2026 Q2 Results

Report to Shareholders

element

Intelligence in motion

The following management discussion and analysis ("MD&A") dated August 5, 2026, provides information management believes is relevant to an assessment and understanding of the consolidated financial condition and consolidated results of operations of Element Fleet Management Corp. (the "Company", "we" or "Element") as at and for the three and six-month periods ended June 30, 2026. This MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and accompanying notes as at and for the three and six-month periods ended June 30, 2026 and the Company's latest annual information form (AIF) both filed on the System for Electronic Data Analysis and Retrieval ("SEDAR+") at www.sedarplus.ca and are incorporated by reference herein. All dollar amounts in this MD&A are expressed in U.S. dollars unless otherwise specified and all numbers are in thousands, unless otherwise specified or for per share amounts or percentages or ratios. Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.elementfleet.com. The Company's functional currency is the Canadian dollar.

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

CAUTIONARY STATEMENT

THIS ANALYSIS HAS BEEN PREPARED TAKING INTO CONSIDERATION INFORMATION AVAILABLE TO AUGUST 5, 2026. 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 ACQUISITIONS AND STRATEGIC INITIATIVES AND THE EXPECTED BENEFITS AND COSTS OF SUCH ACQUISITIONS AND INITIATIVES; EXPECTATIONS REGARDING MARKET AND INDUSTRY CONDITIONS, 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, INCLUDING IN RESPECT OF SUSTAINABILITY AND RELATED MATTERS; EXPECTATIONS REGARDING TECHNOLOGY AND AI; 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 ACQUISITIONS AND STRATEGIC INITIATIVES AND THE EXPECTED BENEFITS AND COSTS OF SUCH ACQUISITIONS AND INITIATIVES; ELEMENT'S ABILITY TO ACHIEVE ITS SUSTAINABILITY OBJECTIVES; ELEMENT ACHIEVING ITS DIGITAL PLATFORM AMBITIONS; THE CAR IQ ACQUISITION AND ELEMENT'S DIGITAL PAYMENTS STRATEGY; THE AUTOFLEET ACQUISITION ENABLING THE COMPANY TO SCALE ITS BUSINESS MORE QUICKLY; ACHIEVE OPERATIONAL EFFICIENCIES, INCREASE CLIENT AND SHAREHOLDER VALUE AND UNLOCK NEW REVENUE STREAMS; ELEMENT'S EXPECTATIONS IN RESPECT OF ITS SUPPLY CHAIN AND THE TIMING AND VOLUME OF VEHICLE PRODUCTION; ELEMENT'S ABILITY TO RENEW OR REFINANCE CREDIT AND SECURITIZATION FACILITIES; ELEMENT'S STRATEGY TO IMPROVE AND OPTIMIZE THE CLIENT EXPERIENCE AND CLIENT ACQUISITION AND RETENTION; ELEMENT'S EXPECTATIONS REGARDING SYNDICATION; ELEMENT'S ANTICIPATED CASH NEEDS, CAPITAL REQUIREMENTS AND ITS NEEDS FOR ADDITIONAL FINANCING; ELEMENT'S FUTURE GROWTH PLANS; ELEMENT'S EXPECTATIONS REGARDING ITS ORIGINATION VOLUMES; ELEMENT'S ANTICIPATED DELINQUENCY RATES AND CREDIT LOSSES; ELEMENT'S ABILITY TO ATTRACT AND RETAIN PERSONNEL; ELEMENT'S TECHNOLOGY AND DATA, AND EXPECTED USES AND BENEFITS; ELEMENT'S COMPETITIVE POSITION AND ITS EXPECTATIONS REGARDING COMPETITION; ANTICIPATED TRENDS AND CHALLENGES IN ELEMENT'S BUSINESS AND THE MARKETS IN WHICH IT OPERATES; THE EVOLUTION OF ELEMENT'S BUSINESS AND THE FLEET MANAGEMENT AND MOBILITY INDUSTRIES; 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; AND 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. THE READER IS CAUTIONED TO CONSIDER THESE AND OTHER FACTORS, UNCERTAINTIES AND POTENTIAL EVENTS CAREFULLY AND NOT TO PUT UNDUE RELIANCE ON FORWARD-LOOKING STATEMENTS. INFORMATION CONTAINED IN FORWARD-LOOKING STATEMENTS IS BASED UPON CERTAIN MATERIAL ASSUMPTIONS THAT WERE APPLIED IN DRAWING A CONCLUSION OR MAKING A FORECAST OR PROJECTION, INCLUDING MANAGEMENT'S PERCEPTIONS OF HISTORICAL TRENDS, CURRENT CONDITIONS AND EXPECTED FUTURE DEVELOPMENTS, AS WELL AS OTHER CONSIDERATIONS THAT ARE BELIEVED TO BE APPROPRIATE IN THE CIRCUMSTANCES. ALTHOUGH ELEMENT BELIEVES THAT THE EXPECTATIONS REFLECTED IN THE FORWARD-LOOKING STATEMENTS ARE REASONABLE, THERE CAN BE NO ASSURANCE THAT SUCH EXPECTATIONS WILL PROVE TO BE CORRECT. ELEMENT CANNOT GUARANTEE FUTURE RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS. MOREOVER, NEITHER ELEMENT NOR ANY OTHER PERSON ASSUMES RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE FORWARD-LOOKING STATEMENTS AND INFORMATION.

SOME OF THE RISKS AND OTHER FACTORS, SOME OF WHICH ARE BEYOND ELEMENT'S CONTROL, WHICH COULD CAUSE RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED IN THE FORWARD-LOOKING STATEMENTS AND INFORMATION CONTAINED IN THIS MD&A, INCLUDE, BUT ARE NOT LIMITED TO, THOSE SET FORTH UNDER THE HEADING "RISK MANAGEMENT" HEREIN AND UNDER THE HEADING "RISK MANAGEMENT & RISK FACTORS" IN ELEMENT'S ANNUAL INFORMATION FORM FOR THE YEAR ENDED DECEMBER 31, 2025. READERS ARE CAUTIONED THAT SUCH RISK FACTORS ARE NOT EXHAUSTIVE. THE FORWARD-LOOKING STATEMENTS CONTAINED IN THIS MD&A ARE EXPRESSLY QUALIFIED BY THIS CAUTIONARY STATEMENT. OTHER THAN AS SPECIFICALLY REQUIRED BY APPLICABLE CANADIAN LAW, ELEMENT UNDERTAKES NO OBLIGATION TO UPDATE ANY FORWARD-LOOKING STATEMENT TO REFLECT EVENTS OR CIRCUMSTANCES AFTER THE DATE ON WHICH SUCH STATEMENT IS MADE, OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR RESULTS, OR OTHERWISE.

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Selected Financial Highlights

(in US$000's except per share amounts unless otherwise noted)	For the three-month period ended			For the six-month period ended	
	June 30, 2026	March 31, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
	$	$	$	**$**	$
Reported results					
Servicing income, net	**163,865**	162,125	151,336	**325,990**	303,818
Net financing revenue	**135,863**	137,518	127,082	**273,381**	238,638
Syndication revenue, net	**16,874**	23,873	11,608	**40,747**	23,241
Net revenue	**316,602**	323,516	290,026	**640,118**	565,697
Operating expenses	**160,928**	157,472	138,509	**318,400**	273,516
Operating income[1]	**155,674**	166,044	151,517	**321,718**	292,181
Operating margin[2]	**49.2%**	51.3%	52.2%	**50.3%**	51.6%
Total expenses	**169,938**	166,534	146,576	**336,472**	285,776
Income before income taxes	**146,664**	156,982	143,450	**303,646**	279,921
Net income attributable to common shareholders	**110,907**	118,542	112,366	**229,449**	214,616
Earnings per share (EPS) - diluted	**0.28**	0.30	0.28	**0.58**	0.53
Earnings per share (EPS) - diluted [$CAD]	***0.39***	*0.41*	*0.39*	***0.80***	*0.75*
Adjusted results[3]					
Adjusted net revenue[4]	**318,092**	323,516	290,026	**641,608**	565,697
Adjusted operating expenses[5]	**141,194**	141,573	128,176	**282,767**	253,000
Adjusted operating income (AOI)[1]	**176,898**	181,943	161,850	**358,841**	312,697
Adjusted operating margin[2]	**55.6%**	56.2%	55.8%	**55.9%**	55.3%
Adjusted net income attributable to common shareholders	**133,637**	137,458	120,983	**271,095**	233,741
Adjusted EPS [diluted]	**0.34**	0.35	0.30	**0.68**	0.58
Adjusted EPS [diluted] [$CAD]	***0.47***	*0.47*	*0.42*	***0.94***	*0.82*
Other highlights					
Originations[6]	**1,724,213**	1,452,852	1,894,380	**3,177,065**	3,403,249
Vehicles under management (VUM)[4] - end of period	**1,561**	1,565	1,512	**1,561**	1,512
Adjusted free cash flow per share - diluted[4]	**0.39**	0.45	0.40	**0.84**	0.76
Adjusted free cash flow per share - diluted [$CAD]	***0.53***	*0.62*	*0.56*	***1.16***	*1.07*
Weighted average common shares outstanding - basic	**394,744**	398,123	401,668	**396,424**	402,580
Weighted average common shares outstanding - diluted	**394,876**	398,280	401,881	**396,613**	402,762
Dividends declared per common share [$CAD]	***0.15***	*0.15*	*0.13*	***0.30***	*0.26*
After-tax adjusted return on equity (ROE)	**19.6%**	20.3%	17.5%	**19.9 %**	17.1 %

[1] Calculated as net revenue less operating expenses
[2] Calculated as operating income divided by net revenue.
[3] Adjusted results are non-GAAP or supplemental financial measures, which do not have any standard meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information, please see the "IFRS to Non-GAAP Reconciliations" section in this MD&A. The Company uses "Adjusted Results" because it believes that they provide useful information to investors regarding its performance and results of operations.
[4] Adjusted net revenue is calculated as net revenue plus or minus items that management believes are not reflective of underlying operating performance. Q2 2026 excluded $1.5 million of upfront costs associated with the inaugural equity residual transaction, reflected in syndication revenue. No comparable items were recorded in Q1 2026 or Q2 2025.
[5] Adjusted operating expenses are calculated as operating expenses less one-time strategic initiatives costs, share-based compensation, and other expenses that are non-recurring in nature. One-time costs in Q2 2026 included $11 million in severance expenses related to targeted organizational changes driven by the Company's digitization and automation initiatives, $3.7 million associated with the development of the equity residual program, and $0.5 million for payments to certain Car IQ personnel contingent upon their continued employment. In Q1 2026, one-time items included $2 million associated with the development of the equity residual program and $4 million for payments to certain Car IQ personnel contingent upon their continued employment. No comparable costs were incurred in Q2 2025.
[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. The Company utilizes non-GAAP or supplemental financial measures, such as adjusted results, originations and VUM to assess its businesses and to measure performance. To arrive at adjusted results, the Company adjusts reported results for "adjusting items". Commencing Q4 2024, VUM includes units associated with Autofleet and commencing Q4 2025, VUM includes units associated with Car IQ.

Company Overview

Element Fleet Management Corp. ("Element") is the largest publicly traded pure-play automotive fleet manager in the world and a global leader in intelligent fleet and mobility solutions. We help manage the vehicles, data, technology, and decisions that keep our clients' businesses moving. Fleet is our foundation, and intelligent mobility is how we lead. By combining deep fleet expertise with connected technologies, data-driven intelligence, and strategic partnerships, Element helps clients lower total cost of ownership, improve uptime and driver experience, and build more resilient operations across more than 1.5 million vehicles under management ("VUM"[7]) globally. Leveraging this scale and data, Element helps clients optimize performance, identifying over $1.7 billion in cost savings opportunities across our clients' fleets in the past year. Through Element Mobility, we are advancing our leadership into the next era of intelligent mobility to deliver measurable business outcomes for our clients. For more information, please visit: elementfleet.com.

Global Growth Strategy

Driven by our Purpose to *Move the world through intelligent mobility* – and grounded in our leadership position in the fleet and mobility industry - we continue to execute a global growth strategy that is delivering significant value to our clients, team members, business, and shareholders. At our core, we deliver integrated fleet solutions, combining large-scale asset financing with end-to-end lifecycle management, and we are enhancing that foundation with a digital-first mindset. By combining our scale with operational excellence and strategic investments, we are well-positioned for long-term success in the evolving mobility landscape. Our focus on digitization and automation enhances the client experience, builds our operational scalability, generates greater data-driven insights, and enables long-term growth across our business. Underpinning this is an unwavering commitment to client success.

As a trusted advisor and orchestrator across the mobility ecosystem, we combine deep fleet expertise with connected technologies, data driven intelligence, and strategic partnerships to help clients optimize performance, lower total cost of ownership, increase uptime, improve driver experience, advance sustainability goals, and build more resilient operations. Our investments in platforms such as Autofleet, alongside embedded payments capabilities through Car IQ, are designed to extend and enhance our core offering. These solutions deepen integration across the fleet lifecycle and create a more connected and seamless client experience, and complement the core financing and fleet services offerings that we provide.

Element is leading the next era of fleet and mobility through our client-driven global team, combining proven scale and lifecycle expertise with mobility intelligence to execute with discipline and turn complexity into opportunity.

Our three strategic priorities focus on:

- Continuing to grow organically;
- Deliver industry leading client experience by transforming our holistic digital, analytics, and operational capabilities;
- Expanding beyond the core with new offerings, including Payments, Small-to Medium-Fleets ("SME"), and next-generation shared and autonomous mobility solutions.

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

Effect of Foreign Currency Exchange Rate Changes

We are exposed to fluctuations in certain foreign currencies from operations we conduct in Mexico, Australia, New Zealand, and Canada. We performed a foreign exchange sensitivity analysis to assess potential mitigating actions. Notwithstanding, our assets, liabilities, and foreign operating results do fluctuate as a result of movements in these currencies against our reporting currency, which is the U.S. dollar. Based on our latest analysis, a 1% depreciation (appreciation) in the value of the U.S. dollar against all of the Mexican peso, Australian dollar, New Zealand dollar, and Canadian dollar simultaneously would be expected to increase (decrease) adjusted operating income by approximately $3.6 million with Mexico representing approximately 77% of the total aggregate impact.

Average exchange rate	**For the three-month period ended**		
	June 30, 2026	March 31, 2026	June 30, 2025
U.S. dollar/Canadian dollar	**1.385**	1.372	1.384
U.S. dollar/Mexican peso	**17.384**	17.577	19.516
U.S. dollar/Australian dollar	**1.410**	1.441	1.561
U.S. dollar/New Zealand dollar	**1.713**	1.698	1.687

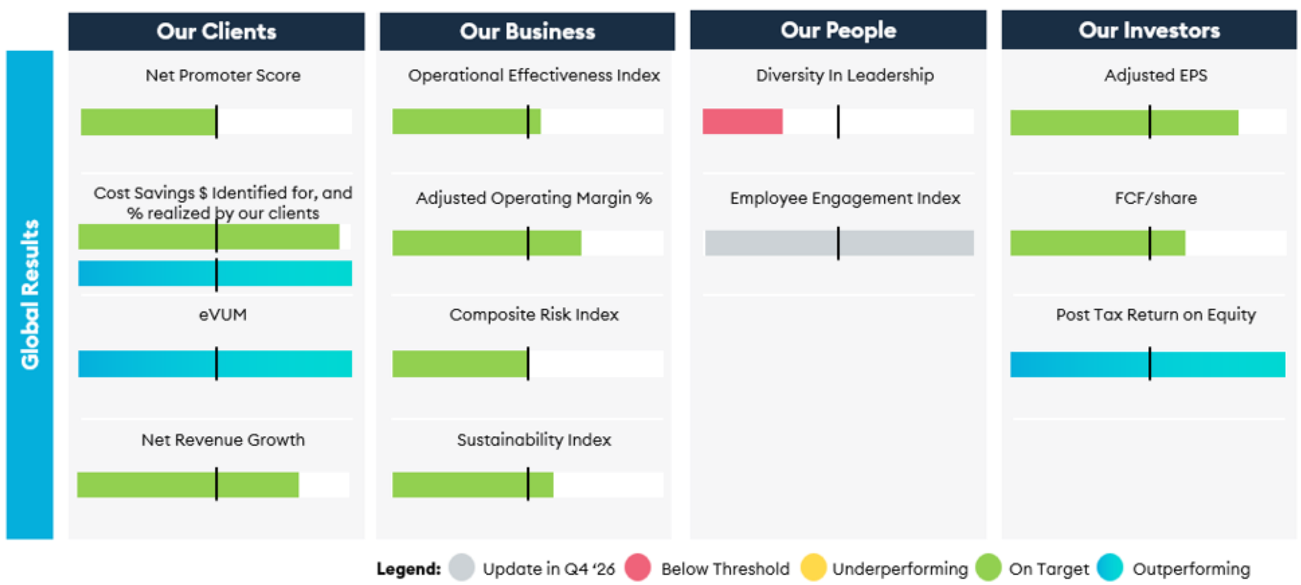
For further information relating to items impacting our Unaudited Interim Condensed Consolidated Financial Statements, please refer to Note 2 (*Summary of Material Accounting Policies*) of our Unaudited Interim Condensed Consolidated Financial Statements dated June 30, 2026.

Global Balanced Scorecard

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

In 2026, the Global BSC metrics remain unchanged, reflecting the strength of our 2025 performance and confidence in our existing approach. The 2026 framework builds on this foundation, extending momentum and reinforcing our focus on delivering long-term stakeholder value.

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



Our Clients

Earning our clients' loyalty

Building lasting client relationships remains fundamental to our strategy and supports long-term growth and value creation. We continue to strengthen client loyalty by combining operational excellence with a disciplined approach to listening, learning and acting on client feedback. This enables us to continuously refine our service model, prioritize investments, and deliver experiences that evolve alongside our clients' changing needs.

Our Global Net Promoter Score ("NPS") increased to 50 in the second quarter of 2026, representing a one-point improvement from the prior quarter and continuing the positive trend in client sentiment. The improvement was driven by stronger performance in our U.S. and Canada business, while ANZ continued to deliver industry-leading results, and Mexico maintained its consistently strong performance. These outcomes reflect our continued focus on delivering a differentiated client experience and support strong client retention and opportunities to deepen existing client relationships.

During the quarter, we also engaged clients through our Client Advisory Board, providing a structured forum to gather strategic feedback on the future of fleet management, digital innovation, and operational excellence. Clients acknowledged the progress made over the past year, citing stronger collaboration with Element, increased transparency around operational improvements, and expanded opportunities to help shape product development through client councils, workshops and co-creation sessions. Client discussions reinforced the importance of simplifying the client experience, increasing transparency, expanding AI-enabled capabilities, and strengthening operational execution. These insights continue to inform our technology roadmap, operational priorities, and client experience investments, ensuring we remain aligned with evolving client expectations.

Creating compelling value for our clients

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

During the quarter, our teams identified and shared $482 million of fleet operating cost savings opportunities with clients, of which approximately 41% was actioned.

In Q2 2026, the SAS team continued to advance the integration and use of artificial intelligence ("AI") across its operations and technology platforms. During the quarter, the team hosted an AI-focused hack-a-thon, with employees collaborating across eight teams to develop and showcase innovative use cases.

Building on this momentum, the team established a broader AI framework to guide the development of AI-enabled solutions and agents designed to enhance client service and engagement. As these capabilities continue to evolve, we are actively incorporating key learnings and practical applications to drive ongoing efficiencies and improve the client experience.

Enabling client fleet electrification

During the second quarter of 2026, Element continued to advance its electrification strategy from product development toward commercialization, operating maturity, and scalable execution. The business remains focused on simplifying fleet electrification through an integrated offering spanning home, public, workplace, and depot charging, supported by stronger digital infrastructure, disciplined partner execution, and improved visibility into adoption and performance.

In the U.S. and Canada, progress was centered on expanding the Element Charging platform as the foundation for a unified home and public charging experience. Public charging advanced through expanded partner integration work, digital development and pilot expansion, while home charging capabilities continued to benefit from an increased volume of connected charger data, more precise reimbursement capabilities, and improved operational reporting.

In Mexico, the business continued progress across depot infrastructure, home charging, pricing optimization, and supplier enablement. Key depot projects advanced into deployment, while the home subscription model matured through refined onboarding processes and commercial enhancements. Project pricing tools and charge-back structures were also strengthened to support scalable home and depot charging growth.

In Australia and New Zealand, efforts were focused on deploying a commercialization strategy to drive revenue growth in the region and support the accelerating fleet transition. Key initiatives included building a scalable EV charger deployment offering, expanding public charging partnerships, and enhancing product solutions for clients. In parallel, we partnered with CarbN to expand our offering and accelerate a path to market for new products.

Across all regions, Element continued to strengthen the operating model for electrification through global ownership, improved cross-functional coordination, more structured commercial enablement, and increased KPI discipline. Looking ahead, the business remains focused on increasing platform adoption, public charging usage, and operational performance optimization, to support long-term growth in sustainable mobility, charging, and energy solutions.

Our Business

Consistently meeting service commitments

In Q2 2026, Maintenance Operations continued to deliver strong performance across cost management, service execution, and driver experience.

Negotiated savings remained strong at 16%, demonstrating the sustained effectiveness of our cost-management strategy. Operational execution remained consistent with Q1 2026 levels, with 94% of repairs completed within the original estimated timeframe, continuing the significant improvement achieved since Q4 2025 (85%). Driver Shop Service satisfaction held at 97%, reflecting a consistently positive client experience. In-network shop utilization increased to 79%, up from 78% in Q1, reflecting continued focus on directing repairs to preferred network partners.

Our Q2 results demonstrate continued operational stability, disciplined cost management, and consistent execution against key service and client experience objectives.

Prudently managing our risks

Our Enterprise Risk Council (the "Council") is a cross-functional group led by our Chief Risk Officer. Risk owners from across the organization provide regular updates to the Council on key risks, mitigation steps, and any potential emerging trends.

During Q2 2026, the Enterprise Risk Management team advanced the transition from the Council to the Enterprise Risk Committee. The expanded governance structure will support more robust decision-making and oversight of non-financial risks moving forward. Implementation is expected to be completed in Q3 2026.

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

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

In June 2026, we published our sixth annual Sustainability Report, which is available on our website. The report outlines our approach to measuring and managing our sustainability impact. Highlights from the 2026 Sustainability Report include:

- Achieving a 76.8% reduction in Scope 1 and Scope 2 emissions relative to our 2019 baseline.
- Continuing to advance our Scope 3 decarbonization strategy, achieving a 42.9% emissions intensity reduction (Category 11 and 13) from our baseline year.
- Matching 100% of purchased electricity used across our global offices with renewable energy through energy attribute certificates.
- Aligning our disclosures with leading sustainability frameworks and standards including the Task Force on Climate-related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB), Standard for Professional and Commercial Services and select United Nations Sustainable Development Goals (UNSDGs).

In Q2, we continued to advance our sustainability reporting roadmap to further align with evolving regulatory reporting requirements across jurisdictions. This included completing a refreshed assessment of Element's climate-related risks and opportunities, strengthening the foundation for future reporting.

Supplier diversity

We are proud to have a proven track record of promoting supplier diversity, aligning with our clients' values. Our Supplier Diversity Program is designed to create opportunities for diverse suppliers who meet our business, procurement, and contractual criteria, while also assisting our clients in reaching their own supplier diversity objectives.

We are continually identifying opportunities to enhance our program and tracking capabilities to better serve our clients' evolving needs. In Q2 2026, our tracked diversity spend exceeded target, a 29% improvement over the previous quarter. This second quarter momentum is consistent with observed trends in previous years. We are committed to growing our diversity spend through targeting outreach and expanding the categories that are tracked today.

Our dedication is further demonstrated through our memberships with respected organizations including 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 Indigenous Business (CCIB) and the Canadian Aboriginal and Minority Supplier Council (CAMSC). Through these memberships, we strive to cultivate an inclusive and collaborative supply chain.

Our People

Our team continued to build on the momentum established earlier this year, while advancing the strategic priorities that support our long-term growth. Throughout the second quarter, we continued to develop our talent, strengthen our culture, and support the communities where we operate in.

Investing in our People

We remained committed to investing in our team members through initiatives that strengthen capability, collaboration, and inclusion. During the quarter, we enhanced our onboarding experience to help new team members become productive more quickly and expanded learning and development through our Masterclass series, featuring globally recognized speakers on topics such as AI and trust, alongside our Driven to Discover sessions, which deepen team members' understanding of our business. We also advanced preparations for the relocation of our Ontario-based teams to our new Toronto headquarters at One Adelaide to support greater collaboration. Together, these investments support team member development, organizational effectiveness, and our long-term growth strategy.

Listening and Responding to our Team

Employee engagement remained strong despite ongoing organizational and technology transformation. Our Global Engagement Index remained steady at 79% across both the March and June Pulse Surveys, consistent with our 2025 Engagement Survey, reflecting the resilience of our culture and continued confidence in our leadership and strategic direction. Survey feedback also identified opportunities to further strengthen team member experience, including improving cross-functional collaboration, supporting team members through change, and expanding learning and career development opportunities. These insights continue to inform our people and culture priorities.

Advancing Inclusion and Community Impact

Our culture of belonging remains a core part of the team member experience. We continue to invest in initiatives that foster an inclusive workplace through learning, community engagement, and strategic partnerships. We have introduced Element Accessibility Guidelines to support more inclusive and accessible communications and hosted Paralympian Kevin Rempel for a Lunch and Learn on disability inclusion. We also strengthened our community partnerships through participation in Disability:IN Minnesota’s 2026 Virtual INclusive Career Fair, Reading Partners book fairs, the Down Syndrome Association of Toronto Buddy Walk, the Children's Aid Foundation of Canada comfort kit initiative, and activities supporting the Special Olympics in Maryland and Minnesota. Our Business Resource Groups (BRGs)[8] fostered further awareness and belonging by recognizing Autism Acceptance Month, Earth Day, Asian Heritage and Asian American, Native Hawaiian, and Pacific Islander ("AANHPI") Heritage Month, Pride and Juneteenth.

[8] 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

(in US$000's except per share amounts unless otherwise noted)	For the three-month period ended			For the six-month period ended	
	June 30, 2026	March 31, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
	$	$	$	**$**	$
Reported results					
Net revenue					
Net interest income and rental revenue	**261,927**	266,531	259,619	**528,458**	499,389
Interest expense	**126,064**	129,013	132,537	**255,077**	260,751
Net financing revenue	**135,863**	137,518	127,082	**273,381**	238,638
Servicing income, net	**163,865**	162,125	151,336	**325,990**	303,818
Syndication revenue, net	**16,874**	23,873	11,608	**40,747**	23,241
Net revenue	**316,602**	323,516	290,026	**640,118**	565,697
Operating expenses					
Salaries, wages and benefits	**97,831**	94,071	73,940	**191,902**	148,824
General and administration expenses	**40,419**	37,039	37,921	**77,458**	72,088
Depreciation and amortization	**17,888**	17,027	16,315	**34,915**	32,088
Share-based compensation	**4,790**	9,335	10,333	**14,125**	20,516
Operating expenses	**160,928**	157,472	138,509	**318,400**	273,516
Other expenses					
Amortization of intangible assets from acquisition	**8,971**	8,979	7,829	**17,950**	15,628
Loss / (Gain) on investments	**39**	83	238	**122**	(3,368)
Other expenses	**9,010**	9,062	8,067	**18,072**	12,260
Income before income taxes	**146,664**	156,982	143,450	**303,646**	279,921
Provision for income taxes	**35,748**	38,440	31,084	**74,188**	65,305
Net income for the period	**110,916**	118,542	112,366	**229,458**	214,616
Net income attributable to non-controlling interests	**9**	–	–	**9**	–
Net income attributable to common shareholders	**110,907**	118,542	112,366	**229,449**	214,616
Weighted average number of shares outstanding [diluted]	**394,876**	398,280	401,881	**396,613**	402,762
EPS [Diluted]	**0.28**	0.30	0.28	**0.58**	0.53
Dividends declared, per share [$CAD]					
Common share	***0.150000***	*0.150000*	*0.130000*	***0.300000***	*0.260000*

(in US$000's for stated values, except per share amounts)	For the three-month period ended			For the six-month period ended	
	June 30, 2026	March 31, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
	$	$	$	**$**	$
Adjusted results[9]					
Adjusted operating expenses[10]	**141,194**	141,573	128,176	**282,767**	253,000
Adjusted operating income[11]	**176,898**	181,943	161,850	**358,841**	312,697
Adjusted operating margin[12]	**55.6%**	56.2%	55.8%	**55.9%**	55.3%
Adjusted net income attributable to common shareholders	**133,637**	137,458	120,983	**271,095**	233,741
Adjusted EPS [diluted]	**0.34**	0.35	0.30	**0.68**	0.58

[9] 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".

[10] Adjusted operating expenses are calculated as operating expenses less one-time strategic initiatives costs, share-based compensation, and other expenses that are non-recurring in nature.

[11] Calculated as adjusted net revenue less adjusted operating expenses.

[12] Calculated as adjusted operating income divided by adjusted net revenue.

We offer the following commentary on net revenue, operating expenses, pre-tax income margin, net income, and earnings per share for the quarter ended June 30, 2026, which are IFRS measures. In addition, we present and offer commentary on the adjusted results for the quarter ended June 30, 2026, which are non-GAAP financial measures.

Net revenue

Net revenue increased by $27 million or 9%, reaching $317 million in Q2 2026, compared to Q2 2025 ("year-over-year"), supported by growth across all revenue streams. Compared to Q1 2026 ("quarter-over-quarter"), net revenue was down by $7 million or 2% primarily driven by lower syndication revenue.

Net revenue for the first six-months of 2026 ("year-to-date") totalled $640 million, an increase of $74 million or 13% compared to the same period last year, largely reflecting growth across all revenue segments.

On an adjusted basis, Q2 2026 net revenue totalled $318 million, up $28 million or 10% year-over-year, and down $5 million or 2% quarter-over-quarter. For the first six-months of 2026, net revenue was $642 million, up $76 million or 13% compared to last year.

Services income, net

Services revenue grew by $13 million or 8% year-over-year, totalling $164 million in Q2 2026, mainly driven by continued VUM growth and higher services revenue per VUM. Sequentially, services revenue increased by $2 million or 1%.

On a year-to-date basis, services revenue was $326 million, and increased by $22 million or 7% compared to the same period last year. The drivers for this increase are consistent with those discussed in the preceding section.

Net financing revenue

Net financing revenue in Q2 2026 was $136 million, up by $9 million or 7% year-over-year. This largely reflects the continued execution of our strategic leasing initiatives, growth in net earnings assets, and lower funding costs.

These factors were partially offset by higher provisions for credit losses related to the client-specific item discussed last quarter, which has now been fully provided for. On a quarter-over-quarter basis, net financing revenue decreased by $2 million or 1%, driven by lower net earning assets and lower gains on sale ("GOS").

Net financing revenue for the first six-months of 2026 totalled $273 million and increased by $35 million or 15%, compared to the same period last year, primarily supported by funding efficiencies and higher net earning assets.

Net financing revenue yield on average net earning assets

	For the three-month period ended			For the six-month period ended	
(in US$000's unless otherwise noted)	**June 30 2026**	March 31, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
Average net earning assets	**$8,482,370**	$8,839,618	$7,987,751	**$8,660,994**	$7,803,050
Net interest income and rental revenue	**12.38%**	12.23%	13.04%	**12.31%**	12.91%
Interest expense	**5.96%**	5.92%	6.66%	**5.94%**	6.74%
Net financing revenue yield on average net earning assets	**6.42%**	6.31%	6.38%	**6.37%**	6.17%
Average debt outstanding	**$8,890,196**	$9,018,957	$8,852,832	**$8,954,576**	$8,608,348
Average cost of debt (Interest expense / average debt)	**5.69%**	5.80%	6.00%	**5.74%**	6.11%
Average 1-Month SOFR rates	**3.64%**	3.67%	4.32%	**3.65%**	4.32%

Syndication revenue

In Q2 2026, we executed $1.36 billion of funding volume, consisting of $634 million of syndicated assets and $729 million of assets transferred through the equity residual program. Core syndicated volumes increased by $97 million or 18% compared to the prior year, and decreased by $233 million or 27% compared to the prior quarter.

Syndication revenue of $17 million increased by $5 million or 45% year-over-year, due to higher syndicated volumes, the reinstatement of 100% bonus depreciation in July 2025, and continued investor demand in our syndication product. Sequentially, revenue decreased by $7 million or 29%, largely reflecting the evolving mix following the introduction of the equity residual funding program, under which a greater proportion of returns is recognized over the life of the lease.

Q2 2026 syndication revenue also included a one-time adjustment related to closing costs associated with the inaugural equity residual transaction. Excluding this item, adjusted revenue was $18 million, increasing by $7 million or 58% year-over-year, and decreasing by $6 million or 23% quarter-over-quarter. No comparable items were recorded in Q1 2026 or Q2 2025.

On a year-to-date basis, syndication revenue totalled $41 million, an increase of $18 million or 75%, compared to the prior year. This growth was primarily supported by a higher level of syndicated assets, which increased by $390 million or 35%, favourable client mix, and the reinstatement of 100% bonus depreciation. Excluding the one-time adjustment, revenue for the period was $42 million, up $19 million or 82% year-over-year.

The equity residual program complements our traditional syndication channel by providing an additional source of funding capacity and enhancing capital flexibility. Funding opportunities are evaluated across both channels based on relative economics and strategic considerations. As the program scales, a portion of funding activity that may have historically been syndicated may instead be funded through this structure, supporting increased capital deployment opportunities and long-term shareholder value creation.

Operating expenses and adjusted operating expenses

Operating expenses were $161 million, increasing by $22 million or 16% year-over-year, reflecting continued investments in strategic growth initiatives, including the Car IQ acquisition and Waymo partnership, severance expenses related to targeted organizational changes enabled by our digitization and automation initiatives, as well as normal inflationary increases and higher depreciation and amortization expense.

Compared to Q1 2026, operating expenses increased $3 million or 2%, mainly reflecting severance expenses and investments in key initiatives, partly offset by lower share-based compensation expenses.

On a year-to-date basis, operating expenses totalled $318 million, and increased by $45 million or 16% compared to the same period last year, largely driven by the same factors discussed in the year-over-year section, along with the non-recurring items outlined directly below.

The first six-months of 2026 included one-time costs of $11 million in severance expenses related to targeted organizational changes enabled by our digitization and automation initiatives, $6 million associated with the development of the equity residual funding program, and $5 million for payments to certain Car IQ personnel contingent upon their continued employment. No comparable one-time costs were incurred during the same period in 2025.

On an adjusted basis, operating expenses were $141 million, increasing $13 million or 10% from Q2 2025, and remained unchanged from Q1 2026. On an adjusted year-to-date basis, expenses increased by $30 million or 12% to $283 million, compared to the first six-months of 2025. The drivers of the year-over-year increases for both the three- and six-month periods ended June 30, 2026 were consistent with those discussed in the preceding reported operating expense section.

Operating expense growth continues to reflect investments in our digital and product capabilities. Over time, we expect efficiencies from these initiatives, along with additional operating synergies to support sustained positive operating leverage. During the quarter, we initiated targeted organizational changes enabled by our digitization and automation initiatives, which are expected to reduce our employee count by 8%, resulting in approximately $20 million of annualized expense run-rate savings in 2027.

Adjusted operating income and adjusted net income attributable to common shareholders

Net income attributable to common shareholders of $111 million decreased by $1 million or 1% year-over-year, and by $8 million or 6%, quarter-over-quarter.

Adjusted net income attributable to common shareholders for the quarter was up by $13 million or 16% year-over-year to $134 million, generating an adjusted diluted EPS of $0.34, up by $0.04 or 12% compared to Q2 2025. Quarter-over-quarter, adjusted net income attributable to common shareholders was down by $4 million or 3%, resulting in a $0.01 or 2% decline in adjusted diluted EPS.

For the first six-months of 2026, net income attributable to common shareholders of $229 million grew by $15 million or 7% versus the same period last year. During this same period, adjusted net income attributable to common shareholders of $271 million was higher by $37 million or 16% year-over-year. Adjusted diluted EPS was $0.68, and grew by $0.10 or 18%, compared to the same period last year.

AOI totalled $177 million in Q2 2026, and increased by $15 million or 9% year-over-year, and decreased by $5 million or 3% quarter-over-quarter. On a year-to-date basis, AOI was $359 million, and increased by $46 million or 15% compared to the prior year.

Pre-tax income margin and adjusted operating margin

Pre-tax income margin was 46.3% and decreased from prior year levels by 320 basis points, and by 220 basis points compared to Q1 2026, primarily driven by the operating expense drivers discussed above. On an adjusted basis, operating margin was 55.6% in Q2 2026, compared to 55.8% and 56.2% in Q2 2025 and Q1 2026, respectively.

On a year-to-date basis, the pre-tax income margin was 47.4% and the adjusted margin was 55.9%, down 210 basis points and up 60 basis points respectively, compared to the same period last year.

Originations

We originated $1.7 billion of assets in Q2 2026, down by $170 million or 9% year-over-year, largely due to the reduction in volume from an originate-to-syndicate client as discussed last quarter. This client's activity reached a high-water mark in Q2 of last year, resulting in a year-over-year headwind that is expected to moderate through the balance of the year.

Excluding the impact of this one client, originations grew 4% year-over-year, during the first six-months of 2026.

On a quarter-over-quarter basis, originations increased by $271 million or 19%, driven by broad-based strength across our geographies.

The table below sets out the geographic distribution of originations for the three-month period ended as of the indicated date.

(in US$000's)	**June 30, 2026**		March 31, 2026		June 30, 2025	
	$	**%**	$	%	$	%
United States and Canada	**1,268,535**	**73.5**	1,086,920	74.8	1,511,929	79.9
Mexico	**346,165**	**20.1**	271,359	18.7	285,031	15.0
Australia and New Zealand	**109,513**	**6.4**	94,573	6.5	97,420	5.1
Total	**1,724,213**	**100.0**	1,452,852	100.0	1,894,380	100.0

Summary of Quarterly Information

The following table sets out selected financial information as reported for each of the eight most recent quarters, the most recent of which ended June 30, 2026. This information has been prepared on the same basis as our audited consolidated financial statements for the year-ended December 31, 2025. All necessary adjustments have been included in the amounts stated below to present fairly the unaudited quarterly results when read in conjunction with our audited consolidated financial statements and the related notes to those statements.

(in US$ 000's except per share amounts and ratios or unless otherwise noted)	**Q2 2026**	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
	$	$	$	$	$	$	$	$
Adjusted net revenue	**318,092**	323,516	313,423	306,390	290,026	275,671	270,890	279,636
Adjusted operating income	**176,898**	181,943	175,519	177,664	161,850	150,847	143,343	161,427
Adjusted net income attributable to common shareholders	**133,637**	137,458	132,078	133,684	120,983	112,758	107,507	119,537
Net income (loss)	**110,916**	118,542	(60,719)	125,232	112,366	102,250	92,057	98,565
EPS, basic	**0.28**	0.30	(0.15)	0.31	0.28	0.25	0.23	0.24
EPS, diluted	**0.28**	0.30	(0.15)	0.31	0.28	0.25	0.23	0.24
Adjusted EPS, basic	**0.34**	0.35	0.33	0.33	0.30	0.28	0.27	0.29
Adjusted EPS, diluted	**0.34**	0.35	0.33	0.33	0.30	0.28	0.27	0.29
Total assets	**13,411,331**	13,557,421	13,884,069	14,083,309	13,861,507	13,152,632	12,700,714	12,638,542
Net earning assets	**7,961,958**	8,439,501	8,855,217	8,790,444	8,290,165	7,576,701	7,403,724	7,789,048
Total debt	**9,161,338**	9,381,099	9,538,652	9,344,838	9,296,691	8,908,953	8,331,106	8,346,905
Originations	**1,724,213**	1,452,852	1,351,297	1,722,292	1,894,380	1,508,869	1,497,822	1,715,828
Allowance for credit losses	**19,648**	15,344	10,807	8,533	8,870	7,137	6,168	6,069
As a % of total finance receivables before allowance	**0.26**	0.20	0.13	0.10	0.10	0.09	0.08	0.08
Senior revolving credit facilities - drawn	**1,928,990**	1,368,888	1,261,147	1,575,792	1,650,254	1,398,496	1,553,350	1,033,890
Borrowings	**7,502,347**	8,195,711	8,445,816	7,926,430	7,791,451	7,647,389	6,910,439	7,438,240

Financial Position

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

(in US$000's unless otherwise noted)	**June 30, 2026**	March 31, 2026	June 30, 2025
	$	$	$
ASSETS			
Cash	**202,592**	267,127	143,779
Restricted funds	**301,745**	395,234	326,593
Finance receivables	**7,647,486**	7,838,074	8,445,618
Equipment under operating leases	**3,005,941**	2,852,268	2,644,722
Accounts receivable and other current assets	**310,599**	250,255	248,404
Derivative financial instruments	**55,237**	64,565	71,062
Property, equipment and leasehold improvements	**116,201**	117,153	105,104
Intangible assets	**594,195**	602,515	626,219
Deferred tax assets	**111,985**	105,314	215,687
Goodwill	**1,065,350**	1,064,916	1,034,319
	13,411,331	13,557,421	13,861,507
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Accounts payable and accrued liabilities	**1,099,598**	1,102,559	1,362,461
Derivative financial instruments	**40,229**	38,020	140,768
Borrowings	**9,431,337**	9,564,599	9,441,705
Deferred tax liabilities	**173,812**	155,968	141,520
	10,744,976	10,861,146	11,086,454
Shareholders' equity attributable to common shareholders	**2,665,054**	2,696,275	2,775,053
Non-controlling interests	**1,301**	–	–
Total shareholders' equity	**2,666,355**	2,696,275	2,775,053
	13,411,331	13,557,421	13,861,507

Total assets and liabilities decreased by $146 million and $116 million, respectively, from March 31, 2026, and decreased $450 million and $341 million, respectively, from June 30, 2025.

Assets were primarily driven by lower finance receivables, partly offset by higher equipment under operating leases, while liabilities reflected reduced borrowings year-over-year.

Approximately 47% of Element's assets are non U.S. dollar-denominated. As a result, changes in the value of our reporting currency, the U.S. dollar, relative to the Mexico peso, the Australian and New Zealand dollars, and the Canadian dollar, may have an impact on our balance sheet.

Portfolio Details

Total finance receivables

The following table breaks down our total finance receivables, which were $191 million lower at June 30, 2026 than at March 31, 2026, driven primarily by syndications, the sale of units and amortization, partly offset by origination activity.

(in US$000's except ratios or unless otherwise noted)	**June 30, 2026**	March 31, 2026	December 31, 2025
	$	$	$
Net investment in finance receivables	**4,956,017**	5,587,233	6,019,063
Impaired lease receivables	**23,241**	20,003	24,464
	4,979,258	5,607,236	6,043,527
Unamortized origination costs and subsidies	**(69,386)**	(83,195)	(77,297)
Net finance receivables	**4,909,872**	5,524,041	5,966,230
Prepaid lease payments and Security deposits	**(86,867)**	(97,410)	(60,686)
Interim funding	**1,231,027**	1,096,408	1,054,489
Fleet management and other receivables	**1,343,103**	1,146,879	1,198,810
Continuing involvement asset	**269,999**	183,500	168,311
	7,667,134	7,853,418	8,327,154
Allowance for credit losses	**19,648**	15,344	10,807
Total finance receivables	**7,647,486**	7,838,074	8,316,347

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

Credit losses and provisions for the six-month periods ended June 30, 2026 and June 30, 2025, and for the year-ended December 31, 2025, are as follows.

	Six-month period ended	Six-month period ended	Year ended
(in US$000's except ratios or unless otherwise noted)	**June 30, 2026**	June 30, 2025	December 31, 2025
	$	$	$
Allowance for credit losses, beginning of period	**10,807**	6,168	6,168
Provision for credit losses	**9,184**	2,452	5,003
Charge-offs, net of recoveries	**(421)**	(32)	(814)
Impact of foreign exchange rates	**78**	282	450
Allowance for credit losses, end of period	**19,648**	8,870	10,807
Charge-offs, net of recoveries, as a % of net investment of finance receivables	**0.01%**	–%	0.01%
Allowance for credit losses, as a % of total finance receivables before allowance	**0.26%**	0.10%	0.13%

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

We reviewed the inputs to our expected credit loss model throughout the quarter. We also consider forward-looking macroeconomic information, including moderating global economic growth, forecasted overall default rates and the potential impact of changes in GDP on the Company's lease and loan portfolio. Global disinflation has stalled amid elevated geopolitical tensions and higher energy prices, contributing to continued uncertainty regarding the path of monetary policy. Forward-looking indicators reflect a more cautious business environment, with moderating hiring and investment in some sectors amid ongoing trade policy and geopolitical uncertainty. The growth of our portfolio, when combined with the evolution of our credit mix and the resilience of our client base, resulted in a net increase to our allowance for credit losses in the quarter which remains modest at 0.26% of total finance receivables.

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 the client approaching bankruptcy or the client being in the process of legal or collateral repossession proceedings with a debtor. Impairments of this nature are provisioned by applying probability-weighted assumptions consistent with industry standards and our experience with respect to the probability of an identified account resulting in a client default. We believe the impaired receivables figure in the first table above appropriately reflects the net realizable value of the finance receivables before any allowance for credit losses.

As of June 30, 2026, impaired receivables remain consistent at $23 million (December 31, 2025 - $24 million).

Portfolio distribution by geography

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

(in US$000's unless otherwise noted)	**June 30, 2026**		March 31, 2026		December 31, 2025	
	$	**%**	$	%	$	%
United States and Canada	**3,904,540**	**49.3**	4,571,904	54.6	5,004,599	56.9
Mexico	**2,690,518**	**34.1**	2,506,232	29.9	2,506,017	28.4
Australia and New Zealand	**1,320,755**	**16.6**	1,298,173	15.5	1,291,768	14.7
Total	**7,915,813**	**100.0**	8,376,309	100.0	8,802,384	100.0
Allocated as:						
Net finance receivables	**4,909,872**	**62.0**	5,524,041	65.9	5,966,230	67.8
Equipment under operating leases, net	**3,005,941**	**38.0**	2,852,268	34.1	2,836,154	32.2
Total	**7,915,813**	**100.0**	8,376,309	100.0	8,802,384	100.0

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

(in US$000's unless otherwise noted)	**June 30, 2026**		March 31, 2026		December 31, 2025	
	$	**%**	$	%	$	%
United States and Canada	**10,844,559**	**73.1**	10,771,109	73.7	10,801,911	73.2
Mexico	**2,699,754**	**18.2**	2,539,274	17.4	2,657,926	18.0
Australia and New Zealand	**1,298,419**	**8.7**	1,297,368	8.9	1,291,245	8.8
Assets under management	**14,842,732**	**100.0**	14,607,751	100.0	14,751,082	100.0

Liquidity

Our primary sources of liquidity include daily operating cash flows from services, financing/leasing and syndication, as well as financings obtained under our committed credit and debt facilities, commercial paper program, and public or private issuances of debt. Our primary uses of cash are the funding of service receivables, finance receivables, operating leases and other financing assets, and working capital.

Cash flow

Daily cash flow / liquidity

Our primary sources of liquidity include daily operating cash flows from services, financing/leasing and syndication, as well as financings obtained under our committed credit and debt facilities, commercial paper program, and public or private issuances of debt. Our primary uses of cash are the funding of service receivables, finance receivables, operating leases and other financing assets, and working capital.

As of June 30, 2026, total credit and debt facilities amounted to $12.1 billion (of which $3.1 billion is committed and undrawn). We are continuously advancing our dynamic liquidity management practices which include enhancing our data analysis capabilities and forecasting processes to support sustainable financial management.

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

Cash provided by operating activities for the six-month period ended June 30, 2026 was $674 million, compared to the $349 million used in operating activities for the six-month period ended June 30, 2025. The $1.0 billion improvement was primarily the result of a decrease in finance receivables and other financing assets of $1.3 billion, largely reflecting the impact of the inaugural equity residual transaction. The improvement was further supported by a $97 million increase in cash flow from operations before changes in operating assets and liabilities. This was partly offset by an increase in net investment and disposal of equipment under operating leases at $112 million, and a decrease in other non-cash operating assets and liabilities of $231 million.

Cash used in investing activities for the six-month period ended June 30, 2026 was $28 million compared to $22 million for the six-month period ended June 30, 2025. The year-over-year change is driven by an increase in the purchase of intangible assets of $6 million and an increase in net expenditures for property, equipment and leasehold improvements of $4 million. This was partly offset by a $1 million cash received from investments in the current period and $2 million investments expenditures in the prior period.

Cash used in financing activities for the six-month period ended June 30, 2026 was $451 million, compared to $471 million provided by financing activities for the six-month period ended June 30, 2025. The year-over-year change is primarily due to the lower net issuance of senior notes, asset-backed securities and borrowings of $887 million, and an increase in shares repurchased under our normal course issuer bid of $113 million. This was partly offset by a decrease in restricted funds of $87 million.

Free cash flow

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

The table below illustrates the reconciliation of "cash flow from operations" to "adjusted free cash flow":

(in US$000's unless otherwise noted)	For the three-month period ended			For the six-month period ended	
	June 30, 2026	March 31, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
	$	$	$	**$**	$
Cash flow from operations	**286,634**	387,223	(325,083)	**673,857**	(348,606)
Depreciation of equipment under operating leases	**(163,663)**	(170,106)	(140,554)	**(333,769)**	(270,762)
Change in finance receivables	**(503,407)**	(452,538)	352,543	**(955,945)**	335,862
Change in equipment under operating leases	**237,422**	198,308	194,806	**435,730**	323,274
Sustaining capital investments	**(10,417)**	(7,709)	(9,803)	**(18,126)**	(14,583)
Other	**306,453**	225,659	90,272	**532,112**	282,195
Adjusted free cash flow	**153,022**	180,837	162,181	**333,859**	307,380

Credit and debt facilities

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

As of June 30, 2026, we had approximately $3.1 billion of committed, undrawn liquidity available across our senior unsecured revolving credit facilities ($1.4 billion), secured variable funding note facilities ($1.5 billion), and cash of $203 million. Commitments under these facilities are funded by a syndicate of leading Canadian, U.S. and International banks, which provide us with access to efficient liquidity and capital required to support the growth of our business.

As at	**June 30, 2026**			
(in US$000's unless otherwise noted)	**$**	**%**	**$**	**$**
	Facility size	**Undrawn amount**		**Drawn amount**
Senior unsecured revolving credit facilities[1]	**3,300,000**	***41.5%***	**1,371,010**	**1,928,990**
Senior notes	**3,150,000**	**—**	**—**	**3,150,000**
Term loan	**76,545**	**—**	**—**	**76,545**
Vehicle management asset-backed debt facilities				
Term notes in amortization	**549,505**	**—**	**—**	**549,505**
Variable funding notes	**4,993,422**	***30.8%***	**1,540,416**	**3,453,006**
Other	**45,973**	***12.7 %***	**5,830**	**40,143**
Total vehicle management asset-backed debt	**5,588,900**	***27.7%***	**1,546,246**	**4,042,654**
Total cash			**202,592**	
Total capital available for continuing operations			**3,119,848**	

As at	March 31, 2026			
(in US$000's unless otherwise noted)	$	%	$	$
	Facility size	**Undrawn amount**		**Drawn amount**
Senior unsecured revolving credit facilities[1]	3,250,000	*57.9%*	1,881,112	1,368,888
Senior notes	3,400,000	–	–	3,400,000
Term loan	84,486	–	–	84,486
Vehicle management asset-backed debt facilities				
Term notes in amortization	882,065	–	–	882,065
Variable funding notes	5,072,853	*28.1%*	1,427,349	3,645,504
Other	21,557	–	–	21,557
Total vehicle management asset-backed debt	5,976,475	*23.9%*	1,427,349	4,549,126
Total cash			267,127	
Total capital available for continuing operations			3,575,588	

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

Senior unsecured revolving credit facilities

The senior unsecured revolving credit facilities are comprised of (i) a $2.4 billion committed revolving facility with a syndicate of lenders, including Canadian, U.S. and International banks (the "Syndicated Senior Credit Facility"), and (ii) a $900 million committed revolving facility (the "Committed Credit Facility").

i) Syndicated Senior Credit Facility and U.S. Commercial Paper program

The borrowers' obligations under the Syndicated Senior Credit Facility are senior unsecured obligations and are guaranteed by Element and its material subsidiaries. Borrowings under this facility are available in Canadian dollars, U.S. dollars, Australian dollars and New Zealand dollars, and pricing is based on an applicable benchmark (depending on the applicable currency) plus a margin determined in accordance with a debt ratings-based pricing grid.

Our U.S. dollar denominated commercial paper ("US CP") program permits issuances up to a maximum aggregate principal amount of $750 million. Funds borrowed under this program are short-term, with maturities of 397 days or less, and are issued at a discount. The obligations under the US CP program are unsecured and backstopped by the Syndicated Senior Credit Facility dollar-for-dollar. As of June 30, 2026, we had $750 million of U.S. CP outstanding.

In November 2025, the Syndicated Senior Credit Facility was amended; the available capacity was reduced by $25 million to $2.4 billion, and the maturity date was extended by one year, to November 2028.

ii) Committed Credit Facility

The Committed Credit Facility is designated to finance our New Zealand and Mexican operations. Borrowings under this facility are available in U.S. dollars, New Zealand dollars and Mexican pesos, with pricing based on an applicable benchmark (depending on the applicable currency) plus a margin determined in accordance with a debt ratings-based pricing grid.

In April 2026, the Committed Credit Facility was amended, and the available capacity was increased by $50 million to $900 million. Additionally, the maturity date of the revolving portion of the facility was extended to April 26, 2027, and the non-revolving portion was extended to March 25, 2031.

As of June 30, 2026, approximately $1.9 billion was drawn on the senior unsecured revolving credit facilities (December 31, 2025 - $1.3 billion) leaving us with access to approximately $1.4 billion (December 31, 2025 - $2.0 billion) of available financing under these facilities.

Australian Overdraft Facility

In November 2025, Custom Fleet Pty Limited, an Australian subsidiary, entered into a $28 million (AUD 40 million) overdraft facility with a single relationship bank. Borrowings under the Australian Overdraft Facility are available in Australian Dollars only and are subject to an applicable benchmark based on the currency. Borrowings on the facility are repayable on demand, and are available for general corporate purposes.

As of June 30, 2026, the Company had $14.4 million (AUD 21 million) outstanding under this facility.

Senior Notes

In May 2026, we issued $500 million of 4.800% senior unsecured investment-grade notes, maturing on May 29, 2029, with interest payable semi-annually on May 29 and November 29, commencing November 29, 2026. The net proceeds from the issuance were used, together with other available funds, to exercise the early redemption clause and fully redeem the outstanding $750 million 6.271% senior unsecured investment-grade notes, which would have otherwise matured on June 26, 2026.

As at June 30, 2026, we had $3.2 billion in outstanding senior unsecured notes (December 31, 2025 - approximately $3.4 billion).

Term Loan

In December 2024, we entered into a sustainability-linked amortizing term loan agreement (“Term Loan”) with a lender. The Term Loan is denominated in Mexican pesos with a facility size of $87 million (MXN 1.5 billion), which may be increased up to the Mexican peso equivalent of $100 million with the inclusion of an additional lender. The obligations of the borrower under this facility are unsecured and rank equally with our other unsecured credit facilities. Borrowings under this facility are based on an applicable benchmark plus a margin determined in accordance with a debt ratings-based pricing grid. If certain sustainability-related metrics in connection with our operations in Mexico are achieved, the margin will be reduced. Funds under the Term Loan facility were drawn in January 2025. The facility is set to mature in December 2029 and amortizes through semi-annual principal repayments in June and December. Following the first scheduled principal repayment of $10.9 million (MXN 191.4 million) in June 2026, the outstanding principal balance was reduced to $76.5 million (MXN 1.3 billion).

As of June 30, 2026, Element had available and unutilized funding capacity of nil (December 31, 2025 - nil) under the existing commitment.

Vehicle Management Asset-Backed Debt

Vehicle management asset-backed debt includes term notes and variable funding notes, and other secured funding programs across all regions.

U.S. Fleet Receivables Securitization Arrangement

We operate, through an indirect wholly-owned special-purpose subsidiary, two (2) securitization programs to fund U.S. fleet assets.

(i) Chesapeake II: As part of our transition of moving our U.S. and Canadian leasing operations to Dublin, Ireland, on July 31, 2024, we repaid the outstanding balance on our $3.0 billion variable funding note facility (“Chesapeake II warehouse”) using funds from the Syndicated Senior Credit Facility, and subsequently terminated the Chesapeake II warehouse.

As of June 30, 2026, we had two series of term notes outstanding under the Chesapeake II program, with an aggregate principal amount of approximately $550 million (December 31, 2025 - approximately $1.0 billion).

(ii) Chesapeake IV: In August 2024, we established a new Chesapeake IV warehouse ("CFIV warehouse") facility under the Ireland structure in the amount of $3.0 billion. In August 2025, the CFIV warehouse maturity was extended to December 2026, and the available capacity was increased to $3.3 billion. The CFIV warehouse is collateralized by beneficial interests in specified vehicles, leases and related rights.

As of June 30, 2026, $1.9 billion was drawn against this facility (December 31, 2025 - $2.2 billion).

In June 2026, we completed a structured financing arrangement involving the transfer of finance lease receivables and related cash flows to structured financing vehicles. Proceeds from this transaction were used to repay a portion of the Chesapeake IV variable funding notes.

Canadian Fleet Receivables Funding Arrangement

We operate, through an indirect wholly-owned special-purpose limited partnership subsidiary, a program to fund the origination of Canadian fleet assets. The securitization series provides for the issuance of variable funding notes.

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

In September 2025, the facility commitment size was reduced by $141 million (CAD 200 million) to $704 million (CAD 1 billion). In November 2025, the facility was extended for a term of 2 years, with a new maturity of November 2027. As of June 30, 2026, we had available and unutilized funding capacity of $155 million (CAD 221 million) under the program.

The Canadian securitization program is supported by issuances of letters of credit under a letter of credit facility provided by a Canadian bank. In the fourth quarter of 2025, the facility was amended to increase the commitment from $34 million (CAD 48 million) to $35 million (CAD 49 million) and extend the maturity date to November 2027.

As of June 30, 2026, Element had issued outstanding letters of credit for the full amount of the facility.

Australian Fleet Receivables Securitization program

We operate, through a special purpose trust, a securitization program to fund the origination of Australian fleet assets. In May 2026, we extended the maturity of the Australian fleet receivables securitization facility to May 2027 and reduced the facility amount from $758 million (AUD 1.1 billion) to $689 million (AUD 1.0 billion).

As of June 30, 2026, the facility was fully utilized with $689 million (AUD 1.0 billion) in outstanding balances.

Other Asset-Backed Receivables Financing Agreement

In June 2025, our Mexican subsidiary entered into a non-recourse financing transaction with a third party, where the future cash flows associated with certain leases were monetized in exchange for an upfront payment of $14 million (MXN 239 million). The liability is secured by a pledge of the vehicles underlying the applicable leases. As at June 30, 2026, the Company had $11 million (MXN 184 million) outstanding.

Through an indirect wholly-owned special purpose subsidiary, we participate in a service receivables financing program with one financial institution for our U.S. service revenue business. In September 2025, the facility was extended for a period of two years to September 2027, and its capacity was increased from $200 million to $300 million. As of June 30, 2026, Element had available, unused funding of nil under this commitment.

Capital Resources

Capitalization

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

Our capitalization is calculated as follows:

As at	**June 30, 2026**	March 31, 2026	December 31, 2025
(in US$000's)	**$**	$	$
Cash	**202,592**	267,127	159,219
Unsecured debt			
Senior unsecured revolving credit facilities	**1,928,990**	1,368,888	1,261,147
6.271% Senior Notes due 2026	**—**	750,000	750,000
5.643% Senior Notes due 2027	**750,000**	750,000	750,000
6.319% Senior Notes due 2028	**750,000**	750,000	750,000
4.800% Senior Notes due 2029	**500,000**	—	—
5.037% Senior Notes due 2030	**650,000**	650,000	650,000
4.641% Senior Notes due 2030	**500,000**	500,000	500,000
Term loan	**76,545**	84,486	85,187
Vehicle Management Asset-Backed Debt			
Revolving term notes in amortization	**549,505**	882,065	1,034,182
Variable funding notes	**3,453,006**	3,645,504	3,738,869
Other	**40,143**	21,557	24,386
Deferred financing costs	**(27,371)**	(28,138)	(32,063)
Hedge accounting fair value adjustments	**(9,480)**	6,737	26,944
Continuing involvement liability	**269,999**	183,500	168,311
Total borrowings	**9,431,337**	9,564,599	9,706,963
Shareholders' equity attributable to common shareholders			
Common share capital	**2,193,590**	2,225,025	2,236,915
Other	**471,464**	471,250	483,352
Total Shareholders' Equity Attributable to Common Shareholders	**2,665,054**	2,696,275	2,720,267
Total Capitalization	**12,096,391**	12,260,874	12,427,230

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

Normal course issuer bids

On November 18, 2025, the TSX approved our intention to renew our normal course issuer bid (the "NCIB"). Under the NCIB, Element may purchase on the open market (or otherwise as permitted) up to 39,930,568 Common Shares, at our discretion during the period commencing on November 20, 2025 and ending on the earlier of November 19, 2026 and the completion of purchases under the NCIB. The actual number of the Company's common shares, if any, that may be purchased under the NCIB, and the timing of any such purchases, will be determined by the Company, subject to applicable terms and limitations of the NCIB (including any automatic share purchase plan adopted in connection therewith). There cannot be any assurance as to how many common shares, if any, will ultimately be purchased pursuant to the NCIB. Any subsequent renewals of the NCIB will be in the discretion of the Company and subject to further TSX approval.

During the first six-months of 2026, we purchased 8,114,400 common shares for cancellation at a volume weighted average price of CAD $29.69.

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

Leverage

We view both debt-to-capital and tangible leverage as indicators of the strength of our financial position. Our bank covenants are set at an 80% debt-to-capital threshold, while our target range is set between 73% to 77%. At June 30, 2026, our debt-to-capital ratio was 76.5% (December 31, 2025: 76.9%).

The Company remains committed to upholding a strong investment-grade balance sheet.

Our financial leverage is calculated as follows:

As at		**June 30, 2026**	December 31, 2025
(in US$000's, except ratios or unless otherwise noted)		**$**	$
Borrowings		**9,431,337**	9,706,963
Continuing involvement liability		**(269,999)**	(168,311)
Total debt	**(a)**	**9,161,338**	9,538,652
Total shareholders' equity attributable to common shareholders	**(b)**	**2,665,054**	2,720,267
		11,826,392	12,258,919
Cash and restricted funds	**(c)**	**504,337**	504,062
Total net debt	**(d) = (a) - (c)**	**8,657,001**	9,034,590
Debt-to-capital	**(d)/[(d)+(b)]**	**76.5%**	76.9%

We were in compliance with all financial and reporting covenants of all of our lenders at June 30, 2026.

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 are based on their independent assessments and methodologies. The credit ratings are subject to change based on several factors, including but not limited to our financial strength, competitive position, liquidity and other factors not entirely within our control.

Credit Ratings[1] as at June 30, 2026

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

(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 2025, DBRS, Inc. affirmed Element's long term issuer credit rating of A (low) with a stable trend, and Fitch Ratings concurrently affirmed its investment-grade issuer rating of BBB+ and commercial paper rating of F2, each with stable outlooks.

In Q4 2025, Kroll Bond Rating Agency affirmed Element's long term issuer credit rating of A- with a stable trend, and Standard & Poor's concurrently affirmed its investment-grade issuer rating of BBB and commercial paper rating of A-2, each with stable outlooks.

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 2025 Annual MD&A.

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

Economic Conditions & Outlook

Outlook

Continued demand for our services, supported by ongoing conversion of self-managed fleets and continued market share gains, is expected to support originations and VUM growth in the coming quarters. This assumes no further material foreign exchange fluctuations, and no significant impact related to changes in the trade agreements between the U.S., Mexico, and Canada.

We remain focused on moderating expense growth while continuing to invest in growth initiatives that support long-term efficiency.

Capital allocation priorities

Our capital allocation priorities remain as follows:

- Prudently invest in our business;
- Maintain a debt-to-capital ratio between 73% to 77%;
- Grow the common share dividend in keeping with our target payout range of 25% to 35% of last twelve months' adjusted free cash flow per share; and
- Repurchase common shares under our NCIB with excess capital after investments.

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

Economic conditions

Macro and economic conditions, including rising global trade tensions, geopolitical developments in regions such as the Middle East, potential inflationary pressures, slowing economic activity, an uncertain interest rate environment, rising fuel prices, and a rapidly evolving fleet and mobility landscape offer both opportunities and challenges for our business. We closely monitor these factors and fleet industry trends to refine existing strategies or introduce new ones where appropriate to mitigate risks, optimize fleet ROI and capitalize on opportunities to ensure our long-term success.

Inflation

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

To date, inflation has been additive to our business. Our business model allows us to transfer much of the increase in our costs to our clients in a contractually agreed-upon manner. We expect client demand to remain resilient in the upcoming year and that we will continue to generate solid net revenue growth.

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

Recession

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

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

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

- Element manages vehicles that are primarily viewed as mission-critical by our clients given the roles the vehicles play in our clients' ability to generate revenue and meet stakeholder expectations. Consequently, service consumption and replacement vehicle demand are typically less impacted in a downturn.
- Our "credit first, collateral second" underwriting philosophy mitigates credit losses as we focus on maintaining a strong credit quality client base, diversified across industries and geographies.
- Element leases are typically among the first contracts to be affirmed by administrators in a bankruptcy scenario given the aforementioned mission-critical nature of the leased vehicles.
- The nature of our security positions (e.g. cross-collateralization of leases, and cross-default provisions with respect to our service receivables) as part of our pro-active collateral management practices has proven effective, minimizing real economic losses for Element in the rare cases of client bankruptcy. Historically, our real economic losses as a percentage of total finance receivables have been in the low single-digit basis point range.

Interest rates

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

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

Syndication market

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

Net yields remained healthy at 2.5% in Q2 2026, and syndication continues to be an important component of our capital management strategy, supporting balance sheet management and maintaining our debt-to-capital within the target range. The inaugural equity residual transaction completed during the quarter adds committed funding capacity, complementing traditional syndication and helping mitigate the potential impact of reduced syndication market availability.

Critical Accounting Policies and Estimates

Management's discussion and analysis of financial condition and results of operations are made with reference to the unaudited interim condensed consolidated financial statements and the accompanying notes for the three and six-month periods ended June 30, 2026. A summary of our material accounting policies is presented in Note 2 to the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2025. The unaudited interim condensed consolidated financial statements and the accompanying notes for the three and six-month periods ended June 30, 2026 have been prepared in conformity with accounting policies disclosed in the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2025, except as discussed below.

Derecognition of financial assets – transfers to structured entities established by the Company

The Company enters into structured financing arrangements involving the transfer of finance lease receivables and related cash flows to structured entities or other financing vehicles. These arrangements may include multiple contracts entered into contemporaneously, including asset transfer agreements, servicing arrangements, retained debt or equity interests, guarantees, demand notes, capital funding commitments, or other forms of continuing involvement. When such contracts are designed to achieve a single overall commercial effect, the Company accounts for the contracts as a single arrangement.

For structured financing arrangements involving structured entities, the Company first assesses whether it controls the structured entity in accordance with IFRS 10, *Consolidated Financial Statements*. This assessment considers the purpose and design of the structured entity, the activities that most significantly affect returns, the Company’s exposure to variable returns, substantive rights held by third parties, and whether the Company’s decision-making or servicing rights are exercised as principal or as agent. Where the Company does not control a structured entity, it assesses whether its retained interests provide joint control or significant influence. Decision-making rights exercised in the capacity of an agent are excluded from the Company’s assessment of significant influence. Interests that do not provide control, joint control, or significant influence are accounted for as financial instruments under IFRS 9, *Financial Instruments*.

The Company applies the IFRS 9 derecognition requirements to finance lease receivables transferred through these arrangements. Where the Company has neither transferred nor retained substantially all of the risks and rewards of ownership and retains control of the transferred receivables, the Company recognizes the transferred receivables to the extent of its continuing involvement, together with an associated liability. Continuing involvement may include retained exposure to the transferred receivables through equity interests, debt interests, guarantees, demand notes, capital funding commitments, or other contractual exposures. The continuing involvement asset and associated liability are subsequently measured in a manner that reflects the nature of the Company’s retained exposure and are reduced as the Company’s exposure to the underlying transferred receivables decreases.

Retained interests are classified and measured in accordance with IFRS 9 based on the contractual cash flow characteristics of the instrument and the Company’s business model for managing the instrument. Gains and losses arising on derecognition of finance lease receivables, including related transaction costs and accelerated recognition of related deferred costs, are presented in syndication revenue, net.

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.

Recently Adopted Accounting Standards

Amendments to the Classification and Measurement of Financial Instruments

Effective January 1, 2026, the Company adopted the IASB's *Amendments to the Classification and Measurement of Financial Instruments (amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures)* ("Amendments"). The Amendments were applied retrospectively with no restatement to prior periods. The Amendments clarify, among other matters, the date of recognition and derecognition of certain financial assets and financial liabilities and introduce an accounting policy election for certain financial liabilities settled through qualifying electronic payment systems. The Company has evaluated its eligibility to adopt the accounting policy election available to it for financial liabilities settled through electronic payment systems and concluded that it meets the relevant criteria. Therefore, the Company has adopted this election.

For the Company's disbursement processes involving cheques, the electronic-payment-system election is not applicable. Accordingly, cheques issued but not yet cleared at the reporting date do not extinguish the related financial liability and do not reduce cash and cash equivalents until the cheque clears the financial institution and funds are deposited in the payee's bank account. The Amendments were adopted with retrospective application as of January 1, 2026 for the Company's outstanding cheques.

Future Accounting Changes

All applicable accounting standards effective for periods beginning on or after January 1, 2026 have been adopted by us. The following IFRS pronouncements have been issued but are not yet effective and may have a future impact on our consolidated financial statements.

Presentation and disclosure in financial statements

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

Internal Control over Disclosure and Financial Reporting

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

As of June 30, 2026, we evaluated the design of Element's disclosure controls and procedures as defined under National Instrument 52-109. Based on that evaluation, the CEO and CFO concluded that the design of disclosure controls and procedures was effective.

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

It should be noted that while our CEO and CFO believe that our internal control system and disclosure controls and procedures provide a reasonable level of assurance that the objectives of the control systems are met, they do not expect that our control systems will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving our stated goals under all potential conditions.

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

For the three and six-month periods ended June 30, 2026, there were no changes in internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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

Our unaudited interim condensed consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB and the accounting policies we adopted in accordance with IFRS. These unaudited interim condensed consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary to present fairly our financial position as at June 30, 2026 and June 30, 2025, the results of operations, comprehensive income and cash flows for the three month period-ended June 30, 2026, March 31, 2026, and June 30, 2025 and for the six-month period ended June 30, 2026 and June 30, 2025.

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

		As at and for the three-month period ended			As at and for the six-month period ended	
(in US$000's except ratios and per share amounts or unless otherwise noted)		**June 30, 2026**	March 31, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
Key annualized operating ratios						
Leverage ratios						
Financial leverage ratio	$P_2/(P_2+R)$	**76.5%**	76.4%	76.1%	**76.5%**	76.1%
Average financial leverage ratio	Q/(Q+V)	**76.5%**	76.6%	76.1%	**76.6%**	75.8%
Other key operating ratios						
Allowance for credit losses as a % of total finance receivables before allowance	F/E	**0.26%**	0.20%	0.10%	**0.26%**	0.10%
Adjusted operating income on average net earning assets	B/J	**8.36%**	8.35%	8.13%	**8.36%**	8.08%
Adjusted operating income on average tangible total equity of Element	D/(V-L)	**50.3%**	51.8%	43.5%	**51.0%**	43.2%
Per share information						
Number of shares outstanding	W	**391,332**	397,064	401,436	**391,332**	401,436
Weighted average number of shares outstanding [basic]	X	**394,744**	398,123	401,668	**396,424**	402,580
Weighted average number of shares outstanding [diluted]	Y	**394,876**	398,280	401,881	**396,613**	402,762
Net income per share [basic]	A/X	**$0.28**	$0.30	$0.28	**$0.58**	$0.53
Net income per share [diluted]	A/Y	**$0.28**	$0.30	$0.28	**$0.58**	$0.53
Adjusted EPS [basic]	D/X	**$0.34**	$0.35	$0.30	**$0.68**	$0.58
Adjusted EPS [diluted]	D/Y	**$0.34**	$0.35	$0.30	**$0.68**	$0.58

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

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

		For the three-month period ended			For the six-month period ended	
(in US$000's except per share amounts or unless otherwise noted)		**June 30, 2026**	March 31, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
Reported results		**$**	$	$	**$**	$
Services income, net		**163,865**	162,125	151,336	**325,990**	303,818
Net financing revenue		**135,863**	137,518	127,082	**273,381**	238,638
Syndication revenue, net		**16,874**	23,873	11,608	**40,747**	23,241
Net revenue		**316,602**	323,516	290,026	**640,118**	565,697
Operating expenses		**160,928**	157,472	138,509	**318,400**	273,516
Operating income		**155,674**	166,044	151,517	**321,718**	292,181
Operating margin		**49.2%**	51.3%	52.2%	**50.3%**	51.6%
Total expenses		**169,938**	166,534	146,576	**336,472**	285,776
Income before income taxes		**146,664**	156,982	143,450	**303,646**	279,921
Net income attributable to common shareholders	A	**110,907**	118,542	112,366	**229,449**	214,616
EPS [basic]		**0.28**	0.30	0.28	**0.58**	0.53
EPS [diluted]		**0.28**	0.30	0.28	**0.58**	0.53
Adjusting items						
Impact of adjusting items on net revenue:						
Non-recurring items - Syndication revenue		**1,490**	–	–	**1,490**	–
Total impact of adjusting items on net revenue		**1,490**	–	–	**1,490**	–
Impact of adjusting items on operating expenses:						
Strategic initiatives costs – Salaries, wages, and benefits		**11,245**	4,361	–	**15,606**	–
Strategic initiatives costs – General and administrative expenses		**3,699**	2,203	–	**5,902**	–
Share-based compensation		**4,790**	9,335	10,333	**14,125**	20,516
Total impact of adjusting items on operating expenses		**19,734**	15,899	10,333	**35,633**	20,516
Total pre-tax impact of adjusting items		**21,224**	15,899	10,333	**37,123**	20,516
Total after-tax impact of adjusting items		**16,035**	12,012	7,724	**28,046**	15,336
Total impact of adjusting items on EPS [basic]		**0.04**	0.03	0.02	**0.07**	0.04
Total impact of adjusting items on EPS [diluted]		**0.04**	0.03	0.02	**0.07**	0.04

(in US$000's except per share amounts or unless otherwise noted)		For the three-month period ended			For the six-month period ended	
		June 30, 2026	March 31, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
Adjusted results		**$**	$	$	**$**	$
Adjusted net revenue		**318,092**	323,516	290,026	**641,608**	565,697
Adjusted operating expenses		**141,194**	141,573	128,176	**282,767**	253,000
Adjusted operating income		**176,898**	181,943	161,850	**358,841**	312,697
Adjusted operating margin		**55.6%**	56.2%	55.8%	**55.9%**	55.3%
Provision for income taxes		**35,748**	38,440	31,084	**74,188**	65,305
Adjustments:						
Pre-tax income		**7,919**	6,408	4,655	**14,327**	8,401
Foreign tax rate differential and other		**(415)**	(363)	5,128	**(778)**	5,250
Provision for taxes applicable to adjusted results	C	**43,252**	44,485	40,867	**87,737**	78,956
Adjusted net income attributable to common shareholders	D	**133,637**	137,458	120,983	**271,095**	233,741
Adjusted EPS [basic]		**0.34**	0.35	0.30	**0.68**	0.58
Adjusted EPS [diluted]		**0.34**	0.35	0.30	**0.68**	0.58

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

Selected statement of financial position amounts		For the three-month period ended			For the six-month period ended	
(in US$000's unless otherwise noted)		**June 30, 2026**	March 31, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
		$	$	$	**$**	$
Total Finance receivables, before allowance for credit losses	E	**7,667,134**	7,853,418	8,454,488	**7,667,134**	8,454,488
Allowance for credit losses	F	**19,648**	15,344	8,870	**19,648**	8,870
Net investment in finance receivable	G	**4,956,017**	5,587,233	5,645,443	**4,956,017**	5,645,443
Equipment under operating leases	H	**3,005,941**	2,852,268	2,644,722	**3,005,941**	2,644,722
Net earning assets	I=G+H	**7,961,958**	8,439,501	8,290,165	**7,961,958**	8,290,165
Average net earning assets	J	**8,482,370**	8,839,618	7,987,751	**8,660,994**	7,803,050
Goodwill and intangible assets	K	**1,659,545**	1,667,431	1,660,538	**1,659,545**	1,660,538
Average goodwill and intangible assets	L	**1,664,761**	1,674,818	1,661,213	**1,669,789**	1,662,131
Borrowings	M	**9,431,337**	9,564,599	9,441,705	**9,431,337**	9,441,705
Less: continuing involvement liability	O	**(269,999)**	(183,500)	(145,014)	**(269,999)**	(145,014)
Total debt	P=M-O	**9,161,338**	9,381,099	9,296,691	**9,161,338**	9,296,691
Cash and restricted funds	P_1	**504,337**	662,361	470,372	**504,337**	470,372
Total net debt	$P_2 = P-P_1$	**8,657,001**	8,718,738	8,826,319	**8,657,001**	8,826,319
Average debt	Q	**8,890,196**	9,018,957	8,852,832	**8,954,576**	8,608,348
Total shareholders' equity	R	**2,666,355**	2,696,275	2,775,053	**2,666,355**	2,775,053
Common shareholders' equity	T	**2,665,054**	2,696,275	2,775,053	**2,665,054**	2,775,053
Average common shareholders' equity	U	**2,730,465**	2,752,026	2,776,435	**2,741,246**	2,753,710
Average total shareholders' equity	V	**2,730,899**	2,752,026	2,776,435	**2,741,463**	2,753,710

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

Adjusted operating expenses

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

	For the three-month period ended			For the six-month period ended	
(in US$000's except per share amounts or unless otherwise noted)	**June 30, 2026**	March 31, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
	$	$	$	**$**	$
Reported Expenses	**169,938**	166,534	146,576	**336,472**	285,776
Less:					
Amortization of intangible assets from acquisitions	**8,971**	8,979	7,829	**17,950**	15,628
Loss / (Gain) on investments	**39**	83	238	**122**	(3,368)
Operating expenses	**160,928**	157,472	138,509	**318,400**	273,516
Less:					
Share-based compensation	**4,790**	9,335	10,333	**14,125**	20,516
Strategic initiatives costs - Salaries, wages and benefits	**11,245**	4,361	–	**15,606**	–
Strategic initiatives costs - General and administrative expenses	**3,699**	2,203	–	**5,902**	–
Total adjustments	**19,734**	15,899	10,333	**35,633**	20,516
Adjusted operating expenses	**141,194**	141,573	128,176	**282,767**	253,000

Adjusted operating income or pre-tax adjusted operating income

Adjusted operating income reflects net income or loss for the period adjusted for the 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 table reconciles income before taxes to adjusted operating income.

		For the three-month period ended			For the six-month period ended	
(in US$000's except per share amounts or unless otherwise noted)		**June 30, 2026**	March 31, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
		$	$	$	**$**	$
Income before income taxes		**146,664**	156,982	143,450	**303,646**	279,921
Amortization of intangible assets from acquisitions		**8,971**	8,979	7,829	**17,950**	15,628
Loss / (Gain) on investments		**39**	83	238	**122**	(3,368)
Operating income		**155,674**	166,044	151,517	**321,718**	292,181
Adjusting Items:						
Share-based compensation		**4,790**	9,335	10,333	**14,125**	20,516
Non-recurring items - Syndication revenue		**1,490**	–	–	**1,490**	–
Strategic initiatives costs - Salaries, wages and benefits		**11,245**	4,361	–	**15,606**	–
Strategic initiatives costs - General and administrative expenses		**3,699**	2,203	–	**5,902**	–
Total pre-tax impact of adjusting items		**21,224**	15,899	10,333	**37,123**	20,516
Adjusted operating income	B	**176,898**	181,943	161,850	**358,841**	312,697

Adjusted operating margin

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

Adjusted net income attributable to common shareholders

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

	For the three-month period ended			For the six-month period ended	
(in US$000's except per share amounts or unless noted)	**June 30, 2026**	March 31, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
	$	$	$	**$**	$
Net income attributable to common shareholders	**110,907**	118,542	112,366	**229,449**	214,616
Share-based compensation	**4,790**	9,335	10,333	**14,125**	20,516
Amortization of intangible assets from acquisition	**8,971**	8,979	7,829	**17,950**	15,628
Loss / (Gain) on investments	**39**	83	238	**122**	(3,368)
Non-recurring items - Syndication revenue	**1,490**	–	–	**1,490**	–
Strategic initiatives costs - Salaries, wages and benefits	**11,245**	4,361	–	**15,606**	–
Strategic initiatives costs - General and administrative expenses	**3,699**	2,203	–	**5,902**	–
Provision for income taxes	**35,748**	38,440	31,084	**74,188**	65,305
Provision for taxes applicable to adjusted results	**(43,252)**	(44,485)	(40,867)	**(87,737)**	(78,956)
Adjusted net income attributable to common shareholders	**133,637**	137,458	120,983	**271,095**	233,741

Adjusted net revenue

Adjusted net revenue is equal to reported net revenue plus or minus adjusting items impacting net financing revenue, services revenue, or syndication revenue. The following table reconciles the Company's reported revenue to adjusted net revenue.

	For the three-month period ended			For the six-month period ended	
(in US$000's except per share amounts or unless noted)	**June 30, 2026**	March 31, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
Reported results	**$**	$	$	**$**	$
Services income, net	**163,865**	162,125	151,336	**325,990**	303,818
Net financing revenue	**135,863**	137,518	127,082	**273,381**	238,638
Syndication revenue, net	**16,874**	23,873	11,608	**40,747**	23,241
Reported Net revenue	**316,602**	323,516	290,026	**640,118**	565,697
Adjusting items					
Impact of adjusting items on net revenue:					
Non-recurring items - Syndication revenue	**1,490**	–	–	**1,490**	–
Total impact of adjusting items on net revenue	**1,490**	–	–	**1,490**	–
Adjusted net revenue	**318,092**	323,516	290,026	**641,608**	565,697

Adjusted net income attributable to common shareholders on average tangible total equity

Adjusted net income attributable to common shareholders on average tangible equity is the adjusted net income attributable to common shareholders for the period, divided by the average shareholders' equity attributable to common shareholders outstanding throughout the period, net of average goodwill and intangible assets.

Adjusted EPS diluted

Adjusted EPS diluted computes the diluted adjusted net operating income attributable to common shareholders 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. It is computed as the adjusted net operating income attributable to common shareholders for the period, divided by the diluted weighted average number of Common Shares outstanding during the period.

Assets under management

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

Allowance for credit losses as a percentage of total finance receivables

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

Average common shareholders' equity

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

Average cost of borrowing or average cost of debt

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

Average debt outstanding

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

Average shareholders' equity

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

Average financial leverage or average financial leverage ratio

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

Finance assets or total finance assets

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

Financial leverage or financial leverage ratio

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

Adjusted free cash flow per share

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

Average net earning assets

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

Net earning assets

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

Net financing revenue yield on average net earning assets

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

Net interest and rental revenue

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

Orders

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

Originations

An origination represents a vehicle financing asset added during the period.

Period-end vehicles under management (VUM)

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

Pre-tax income margin

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

Updated Share Information

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

As at August 5, 2026, the Company had 391,449,574 Common Shares issued and 391,319,776 Common Shares outstanding.

Interim Condensed Consolidated Financial Statements

Element Fleet Management Corp.

June 30, 2026

Element Fleet Management Corp.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited, in thousands of United States dollars)

	As at June 30, 2026	As at December 31, 2025
	$	$
ASSETS		
Cash	**202,592**	159,219
Restricted funds (note 6)	**301,745**	344,843
Finance receivables (notes 4 and 15)	**7,647,486**	8,316,347
Equipment under operating leases (note 5)	**3,005,941**	2,836,154
Accounts receivable and other assets	**310,599**	245,090
Derivative assets (note 15)	**55,237**	70,194
Property, equipment and leasehold improvements, net	**116,201**	119,097
Intangible assets, net	**594,195**	615,175
Deferred tax assets	**111,985**	111,786
Goodwill	**1,065,350**	1,066,164
Total assets	**13,411,331**	13,884,069
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued liabilities	**1,099,598**	1,249,173
Derivative liabilities (note 15)	**40,229**	70,164
Borrowings (note 6)	**9,431,337**	9,706,963
Deferred tax liabilities	**173,812**	137,502
Total liabilities	**10,744,976**	11,163,802
Shareholders' equity attributable to common shareholders (note 7)	**2,665,054**	2,720,267
Non-controlling interests	**1,301**	–
Total shareholders' equity	**2,666,355**	**2,720,267**
	13,411,331	13,884,069

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 June 30, 2026	Three-month period ended June 30, 2025
	$	$
NET REVENUE		
Interest income, net (note 9)	**147,938**	155,329
Rental revenue and other (note 9)	**277,652**	244,844
Depreciation of equipment under operating leases (notes 5 and 9)	**(163,663)**	(140,554)
	261,927	259,619
Interest expense	**126,064**	132,537
Net financing revenue	**135,863**	127,082
Fleet service revenue (note 9)	**174,571**	160,944
Direct costs of fixed rate service contracts (note 9)	**(10,706)**	(9,608)
Servicing income, net	**163,865**	151,336
Syndication revenue, net (notes 9 and 16)	**16,874**	11,608
Net revenue	**316,602**	290,026
OPERATING EXPENSES		
Salaries, wages and benefits (note 17)	**97,831**	73,940
General and administrative expenses	**40,419**	37,921
Depreciation and amortization (note 14)	**17,888**	16,315
Share-based compensation (note 8)	**4,790**	10,333
	160,928	138,509
OTHER EXPENSES		
Amortization of intangible assets from acquisitions	**8,971**	7,829
Loss on investments	**39**	238
Income before income taxes from operations	**146,664**	143,450
Provision for income taxes (note 10)	**35,748**	31,084
Net income for the period	**110,916**	112,366
Net income attributable to non-controlling interests	**9**	–
Net income attributable to common shareholders	**110,907**	112,366
Basic earnings per share (note 11)	**$ 0.28**	$ 0.28
Diluted earnings per share (note 11)	**$ 0.28**	$ 0.28

See accompanying notes

Element Fleet Management Corp.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Six-month period ended June 30, 2026	Six-month period ended June 30, 2025
	$	$
NET REVENUE		
Interest income, net (note 9)	**300,843**	302,052
Rental revenue and other (note 9)	**561,384**	468,099
Depreciation of equipment under operating leases (notes 5 and 9)	**(333,769)**	(270,762)
	528,458	499,389
Interest expense	**255,077**	260,751
Net financing revenue	**273,381**	238,638
Fleet service revenue (note 9)	**346,719**	322,987
Direct costs of fixed rate service contracts (note 9)	**(20,729)**	(19,169)
Servicing income, net	**325,990**	303,818
Syndication revenue, net (notes 9 and 16)	**40,747**	23,241
Net revenue	**640,118**	565,697
OPERATING EXPENSES		
Salaries, wages and benefits (note 17)	**191,902**	148,824
General and administrative expenses	**77,458**	72,088
Depreciation, amortization and impairment (notes 14)	**34,915**	32,088
Share-based compensation (note 8)	**14,125**	20,516
	318,400	273,516
OTHER EXPENSES		
Amortization of intangible assets from acquisitions	**17,950**	15,628
Loss / (Gain) on investments	**122**	(3,368)
Income before income taxes from operations	**303,646**	279,921
Provision for income taxes (note 10)	**74,188**	65,305
Net income for the period	**229,458**	214,616
Net income attributable to non-controlling interests	**9**	–
Net income attributable to common shareholders	**$ 229,449**	$ 214,616
Basic earnings per share (note 11)	**$ 0.58**	$ 0.53
Diluted earnings per share (note 11)	**$ 0.58**	$ 0.53

See accompanying notes

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited, in thousands of United States dollars)

	Three-month period ended June 30, 2026	Three-month period ended June 30, 2025
	$	$
Net income for the period	**110,916**	112,366
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that may be reclassified subsequently to profit or loss:		
Cash flow and foreign exchange hedges loss	**(22,097)**	(1,268)
Net unrealized foreign exchange gain	**35,972**	1,265
	13,875	(3)
(Recovery of) / Provision for income taxes	**(6,167)**	190
Total other comprehensive income (loss)	**20,042**	(193)
Comprehensive income for the period	**130,958**	112,173
Comprehensive income attributable to non-controlling interests	**9**	–
Comprehensive income attributable to common shareholders	**130,949**	112,173

See accompanying notes

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of United States dollars)

	Six-month period ended June 30, 2026	Six-month period ended June 30, 2025
	$	$
Net income for the period	**229,458**	214,616
OTHER COMPREHENSIVE LOSS		
Items that may be reclassified subsequently to profit or loss:		
Cash flow and foreign exchange hedges (loss) gain	**(25,566)**	2,665
Net unrealized foreign exchange loss	**(725)**	(82,589)
	(26,291)	(79,924)
Recovery of income taxes	**(5,727)**	(2,467)
Total other comprehensive loss	**(20,564)**	(77,457)
Comprehensive income for the period	**208,894**	137,159
Comprehensive income attributable to non-controlling interests	**9**	–
Comprehensive income attributable to common shareholders	**208,885**	137,159

See accompanying notes

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited, in thousands of United States dollars)

	Attributable to common shareholders				
	Common share capital	**Retained earnings (deficit)**	**Accumulated other comprehensive income (loss)**	**Non-controlling Interests**	**Total shareholders' equity**
	$	**$**	**$**	**$**	**$**
Balance, December 31, 2025	**2,236,915**	**687,310**	**(203,958)**	–	**2,720,267**
Initial recognition on acquisition	**—**	**—**	**—**	**1,292**	**1,292**
Comprehensive income for the period	**—**	**229,449**	**(20,564)**	**9**	**208,894**
Dividends - Common shares (note 7)	**—**	**(85,253)**	**—**	–	**(85,253)**
Options exercised (notes 7 and 8)	**729**	**(133)**	**—**	–	**596**
Compensation - escrowed shares (notes 7 and 8)	**—**	**778**	**—**	–	**778**
Vesting of escrowed shares (notes 7 and 8)	**1,049**	**(1,049)**	**—**	–	**—**
Shares repurchased for cancellation, including tax on net value of share repurchases (note 7)	**(45,103)**	**(135,116)**	**—**	**—**	**(180,219)**
Balance, June 30, 2026	**2,193,590**	**695,986**	**(224,522)**	**1,301**	**2,666,355**
Balance, December 31, 2024	2,264,051	650,400	(140,136)	–	2,774,315
Comprehensive income for the period	–	214,616	(77,457)	–	137,159
Dividends - Common shares (note 7)	–	(74,620)	–	–	(74,620)
Options exercised (notes 7 and 8)	52	(9)	–	–	43
Compensation - escrowed shares (note 7 and 8)	–	1,910	–	–	1,910
Vesting of escrowed shares (note 7 and 8)	1,039	(1,039)	–	–	–
Shares repurchased for cancellation (note 7)	(16,893)	(46,861)	–	–	(63,754)
Balance, June 30, 2025	2,248,249	744,397	(217,593)	–	2,775,053

See accompanying notes

Element Fleet Management Corp.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of United States dollars)

	Six-month period ended June 30, 2026 $	Six-month period ended June 30, 2025 $
OPERATING ACTIVITIES		
Net income for the period	**229,458**	214,616
Items not affecting cash		
Depreciation of property, equipment and leasehold improvements	**7,906**	7,063
Amortization of intangible assets, including from acquisitions	**44,959**	40,653
Amortization of deferred lease costs	**17,838**	10,351
Amortization of deferred financing costs	**8,921**	10,201
Depreciation of equipment under operating leases (note 5)	**333,769**	270,762
Loss/(Gain) on investments	**122**	(3,368)
Compensation - escrowed shares (note 8)	**778**	1,910
Acquisition of CarbN Group	**(1,045)**	–
Provision for credit losses	**9,184**	2,452
	651,890	554,640
Changes in operating assets and liabilities		
Change in finance receivables	**936,138**	(332,826)
Change in equipment under operating leases	**(435,730)**	(323,274)
Cash payments for interest portion of lease liability	**(1,916)**	(1,720)
Other non-cash operating assets and liabilities	**(476,524)**	(245,426)
Cash provided by / (used in) operating activities	**673,858**	(348,606)
INVESTING ACTIVITIES		
Investments	**1,000**	(2,037)
Purchase of property, equipment and leasehold improvements	**(4,761)**	(2,716)
Reimbursement of property, equipment and leasehold improvements	**—**	1,626
Proceeds on disposals of property, equipment and leasehold improvements and intangible assets	**420**	82
Purchase of intangible assets, including computer software	**(25,145)**	(18,656)
Cash used in investing activities	**(28,486)**	(21,701)
FINANCING ACTIVITIES		
Cash payments for principal portion of lease liability	**(4,991)**	(837)
Decrease / (increase) in restricted funds	**42,219**	(44,495)
Increase in deferred financing costs	**(4,960)**	(6,797)
Issuance of share capital, net	**596**	43
Shares repurchased, including tax on net value of share repurchases (note 7)	**(176,781)**	(63,754)
Proceeds on borrowings, net	**176,346**	813,310
Dividends paid (note 7)	**(80,945)**	(74,002)
Issuance of senior notes and asset-backed securities (note 6)	**500,000**	650,000
Repayment of senior notes and asset-backed securities (note 6)	**(902,117)**	(802,186)
Cash (used in) / provided by financing activities	**(450,633)**	471,282
Effects of foreign exchange rates on cash	**(188,158)**	(86,041)
Net increase in cash during the period	**6,581**	14,934
Cash, beginning of the period (prior to adjustment for IFRS 9 amendments)	**159,219**	128,845
Adjustment on initial application of IFRS 9 amendments (January 1, 2026)	**36,792**	–
Cash, beginning of the period	**196,011**	128,845
Cash, end of the period	**202,592**	143,779
Supplemental cash flow information:		
Cash taxes paid	**33,012**	48,861
Cash interest paid	**254,991**	239,449

See accompanying notes

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

June 30, 2026

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 $13.4 billion in assets with primary operations in the United States, Canada, Mexico, Australia, and New Zealand, supported by a growing global footprint through its Element Mobility platform. Element is a global fleet management and mobility solutions company, providing end-to-end fleet management solutions - from vehicle acquisition, maintenance, and risk management to route optimization, electric vehicle integration, and remarketing, reaching 54 countries worldwide through the Element-Arval Global Alliance. Element has approximately 1.56 million fleet vehicles under management, which includes vehicles associated with its financing activities, including leased vehicles, syndicated assets, other financing assets, and interim funding arrangements (vehicles paid for by the Company but not yet delivered to clients).

2. SUMMARY OF MATERIAL 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, 2025, 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 August 5, 2026.

Basis of consolidation and non-controlling interests

These unaudited interim condensed consolidated financial statements include the accounts of the Company and its subsidiaries from the dates on which control is obtained. Transactions and balances among these entities have been eliminated upon consolidation.

Subsidiaries, which include certain private partnerships and structured entities, are entities over which the Company has control. The Company controls an entity when: (1) it has power over the entity; (2) it has exposure, or rights, to variable returns from its involvement with the entity; and (3) it has the ability to use its power over the entity to affect the amount of its returns. Subsidiaries cease to be consolidated from the date the Company loses control.

Non-controlling interests represent equity interests in subsidiaries that are not attributable, directly or indirectly, to the Company and are presented separately within shareholders' equity. For each business combination, non-controlling interests that represent present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets upon liquidation are initially measured at either fair value or the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The measurement basis is determined on a transaction-by-transaction basis. The non-controlling interests arising from the acquisition of CarbN Group were measured at fair value.

Subsequent to initial recognition, the carrying amount of non-controlling interests is adjusted for their share of profit or loss, other comprehensive income or loss, distributions and other changes in equity. Profit or loss and each component of other comprehensive income or loss are attributed to the Company's common shareholders and non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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, 2025, except as discussed below.

Derecognition of financial assets – transfers to structured entities established by the Company

The Company enters into structured financing arrangements involving the transfer of finance lease receivables and related cash flows to structured entities or other financing vehicles. These arrangements may include multiple contracts entered into contemporaneously, including asset transfer agreements, servicing arrangements, retained debt or equity interests, guarantees, demand notes, capital funding commitments, or other forms of continuing involvement. When such contracts are designed to achieve a single overall commercial effect, the Company accounts for the contracts as a single arrangement.

For structured financing arrangements involving structured entities, the Company first assesses whether it controls the structured entity in accordance with IFRS 10, *Consolidated Financial Statements*. This assessment considers the purpose and design of the structured entity, the activities that most significantly affect returns, the Company's exposure to variable returns, substantive rights held by third parties, and whether the Company's decision-making or servicing rights are exercised as principal or as agent. Where the Company does not control a structured entity, it assesses whether its retained interests provide joint control or significant influence. Decision-making rights exercised in the capacity of an agent are excluded from the Company's assessment of significant influence. Interests that do not provide control, joint control, or significant influence are accounted for as financial instruments under IFRS 9, *Financial Instruments*.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

June 30, 2026

The Company applies the IFRS 9 derecognition requirements to finance lease receivables transferred through these arrangements. Where the Company has neither transferred nor retained substantially all of the risks and rewards of ownership and retains control of the transferred receivables, the Company recognizes the transferred receivables to the extent of its continuing involvement, together with an associated liability. Continuing involvement may include retained exposure to the transferred receivables through equity interests, debt interests, guarantees, demand notes, capital funding commitments, or other contractual exposures. The continuing involvement asset and associated liability are subsequently measured in a manner that reflects the nature of the Company's retained exposure and are reduced as the Company's exposure to the underlying transferred receivables decreases.

Retained interests are classified and measured in accordance with IFRS 9 based on the contractual cash flow characteristics of the instrument and the Company's business model for managing the instrument. Gains and losses arising on derecognition of finance lease receivables, including related transaction costs and accelerated recognition of related deferred costs, are presented in syndication revenue, net.

Amendments to the Classification and Measurement of Financial Instruments

Effective January 1, 2026, the Company adopted the IASB's *Amendments to the Classification and Measurement of Financial Instruments (amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures)* ("Amendments"). The Amendments were applied retrospectively with no restatement to prior periods. The Amendments clarify, among other matters, the date of recognition and derecognition of certain financial assets and financial liabilities and introduce an accounting policy election for certain financial liabilities settled through qualifying electronic payment systems. The Company has evaluated its eligibility to adopt the accounting policy election available to it for financial liabilities settled through electronic payment systems and concluded that it meets the relevant criteria. Therefore, the Company has adopted this election.

For the Company's disbursement processes involving cheques, the electronic-payment-system election is not applicable. Accordingly, cheques issued but not yet cleared at the reporting date do not extinguish the related financial liability and do not reduce cash and cash equivalents until the cheque clears the financial institution and funds are deposited in the payee's bank account. The Amendments were adopted with retrospective application as of January 1, 2026 for the Company's outstanding cheques.

Future accounting change

The following IFRS pronouncements have been issued but are 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. BUSINESS ACQUISITION

CarbN Group

On April 1, 2026, the Company, through its wholly-owned subsidiary Custom Fleet, obtained control of CarbN Group ("CarbN") (the "Transaction"). CarbN is a sustainable mobility business operating across Australia and New Zealand that provides technology, data insights, mobility services, fleet finance, and advisory solutions. The Company obtained control of CarbN through governance rights established in connection with the Transaction, including the right to appoint three of the five members of CarbN's board of directors. Prior to the Transaction, Custom Fleet held convertible note receivables that were convertible into a 47% equity interest in CarbN. In connection with the Transaction, Custom Fleet acquired additional convertible note receivables, increasing its as-converted equity interest in CarbN to 50.1%. The convertible note receivables become exercisable on July 1, 2026 and automatically convert on July 1, 2027. The remaining 49.9% equity interest is held by continuing shareholders and has been recognized as a non-controlling interest within equity.

The Transaction has been accounted for using the acquisition method in accordance with IFRS 3, *Business Combinations*. Consideration was determined based on Element's existing financial interest in the fair value of the convertible notes receivables, with no additional consideration transferred as part of the Transaction. The Company measured the non-controlling interest at fair value as of the acquisition date. The Company recognized net identifiable assets acquired of $2,595, of which $21,316 was Equipment under operating leases and $19,886 was Borrowings, and goodwill of $1,567.

The Transaction was not material to the Company's consolidated financial position, results of operations or cash flows for the three and six-months periods ended June 30, 2026.

Car IQ Inc.

On December 31, 2025, the Company, through its wholly owned subsidiary, Element Mobility Holdco, Inc., acquired 100% of the issued and outstanding shares of Car IQ Inc. (“Car IQ”) for a total purchase price of $74,156 paid in cash. In connection with the business combination, the Company settled a pre-existing Convertible Promissory Note with Car IQ, originally entered into on May 30, 2025, bearing interest at 6.0% per annum and maturing on May 30, 2028, with a principal amount of $7,000. The settlement of this pre-existing financial instrument was accounted for separately from the business combination. Car IQ is a U.S.-based fintech company specializing in providing vehicle payment solutions for commercial fleets.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The total consideration transferred by the Company to complete the acquisition of Car IQ is allocated to identifiable assets acquired and liabilities assumed, based on their estimated fair values at the date of the acquisition. Goodwill of $31,891 is measured as a residual after accounting for identifiable intangible assets from the acquisition and represents the estimated synergies and benefits that Car IQ and its technology bring to Element as a whole. Goodwill is not deductible for tax purposes. Synergies expected from the transaction include Element's use of Car IQ's technology capabilities and Car IQ's access to Element's operational scale, resources, and established brand reputation.

The determination of the fair value of identifiable assets acquired and liabilities assumed are summarized in the table below and may be adjusted within twelve months of the acquisition date if new information about facts and circumstances become available. The fair value of the net identifiable assets acquired and consideration paid are summarized as follows:

	Fair value recognized on acquisition $
Cash	528
Accounts receivable and other assets	590
Property, equipment and leasehold improvements	425
Intangible assets	45,750
Accounts payable and other liabilities	(864)
Deferred tax liabilities	(4,164)
Fair value of identifiable net assets	42,265
Goodwill on acquisition	31,891
Total acquired cost	74,156
Cash consideration	74,156
Total consideration	74,156

In addition to the cash consideration transferred for the acquisition of Car IQ, Element paid $4,950 to certain Car IQ personnel, contingent upon their continued employment through April 30, 2026. As the payments were conditional upon the employees completing a specified post-combination service period, they were accounted for as a separate post-combination compensation arrangement and not included in the consideration transferred. The service condition was satisfied on April 30, 2026 and all payments were made and related compensation expense was fully recognized in Salaries, wages, and benefits in its Consolidated Statement of Operations.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

June 30, 2026

4. FINANCE RECEIVABLES

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

	As at June 30, 2026			
	US and Canada	Australia and New Zealand	Mexico	Total
	$	$	$	$
Minimum lease payments	4,597,182	338,704	779,083	5,714,969
Unguaranteed residual values	—	76,432	—	76,432
Gross investment	4,597,182	415,136	779,083	5,791,401
Unearned income	(655,961)	(64,383)	(115,040)	(835,384)
Net investment (Subsection A)	3,941,221	350,753	664,043	4,956,017
Impaired lease receivables[1]	17,370	1,544	4,327	23,241
Unamortized deferred costs and subsidies	(69,386)	—	—	(69,386)
Prepaid lease payments and security deposits	(48,867)	—	(38,000)	(86,867)
Interim funding	1,220,892	—	10,135	1,231,027
Fleet management and other receivables	897,719	120,328	325,056	1,343,103
Continuing involvement asset	269,999	—	—	269,999
Allowance for credit losses (Subsection B)	(16,034)	(983)	(2,631)	(19,648)
Total finance receivables	6,212,914	471,642	962,930	7,647,486

1. The fair market value of vehicles held as collateral against impaired lease receivables as at June 30, 2026 is $26,702.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

June 30, 2026

	As at December 31, 2025			
	US and Canada	Australia and New Zealand	Mexico	Total
	$	$	$	$
Minimum lease payments	5,792,176	309,525	770,810	6,872,511
Unguaranteed residual values	–	69,066	–	69,066
Gross investment	5,792,176	378,591	770,810	6,941,577
Unearned income	(735,154)	(57,575)	(129,785)	(922,514)
Net investment (Subsection A)	5,057,022	321,016	641,025	6,019,063
Impaired lease receivables[1]	18,726	525	5,213	24,464
Unamortized deferred costs and subsidies	(77,297)	–	–	(77,297)
Prepaid lease payments and security deposits	(26,540)	–	(34,146)	(60,686)
Interim funding	895,513	–	158,976	1,054,489
Fleet management and other receivables	812,785	112,896	273,129	1,198,810
Continuing involvement asset	168,311	–	–	168,311
Allowance for credit losses (Subsection B)	(6,967)	(895)	(2,945)	(10,807)
Total finance receivables	6,841,553	433,542	1,041,252	8,316,347

1. The fair market value of vehicles held as collateral against impaired lease receivables as at December 31, 2025 is $38,516.

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

	As at June 30, 2026		As at December 31, 2025	
	Leases	**Loans**	Leases	Loans
Net investment	**$4,374,320**	**$ 581,697**	$5,567,645	$ 451,418
Weighted average fixed interest rate	**6.87 %**	**9.61 %**	6.93 %	11.28 %
Weighted average floating interest rate	**5.85 %**	**10.69 %**	6.06 %	7.23 %
Percentage of portfolio with fixed interest rate	**54.99 %**	**57.76 %**	52.26 %	100.00 %

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 comparison to prior year, the current economic outlook reflects heightened risk of a potential recession, inflation volatility, and ongoing trade policy uncertainty based on information available to the Company as at June 30, 2026.

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

June 30, 2026

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 June 30, 2026, and consistent with the ECL model, the Company reviewed its classifications and updated its internal assessment of PD based on current information.

The Company's lease and loan portfolio is secured by the underlying assets and, in the event of an obligor bankruptcy or insolvency, in cases where leases are affirmed, the obligor assumes the lease as an ongoing obligation and is required to make future payments as originally agreed. Leases are typically affirmed when the leased asset is necessary for the obligor's operations or financial recovery. As a result, the Company can continue collecting post-filing lease payments despite the bankruptcy or insolvency filing. 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). Because of these factors, the Company is often able to recover 100% of the net investment.

Overall used vehicle prices have increased in the first half of 2026 compared to the first half of 2025, driving strong collateral coverage of lease exposure to the majority of our clients. The Company expects used vehicle pricing in the remainder of 2026 to follow normal seasonal trends, while continuing to remain elevated versus historical values. Although tariffs on new vehicles could contribute to pricing volatility, market conditions continue to be supported primarily by healthy demand and constrained supply. Should a recessional 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 may also lead to higher used vehicle demand and prices.

In determining the appropriate allowance for credit losses as at June 30, 2026, the Company considered forward-looking macroeconomic information, including ongoing uncertainty surrounding global policy, geopolitical developments, inflation dynamics and monetary policy, together with their potential effects on economic growth, interest rates, and default rates might have on the Company's lease and loan portfolio in the respective regions. 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 trade policy changes, energy price volatility, elevated financing costs, and slower economic growth. Forward-looking macroeconomic expectations, the creditworthiness of our clients and the continued evolution of our portfolio resulted in an increase in the Company's allowance for credit losses to $19,648 as at June 30, 2026.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

June 30, 2026

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, 2026	**7,295**	**3,512**	**10,807**
Transfer to Performing	**1**	**(1)**	**—**
Transfer to Impaired	**(36)**	**36**	**—**
Lease originations	**1,900**	**—**	**1,900**
Changes in models and inputs, derecognition, and repayments	**(1,023)**	**8,307**	**7,284**
Total	**8,137**	**11,854**	**19,991**
Charge-offs, net of recoveries	**—**	**(421)**	**(421)**
Foreign exchange	**63**	**15**	**78**
Balance as at June 30, 2026	**8,200**	**11,448**	**19,648**

Finance receivables	Performing	Impaired	Total
	$	$	$
Balance as at January 1, 2025	6,105	63	6,168
Transfer to Performing	14	(14)	–
Transfer to Impaired	(6)	6	–
Lease originations	3,044	–	3,044
Changes in models and inputs, derecognition, and repayments	(607)	15	(592)
Total	8,550	70	8,620
Charge-offs, net of recoveries	–	(32)	(32)
Foreign exchange	283	(1)	282
Balance as at June 30, 2025	8,833	37	8,870

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

Allowance for credit losses	**Six-month period ended June 30, 2026**	Six-month period ended June 30, 2025
	$	
Allowance for credit losses, beginning of the period	**10,807**	6,168
Provision for credit losses	**9,184**	2,452
Charge-offs, net of recoveries	**(421)**	(32)
Impact of foreign exchange rates	**78**	282
Allowance for credit losses, end of the period	**19,648**	8,870
Allowance as a percentage of total finance receivables before allowance	**0.26 %**	0.10%

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 June 30, 2026		
Finance receivables	**Performing**	**Impaired**	**Total**
	$	**$**	**$**
Internal risk rating grade [(1)]			
Low	**3,092,002**	**—**	**3,092,002**
Medium	**1,801,437**	**—**	**1,801,437**
High	**62,578**	**—**	**62,578**
Fleet management and other receivables	**1,341,367**	**1,736**	**1,343,103**
Impaired	**—**	**23,241**	**23,241**
	6,297,384	**24,977**	**6,322,361**
Allowance for credit losses	**(8,200)**	**(11,448)**	**(19,648)**
Net carrying value	**6,289,184**	**13,529**	**6,302,713**

1. Loan balances of $31,725, $449,507 and $1,710 are included in the Performing category in internal risk rating grade low, medium, and high, respectively, and nil in Impaired.

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	As at December 31, 2025		
Finance receivables	Performing	Impaired	Total
	$	$	$
Internal risk rating grade [2]			
Low	3,669,639	–	3,669,639
Medium	2,256,778	–	2,256,778
High	92,646	–	92,646
Fleet management and other receivables	1,196,686	2,124	1,198,810
Impaired	–	24,464	24,464
	7,215,749	26,588	7,242,337
Allowance for credit losses	(7,295)	(3,512)	(10,807)
Net carrying value	7,208,454	23,076	7,231,530

2. Loan balances of $14,666, $434,690 and $2,062 are included in the Performing category in internal risk rating grade low, medium, and high, respectively, and nil in Impaired.

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

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5. 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:

	Six-month period ended June 30, 2026	Six-month period ended June 30, 2025
	$	$
COST		
At the beginning of the period	**4,181,314**	3,588,503
Additions	**618,383**	472,118
Transfers	**(2,044)**	(180)
Disposals	**(421,925)**	(393,626)
Foreign exchange rate adjustments	**94,369**	240,635
Cost	**4,470,097**	3,907,450
ACCUMULATED DEPRECIATION		
At the beginning of the period	**1,345,160**	1,153,073
Depreciation charge for the period	**333,769**	270,762
Disposals	**(245,155)**	(239,217)
Foreign exchange rate adjustments	**30,382**	78,110
Accumulated depreciation	**1,464,156**	1,262,728
Net carrying amount	**3,005,941**	2,644,722

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6. BORROWINGS

The Company's outstanding borrowings were as follows:

	As at June 30, 2026			
	Balance outstanding	**Weighted average interest rate[1]**	**Pledged finance receivables and equipment under operating leases**	**Cash reserves[3]**
	$	**%**	**$**	**$**
Term notes in amortization	**549,505**	**5.55**	**689,533**	**7,181**
Variable funding notes	**3,453,006**	**4.58**	**4,526,276**	**55,744**
Other	**40,143**	**7.37**	**43,119**	**—**
Vehicle management asset-backed debt	**4,042,654**	**4.74**	**5,258,928**	**62,925**
Senior unsecured revolving credit facilities [2]	**1,928,990**	**5.18**	**—**	**—**
Senior notes	**3,150,000**	**5.39**	**—**	**—**
Term Loan	**76,545**	**9.07**	**—**	**—**
	9,198,189	**5.09**	**5,258,928**	**62,925**
Deferred financing costs	**(27,371)**			
Hedge accounting fair value adjustments	**(9,480)**			
Continuing involvement liability	**269,999**			
Total borrowings	**9,431,337**			

	As at December 31, 2025			
	Balance outstanding	Weighted average interest rate[1]	Pledged finance receivables and equipment under operating leases	Cash reserves[3]
	$	%	$	$
Term notes in amortization	1,034,182	5.65	1,137,418	12,257
Variable funding notes	3,738,869	4.58	4,831,701	52,244
Other	24,386	8.41	26,706	–
Vehicle management asset-backed debt	4,797,437	4.83	5,995,825	64,501
Senior unsecured revolving credit facilities[2]	1,261,147	5.78	–	–
Senior notes	3,400,000	5.67	–	–
Term Loan	85,187	9.81	–	–
	9,543,771	5.30	5,995,825	64,501
Deferred financing costs	(32,063)			
Hedge accounting fair value adjustments	26,944			
Continuing involvement liability	168,311			
Total borrowings	9,706,963			

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.
2. Includes $750,000 (December 31, 2025 - $300,000) of outstanding issuances made under the U.S. Commercial Paper program that are backstopped by the revolving credit facility.
3. Represents collateral for our secured borrowing arrangements and are included in Restricted Funds (see note below).

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The Company was in compliance with all financial and reporting covenants with all of its lenders at June 30, 2026.

Vehicle management asset-backed debt

Vehicle management asset-backed debt includes term notes, variable funding notes, and other secured funding programs across all regions. The vehicle management asset-backed debt is secured by either a security interest and/or legal ownership in fleet assets and other finance receivables.

During the second quarter of 2026, the Company completed a structured financing arrangement involving the transfer of finance lease receivables and related cash flows to structured financing vehicles. Proceeds from this transaction were used to repay a portion of the Chesapeake IV variable funding notes.

As at June 30, 2026, the Company had drawn $4,042,654 under its vehicle management asset-backed debt facilities (December 31, 2025 - $4,797,437), leaving available capacity in variable funding notes and other of $1,546,246 (December 31, 2025 - $1,328,766).

Senior unsecured revolving credit facilities

In the second quarter of 2026, one of the senior unsecured revolving credit facilities was amended and the available capacity was increased by $50,000 to $900,000.

As of June 30, 2026, the Company had drawn $1,928,990 from the Senior Unsecured Revolving Credit Facilities (December 31, 2025 - $1,261,147), leaving $1,371,010 in available financing (December 31, 2025 - $1,988,853). Of the drawn amount, $750,000 was issued through the U.S. Commercial Paper Program (December 31, 2025 - $300,000). This program is unsecured and directly backstopped by the revolving credit facility.

Senior notes

During the second quarter of 2026, the Company issued $500 million in aggregate principal amount of 4.800% senior unsecured investment-grade notes with a maturity of May 29, 2029. Interest is paid semi-annually in arrears on May 29 and November 29, commencing on November 29, 2026. The proceeds received at the time of closing were used to repay a portion of the $750 million 6.271% senior notes, for which the Company exercised its optional redemption right to redeem the remaining outstanding principal amount in May 2026, approximately one month prior to the notes' scheduled June 26, 2026 maturity.

As at June 30, 2026, the Company had $3,150,000 in outstanding senior unsecured notes (December 31, 2025 - $3,400,000).

Term loan

The facility is a sustainability-linked amortizing term loan facility with one lender. The first semi-annual principal repayment was made in June 2026, with a maturity date of December 2029. The loan is denominated in Mexican pesos with a facility size of MXN $1,339,600 (US $76,545).

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As at June 30, 2026, the Company had drawn MXN $1,339,600 (US $76,545) under this term loan facility (December 31, 2025 - MXN $1,530,971 (US $85,187)).

Restricted funds

As at June 30, 2026, restricted funds of $301,745 (December 31, 2025 - $344,843) include:

i. Cash reserves of $62,925 (December 31, 2025 - $64,501), which represent collateral for secured borrowing arrangements;
ii. Cash of $235,147 (December 31, 2025 - $247,126) includes amounts accumulated in collection accounts that are received on assets financed pursuant to the secured borrowing facilities, and are subsequently utilized in accordance with applicable provisions, as well as other payments received that are due back to clients in accordance with their contracts; and
iii. Cash of $3,673 (December 31, 2025 - $33,216) provided to counter-parties as collateral against derivative liabilities.

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, 2024	404,502,366	2,264,051
Shares repurchased	(5,366,200)	(29,281)
Exercise of options	10,230	52
Release of escrowed shares to employees	103,832	2,093
Balance, December 31, 2025	**399,250,228**	**2,236,915**
Shares repurchased, including tax on net value of share repurchases	**(8,114,400)**	**(45,103)**
Exercise of options	**144,432**	**729**
Release of escrowed shares to employees	**51,916**	**1,049**
Balance, June 30, 2026	**391,332,176**	**2,193,590**

Share repurchase

On November 18, 2025, 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 20, 2025 and ending on the earlier of November 19, 2026 or the completion of purchases under the NCIB, up to 39,930,568 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.

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For the three and six-month periods ended June 30, 2026, 5,825,000 and 8,114,400 common shares have been repurchased for cancellation for $118,690 and $174,295 respectively, including commission, at a volume weighted average price of C$28.26 and C$29.69 respectively, per common share. For the three and six-month periods ended June 30, 2025, 951,000 and 3,129,000 common shares have been repurchased for cancellation for $20,450 and $63,754 respectively including commission, at a volume weighted average price of C$29.94 and C$28.97 respectively, 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.

Share issuance

On October 1, 2024, the Company acquired Autofleet. As part of the purchase price consideration, 985,410 shares were issued. In addition, 311,504 shares were issued to the founders and are held in escrow and vest over a period of three years, in twelve equal quarterly installments, upon fulfillment of certain employment conditions. As at June 30, 2026, 181,706 shares have been released from escrow (December 31, 2025 – 129,790).

Common share dividends

For the three and six-month periods ended June 30, 2026, the Company declared $41,805 and $85,253 in common share dividends or C$0.15 and C$0.30, respectively, per common share (June 30, 2025 - $38,173 and $74,620 or C$0.13 and C$0.26, respectively, per common share).

As at June 30, 2026, the accrued common share dividends were $41,356 (December 31, 2025 – $37,930).

8. SHARE-BASED COMPENSATION

Share-based compensation expense consists of the following:

	Three-month period ended		**Six-month period ended**	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
	$	$	**$**	$
Deferred share units	**605**	563	**2,287**	610
Performance share units	**1,126**	5,328	**3,044**	10,070
Restricted share units	**2,716**	3,598	**8,016**	7,926
Escrowed shares	**343**	844	**778**	1,910
	4,790	10,333	**14,125**	20,516

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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, 2024	154,662	5.73
Exercised[1]	(10,230)	5.73
Outstanding, December 31, 2025	**144,432**	**5.73**
Exercised[1]	**(144,432)**	**5.73**
Outstanding, June 30, 2026	**—**	**—**

1. Weighted average share price of options exercised during the six-month period ended June 30, 2026 was C$29.65 (year ended December 31, 2025 – C$30.77).

Deferred share units, performance share units, restricted share units and escrowed shares

	Deferred share units	Performance share units	Restricted share units	Escrowed shares
	#	#	#	#
Outstanding, December 31, 2024	929,879	1,696,518	1,800,231	285,546
Granted	79,759	1,495,042	525,796	–
Forfeited	–	(42,769)	(114,894)	–
Redeemed	(337,771)	(1,530,796)	(861,041)	(103,832)
Outstanding, December 31, 2025	**671,867**	**1,617,995**	**1,350,092**	**181,714**
Granted	**53,006**	**1,075,468**	**542,583**	**—**
Forfeited	**—**	**(7,299)**	**(48,830)**	**—**
Redeemed / vested	**—**	**(1,218,694)**	**(550,094)**	**(51,916)**
Outstanding, June 30, 2026	**724,873**	**1,467,470**	**1,293,751**	**129,798**

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9. REVENUE

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

	Three-month period ended		**Six-month period ended**	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
	$	$	**$**	$
Major service lines				
Interest income, net	**147,938**	155,329	**300,843**	302,052
Rental revenue	**249,984**	212,672	**504,839**	410,350
Gain on sale of equipment under operating leases	**27,668**	32,172	**56,545**	57,749
Depreciation of equipment under operating leases	**(163,663)**	(140,554)	**(333,769)**	(270,762)
Financing revenue before interest expense	**261,927**	259,619	**528,458**	499,389
Service revenue, net	**140,831**	128,169	**280,029**	258,137
Vehicle sales and end of contract fees	**23,034**	23,167	**45,961**	45,681
Servicing income, net	**163,865**	151,336	**325,990**	303,818
Syndication revenue, net	**16,874**	11,608	**40,747**	23,241
Net revenue before interest expense	**442,666**	422,563	**895,195**	826,448
Primary geographical markets				
US and Canada	**276,295**	275,706	**562,722**	543,342
Australia and New Zealand	**55,100**	57,607	**112,202**	111,394
Mexico	**111,271**	89,250	**220,271**	171,712
Net revenue before interest expense	**442,666**	422,563	**895,195**	826,448
Timing of revenue recognition				
Revenue earned at a point in time	**147,091**	139,023	**303,373**	276,536
Revenue earned over time	**295,575**	283,540	**591,822**	549,912
Net revenue before interest expense	**442,666**	422,563	**895,195**	826,448

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 June 30, 2026	As at December 31, 2025
	$	$
Contract assets	**7,299**	10,311

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 4. For the three and six-month periods ended June 30, 2026, the Company has recorded $2,165 and $4,876 of amortization on its service contract assets (June 30, 2025 - $1,567 and $3,453 respectively).

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 24.42% and 24.43% for the three and six-month periods ended June 30, 2026 respectively (three and six-month periods ended June 30, 2025 - 21.60% and 23.30% respectively). The effective tax rate was higher than prior year reflecting year-over-year variances in pre-tax income and other tax related adjustments.

The Organization for Economic Co-operation and Development's Pillar Two global corporate minimum tax has been enacted or substantively enacted in certain jurisdictions the Company operates. The legislation became effective for the Company's financial year beginning January 1, 2024. The Company remains in scope of the enacted or substantively enacted legislation and has performed an assessment of its potential exposure to Pillar Two income taxes. Based on the assessment, there are a limited number of jurisdictions where the Company is liable and has accrued a liability for the tax which is not material.

During the second quarter of 2026, Element received tax assessments from the Mexican Tax Authority for the 2019 tax year asserting additional taxes payable of approximately $111,000. The Company disagrees with the assessments and has filed administrative appeals on June 10, 2026 and June 19, 2026. The Company believes its filing positions are supportable and that amounts accrued to date are sufficient to cover any probable exposure.

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11. EARNINGS PER SHARE

Basic earnings per share is as follows:

	Three-month period ended		Six-month period ended	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
Net income available to common shareholders	**$ 110,907**	$ 112,366	**$ 229,449**	$ 214,616
Weighted average number of common shares outstanding – basic (number)	**394,743,671**	401,667,937	**396,424,053**	402,580,074
Basic earnings per share	**$ 0.28**	$ 0.28	**$ 0.58**	$ 0.53

Diluted earnings per share is as follows:

	Three-month period ended		Six-month period ended	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
Net income available to common shareholders adjusted for the effects of dilution	**$ 110,907**	$ 112,366	**$ 229,449**	$ 214,616
Weighted average number of common shares outstanding – basic (number)	**394,743,671**	401,667,937	**396,424,053**	402,580,074
Dilutive stock options (number)	**45,692**	118,133	**108,908**	116,872
Dilutive escrowed shares (number)	**86,284**	95,036	**80,386**	65,502
Weighted average number of common shares outstanding – diluted (number)	**394,875,647**	401,881,106	**396,613,347**	402,762,448
Diluted earnings per share	**$ 0.28**	$ 0.28	**$ 0.58**	$ 0.53

The weighted average number of common shares outstanding - diluted excludes nil instruments that were anti-dilutive for the three and six-months ended June 30, 2026 and June 30, 2025.

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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	**June 30, 2026**	December 31, 2025
	$	$
Cash	**202,592**	159,219
Unsecured debt		
Senior unsecured revolving credit facilities	**1,928,990**	1,261,147
6.271% Senior Notes due 2026	**—**	750,000
5.643% Senior Notes due 2027	**750,000**	750,000
6.319% Senior Notes due 2028	**750,000**	750,000
4.800% Senior Notes due 2029	**500,000**	–
5.037% Senior Notes due 2030	**650,000**	650,000
4.641% Senior Notes due 2030	**500,000**	500,000
Term Loan	**76,545**	85,187
Vehicle Management Asset-Backed Debt		
Term notes in amortization	**549,505**	1,034,182
Variable funding notes	**3,453,006**	3,738,869
Other	**40,143**	24,386
Deferred financing costs	**(27,371)**	(32,063)
Continuing involvement liability	**269,999**	168,311
Hedge accounting fair value adjustments	**(9,480)**	26,944
Total borrowings	**9,431,337**	9,706,963
Shareholders' equity attributable to common shareholders		
Common share capital	**2,193,590**	2,236,915
Other	**471,464**	483,352
Total Shareholders' Equity attributable to common shareholders	**2,665,054**	2,720,267
Total Capitalization	**12,096,391**	12,427,230

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13. GEOGRAPHIC INFORMATION

The Company primarily operates in the US and Canada, Australia and New Zealand, and Mexico. Assets in jurisdictions outside these primary markets are included in "All other countries" below.

Selected assets by geography are as follows:

	As at June 30, 2026				
	US and Canada	**Australia and New Zealand**	**Mexico**	**All other countries**	**Total**
	$	**$**	**$**	**$**	**$**
Select assets					
Finance receivables	**6,212,914**	**471,642**	**962,930**	**—**	**7,647,486**
Equipment under operating leases	**17,034**	**968,459**	**2,020,448**	**—**	**3,005,941**
Goodwill and intangible assets	**1,506,591**	**31,284**	**18,816**	**102,854**	**1,659,545**
Property, equipment and leasehold improvements	**75,878**	**15,672**	**11,044**	**13,607**	**116,201**
	7,812,417	**1,487,057**	**3,013,238**	**116,461**	**12,429,173**

	As at December 31, 2025				
	US and Canada	Australia and New Zealand	Mexico	All other countries	Total
	$	$	$	$	$
Select assets					
Finance receivables	6,841,553	433,542	1,041,252	–	8,316,347
Equipment under operating leases	8,002	970,226	1,857,926	–	2,836,154
Goodwill and intangible assets	1,531,995	28,866	18,288	102,190	1,681,339
Property, equipment and leasehold improvements	78,537	15,602	11,734	13,224	119,097
	8,460,087	1,448,236	2,929,200	115,414	12,952,937

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).

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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 $167 as at June 30, 2026 (December 31, 2025 - $208).

		As at June 30, 2026	As at December 31, 2025
		$	$
Assets	**Classification**		
Right-of-use assets	Buildings, net of accumulated amortization[1]	**73,515**	76,594
Liabilities	**Classification**		
Lease liabilities	Accounts payable and accrued liabilities	**88,919**	92,028

1. As at June 30, 2026, right-of-use assets are recorded net of accumulated amortization of $61,791 (December 31, 2025 - $57,632).

		Three-month period ended		**Six-month period ended**	
		June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
Lease cost	**Classification**	**$**	$	**$**	$
Amortization of leased assets	Depreciation and amortization	**2,052**	1,552	**4,100**	3,313
Interest on lease liabilities	Interest expense	**980**	826	**1,916**	1,720
Net lease cost		**3,032**	2,378	**6,016**	5,033

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Maturity of lease liabilities	**As at June 30, 2026**
	$
2026	**(6,914)**
2027	**6,487**
2028	**6,477**
2029	**6,046**
2030	**6,495**
Thereafter	**70,328**

Lease Term and Discount Rate	**As at June 30, 2026**	As at December 31, 2025
Weighted-average remaining lease term (years)	**15.0**	14.6
Weighted-average discount rate	**4.34 %**	4.34 %

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.

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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.

Certain short-term borrowings, including the Company's US Commercial Paper program, are classified as level 1 under the fair value hierarchy.

Retained ABS debt

The carrying value of the retained ABS debt approximates its fair value.

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.

Retained Limited Partnership Units

Retained limited partnership ("LP") units related to the structured financing arrangements are measured at fair value through profit or loss. Fair value is determined using valuation techniques that consider expected cash flows from the underlying transferred finance lease receivables, expected credit performance, and discount rates reflective of the risks of the retained interests.

Investments

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.

Accounts receivable, accounts payable, and accrued liabilities

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

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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 June 30, 2026				
		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	**202,592**	**202,592**	—	—	**202,592**
Finance lease receivables[1]	**6,795,790**	—	—	**6,795,790**	**6,795,790**
Finance loans receivables	**581,697**	—	—	**581,697**	**581,697**
Accounts receivable and other assets	**239,782**	—	—	**239,782**	**239,782**
Retained ABS debt	**33,532**	—	—	**33,532**	**33,532**
Assets held at fair value					
Derivative assets					
Foreign exchange contracts	**14,359**	—	**14,359**	—	**14,359**
Interest rate swaps	**33,894**	—	**33,894**	—	**33,894**
Equity swaps	**6,984**	—	**6,984**	—	**6,984**
Retained LP units	**34,185**			**34,185**	**34,185**
Investments classified as FVTPL	**3,100**	—	—	**3,100**	**3,100**
Total financial assets	**7,945,915**	**202,592**	**55,237**	**7,688,086**	**7,945,915**
Financial liabilities					
Liabilities not carried at fair value					
Accounts payable and accrued liabilities	**1,099,598**	—	—	**1,099,598**	**1,099,598**
Borrowings on finance receivables[1]	**9,161,338**	**750,000**	—	**8,411,338**	**9,161,338**
Liabilities held at fair value					
Derivative liabilities					
Foreign exchange contracts	**22,967**	—	**22,967**	—	**22,967**
Interest rate swaps	**15,647**	—	**15,647**	—	**15,647**
Equity swaps	**1,615**	—	**1,615**	—	**1,615**
Total financial liabilities	**10,301,165**	**750,000**	**40,229**	**9,510,936**	**10,301,165**

1. As at June 30, 2026, the finance lease receivables and borrowings on finance receivables exclude the continuing involvement asset and liability, respectively, of $269,999.

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	As at December 31, 2025				
		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	159,219	159,219	–	–	159,219
Finance lease receivables[1]	7,696,618	–	–	7,696,618	7,696,618
Finance loans receivables	451,418	–	–	451,418	451,418
Accounts receivable and other assets	240,869	–	–	240,869	240,869
Assets held at fair value					
Derivative assets					
Foreign Exchange contracts	2,641	–	2,641	–	2,641
Interest rate swaps	34,751	–	34,751	–	34,751
Equity Swaps	32,802	–	32,802	–	32,802
Investments classified as FVTPL	4,221	–	–	4,221	4,221
Total financial assets	8,622,539	159,219	70,194	8,393,126	8,622,539
Financial liabilities					
Liabilities not carried at fair value					
Accounts payable and accrued liabilities	1,249,173	–	–	1,249,173	1,249,173
Borrowings on finance receivables[1]	9,538,652	300,000	–	9,238,652	9,538,652
Liabilities held at fair value					
Derivative liabilities					
Foreign exchange contracts	46,048	–	46,048	–	46,048
Interest rate swaps	24,116	–	24,116	–	24,116
Total financial liabilities	10,857,989	300,000	70,164	10,487,825	10,857,989

1. As at December 31, 2025, the finance lease receivables and borrowings on finance receivables exclude the continuing involvement asset and liability, respectively, of $168,311.

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16. SYNDICATIONS

A) Syndications

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

	Classification	**As at June 30, 2026** **$**	As at December 31, 2025 $
Allowance for early termination	Accounts payable and accrued liabilities	**93**	467
Deferred servicing fee	Finance receivables	**17**	26

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

	Classification	**As at June 30, 2026** **$**	As at December 31, 2025 $
Continuing involvement in syndicated assets	Finance receivables	**190,194**	168,311
Liabilities associated with continuing involvement in syndicated assets	Secured borrowings	**190,194**	168,311
Allowance for early termination	Accounts payable and accrued liabilities	**20,523**	19,569
Net book value of assets related to deals remaining in continuing involvement	N/A	**5,077,327**	4,595,078

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

		Three-month period ended		**Six-month period ended**	
		June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
	Classification	**$**	$	**$**	$
Syndication revenue, net	Syndication revenue, net	**16,100**	11,608	**39,973**	23,241
Net book value of assets syndicated	n/a	**633,734**	536,834	**1,500,506**	1,110,664

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B) Structured Financing Arrangements

The Company sponsors various structured entities, including limited partnerships, holding companies, and various investment entities, which issue asset-backed and other residual equity interests to investors. These structured entities facilitate the segregation of assets on behalf of investors and the transfer of cash flows to investors. Consolidation of structured entities is assessed on a case-by-case basis, and requires significant judgment when voting rights are not the determining factor. Refer to note 2 for the Company's accounting policy for transfers to structured entities established by the Company.

During the three-month period ended June 30, 2026, the Company completed a structured financing arrangement involving the transfer of finance lease receivables to a series of unconsolidated structured entities. The structured entities were financed through the issuance of asset-backed debt and residual equity interests to investors. The Company retained a portion of the asset-backed debt and residual equity interests, as well as servicing and administrative responsibilities, and demand note funding commitments that may be required upon credit deterioration in the transferred receivables. The Company recognized syndication revenue of $774 and transferred finance lease receivables of $728,953 in its inaugural structured financing arrangement.

The Company assessed that it did not control these structured entities given the primary rights influencing returns from the entities were held by third-party investors. The Company's ongoing role in servicing the finance lease receivables was determined to be in the capacity of an agent for the underlying investors. As at June 30, 2026, the total financial assets of the structured financing vehicles were $888,063. The Company's retained interests are accounted for as financial instruments, and the transferred finance lease receivables continue to be recognized to the extent of the Company's continuing involvement.

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The following represents the detail of the Company’s transferred finance lease receivables under structured financing arrangements that are subject to continuing involvement:

	Classification	As at June 30, 2026 Carrying value $
Continuing involvement in transferred finance lease receivables assets	Finance receivables	79,805
Liabilities associated with continuing involvement in transferred finance lease receivables assets	Secured borrowings	79,805
Retained ABS debt[1]	Accounts receivable and other assets	25,082
Retained Limited Partnership units [2]	Accounts receivable and other assets	34,185
Net book value of assets related to finance lease receivables remaining in continuing involvement	N/A	697,342

(1) Element retains a 5% vertical interest in the ABS debt issued as part of the structured financing arrangement. The ABS debt is secured by cash flows from the transferred finance lease receivables and is senior in the payment waterfall, with principal and interest paid before any residual distributions are made to the limited partnership unit holders.

(2) Element's Limited Partnership units in the structured financing arrangement represent residual interests in the securitization structure and receive cash flows only after the ABS debt and other senior obligations have been satisfied. Accordingly, the retained limited partnership units are the most subordinated residual interest in the structure.

No comparable amounts were outstanding as at December 31, 2025.

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The maximum exposure to loss represents the Company's retained interests and the maximum contractual funding commitments that could be required to be funded under the related arrangements, before considering recoveries from the underlying transferred receivables, available collateral, or other credit enhancements. The maximum exposure to loss is not representative of the Company's expected loss. The following represents the carrying value of the continuing involvement asset and liability, as well as the detail of the Company's maximum exposure to loss from the transfer of finance lease receivables under structured financing arrangements:

	As at June 30, 2026		
	Carrying amount	**Maximum exposure to loss**	**Basis for determining maximum exposure**
	$	**$**	
Retained LP units	34,185	34,185	Carrying amount of retained LP interests plus any unfunded contractual exposure related to those units
Retained ABS debt	25,082	33,532	Maximum exposure to retained ABS debt
Demand note / capital-call commitment	20,538	20,538	Maximum remaining contractual funding obligation as at period-end
Total	79,805	88,255	

The Company's maximum exposure under the capital-call and demand-note commitments is restricted to a maximum of 5.75% of the fair market value of the transferred finance lease receivables at inception, and reduces over time as cash collections on the underlying finance lease receivables are received.

17. PROVISIONS

The Company initiated a new restructuring program in the second quarter of 2026 to reduce its cost base and to achieve greater efficiency as a result of changes driven by the Company's digitization. In connection with this program, the Company incurred $10,649 of restructuring charges in the second quarter of 2026. The restructuring charges relate to employee severance and other personnel-related costs recorded as provisions recognized in Salaries, wages, and benefits in its Consolidated Statement of Operations.

18. COMPARATIVE FIGURES

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