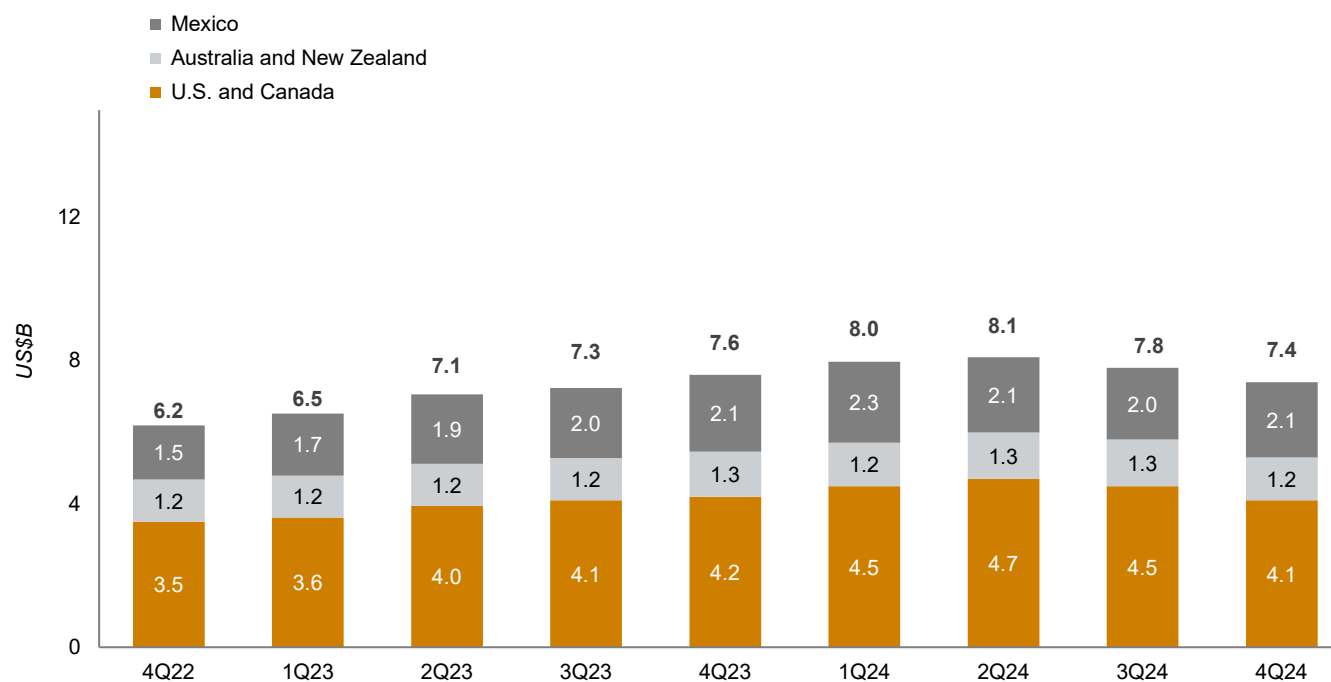


ASSETS UNDER MANAGEMENT

5.2.1 End-of-period assets under management



5.2.2 End-of-period net earning assets by geography



2025 Full-Year Guidance

REAFFIRMING 2025 FULL-YEAR GUIDANCE

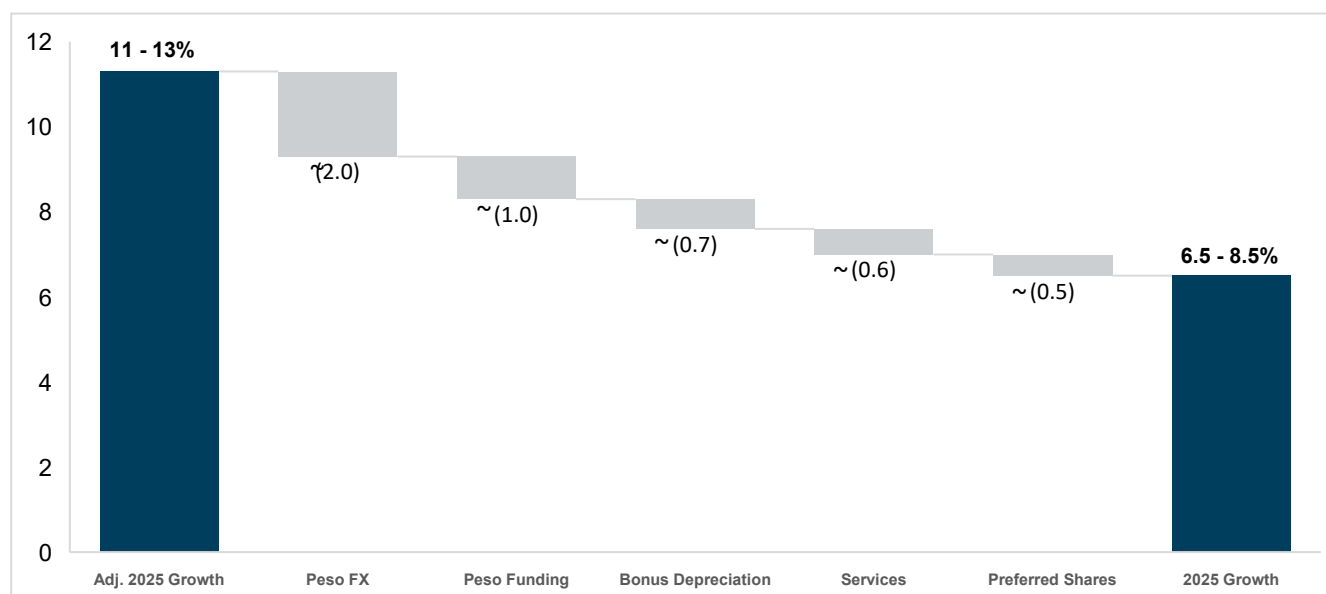
6.1.1 2025 full-year guidance

We expect to see continued growth in our client base and net revenue, driven by the ongoing transition of self-managed fleets and robust demand for our services and solutions. Strong order volumes over the last four months of 2024, bolstered by enhancements made through our U.S. & Canada Leasing strategic initiative in Ireland, is expected to drive strong origination volumes in the first half of 2025. Originations are preceded by vehicle orders, which are binding commitments by clients to lease or purchase vehicles from Element.

Annual growth rate	Full-year 2025 Guidance	Full-year 2025 Guidance
Net revenue	6.5 - 8.5%	\$1.160 - \$1.185 billion
Adjusted operating income	High-single to low-double digit	\$645 - \$670 million
Adjusted operating margins		55.5 - 56.5%
Adjusted EPS	High-single to low-double digit	\$1.20 - \$1.25
Adjusted free cash flow per share	High-single to low-double digit	\$1.48 - \$1.53
Originations	Low- to mid-single digit	\$6.9 - \$7.1 billion

6.1.2 2025 full-year guidance waterfall

We expect our underlying business growth in 2025 to be somewhat tempered by anticipated headwinds, including the depreciation of the Mexican Peso¹, higher interest expenses due to increased local Peso funding in 2025, and financing costs associated with the redemption of our preferred shares. In addition, the scheduled reduction in bonus depreciation is likely to impact syndication yields. Q1 2024 included \$7 million in one-time service revenue. The waterfall chart below illustrates our core underlying business growth absent these headwinds.



1. 2025 assumes a Mexican Peso to U.S. Dollar exchange rate of 20.5:1

OPERATING EXPENSES

In 2024, we accelerated strategic investments toward building a stronger, more agile, and more innovative foundation to lead in defining the future of mobility. We prioritized enhancing the client experience, modernizing operations through digitization and automation, implementing pricing enhancements, strengthening our teams and culture, and emphasized these efforts through our acquisition of Autofleet.

Although pursuing these strategic advancements did contribute to a higher level of expense growth, we maintained operational discipline and ensured that our adjusted operating margins remained within our 2024 guidance range of 55.0 to 55.5%. Excluding Autofleet, adjusted operating margin was 55.6% in 2024 representing 30 basis points of margin expansion year-over-year. We expect expense growth will moderate considerably in 2025 as the benefits of our investments begin to materialize. We remain committed to generating positive adjusted operating leverage and expanding our operating margins going forward.

The below chart provides a reconciliation of operating expenses from 2023 to 2024.

7.1.1 2023 -> 2024 operating expenses

