

Dear fellow shareholders,

I am incredibly proud of our team for delivering another outstanding quarter demonstrating the strength of our strategy and the momentum that we continue to enjoy and regenerate. Record net revenue, a rapidly expanding client base, and increasing the common dividend are all thanks to our resilient business model – and speak to the quality of our clients, and our people’s hard work and focus.

Today, I am also pleased to tell you that my confidence in Element’s growth trajectory has been bolstered by the recent prioritization of opportunities to scale our business and make targeted investments that will drive future performance.

Centralizing accountability for U.S. and Canadian leasing

Element has grown quarterly services revenue on a year-over-year basis for each of the last seven quarters. Our experience has been that assigning accountability for the performance of each of our service products to individual senior leaders drives focus that results in accelerated growth.

With this in mind, we are centralizing accountability for all U.S. and Canadian lease-related operations under one seasoned executive, Chris Gittens. Chris has previously run our Canadian business, our Strategic Relationships business focused on ‘mega’ fleets and, most recently, was our Chief Information Officer.

Chris will consolidate our U.S. and Canadian leasing function (currently spread across our domestic operations) at a new Element office in Dublin, Ireland -- a global leasing center of excellence. Centralized accountability for this function will elevate our clients’ leasing experience, optimize related operations, and improve pricing discipline, all to maximize the value of our portfolio.

Establishing a strategic sourcing and relationship management presence in Asia

To enhance our global procurement capabilities, we are also opening a (small) new Element office in Singapore next year. I believe it is crucial for us to strengthen our existing ties and foster valuable new sourcing relationships in Asia. This initiative aligns with our and our clients’ commitments to sustainability and decarbonization given Asia’s global leadership position in the development and production of both battery-electric and hybrid vehicles. Leveraging his lengthy tenure in our industry and relative physical proximity to Asia, Chris Tulloch, the leader of our ANZ business, is driving this strategic initiative.

We anticipate significant benefit to our business from these two strategic initiatives. They will contribute profitable revenue growth and operational efficiencies beginning in 2025 and scaling to \$40-60 million of run-rate net revenue, and \$30-50 million of run-rate AOI by full-year 2028.

Advancing digitization and automation to unlock future growth

The time I have spent with our people, clients, and suppliers over the past months has made clear the importance of enhanced digitization and automation to build the growth momentum our investors have come to expect from Element. It is my view that these capabilities are the necessary baseline to create seamless client experiences, improved employee interactions, and ultimately provide the scale required to deliver more profitable revenue growth for years to come.

With so much opportunity ahead, we are prioritizing investments in digitization and automation as a critical enabler. Joining Element to accelerate these efforts are David Attard as Chief Digital Officer and Yu Jin as Chief Information Officer. David and Yu bring extensive expertise in B2B and B2C solutions to our strong core of Digital and IT talent across the business. Together with their teams, David and Yu will leverage Element's unmatched data set and analytic capabilities to innovate for our clients and make Element more efficient.

We are a confident global team energized about the future

It has been a privilege getting to know my colleagues at Element and the wonderful clients we serve every day. Our people are motivated and excited about Element's future. That energy has translated into meaningful new ideas that we are continuing to explore with the objective of enhancing our value proposition and growing free cash flow per share.

Moving forward, you can expect us to continue generating strong results by delivering for our clients. We remain confident in our ability to meet our full-year 2023 and 2024 results guidance, excluding non-recurring setup costs to establish the strategic initiatives referenced above and highlighted in all our disclosure documents.

I want to thank my leadership team and the entire team at Element for your commitment to our clients and for the exciting work ahead to build a strong and sustainable future for our business. We will do this together.

To my fellow shareholders, I also want to thank you for your support and continued interest in Element. I look forward to updating you on our progress in future quarters.

Sincerely,

Laura

Laura Dottori-Attanasio
President & Chief Executive Officer
Element Fleet Management Corp.