

**2026**

**Enerflex**

Q1 QUARTERLY REPORT



## Management's Discussion and Analysis

Management's Discussion and Analysis ("MD&A") for Enerflex Ltd. ("Enerflex" or the "Company") should be read in conjunction with the unaudited interim condensed consolidated financial statements (the "Financial Statements") for the three months ended March 31, 2026 and 2025, the Company's 2025 Annual Report, the Annual Information Form ("AIF") for the year ended December 31, 2025, and the cautionary statements regarding forward-looking information and statements in the "Forward-Looking Statements" section of this MD&A.

The MD&A focuses on information and material results from the Financial Statements and considers known risks and uncertainties relating to the energy sector. This discussion should not be considered exhaustive, as it excludes possible future changes that may occur in general economic, political, technological, and environmental conditions. Additionally, other factors and events may or may not occur, which could affect industry conditions and/or Enerflex in the future. Additional information relating to the Company can be found in the Management Information Circular dated March 20, 2026 and the AIF, both of which are available on the Company's website at [www.enerflex.com](http://www.enerflex.com) and under the Company's SEDAR+ and EDGAR profiles at [www.sedarplus.ca](http://www.sedarplus.ca) and [www.sec.gov/edgar](http://www.sec.gov/edgar), respectively, as well as in the Annual Report on Form 40-F, which is available on the Company's EDGAR profile at [www.sec.gov/edgar](http://www.sec.gov/edgar).

The financial information reported herein has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, in particular IAS 34 "Interim Financial Reporting", and is presented in United States dollars ("USD") unless otherwise stated.

## Enerflex Strategy

Enerflex's strategy for success is premised on:

- **Simplify:** Focusing on what we do best. We're honing our operations to strengthen our core markets, optimizing resources where they drive the most value. By streamlining our offerings and prioritizing high-impact opportunities, we create a stronger, more agile business.
- **Optimize:** Maximizing efficiency, delivering more. We're enhancing engineering, manufacturing, and operational processes to increase performance and create additional value. Every project, every system, and every workflow is an opportunity to fine-tune and do better.
- **Grow:** Expanding where it matters most. With a focused and efficient foundation, we're scaling in key markets or offerings – deepening our presence, increasing market share, and driving long-term success in energy infrastructure.

## Outlook

Enerflex's outlook for 2026 reflects steady demand across its business lines and geographic regions. Operating results will continue to be underpinned by the highly contracted Energy Infrastructure ("EI") product line and the recurring nature of After Market Services ("AMS"). The EI product line is supported by customer contracts expected to generate approximately \$1.3 billion of revenue over their remaining terms.

Performance for Enerflex's Engineered Systems ("ES") product line is expected to remain steady, supported by a backlog of approximately \$1.3 billion as at March 31, 2026, the majority of which is expected to convert into revenue over the next 12 months. The medium-term outlook for ES products and services continues to be attractive, driven by expected increases in natural gas and electric power generation across Enerflex's core operating countries.

Enerflex's priorities in 2026 include:

1. leveraging our leading position in core operating countries to capitalize on expected increases in demand for Enerflex's solutions;
2. enhancing the profitability of core operations; and
3. maximizing free cash flow, positioning the Company to invest in customer supported growth opportunities and provide meaningful direct shareholder returns.

### **Capital Allocation**

Enerflex continues to target organic capital expenditures of \$175 million to \$195 million during 2026. This includes: (1) organic growth capital expenditures of \$90 million to \$100 million; (2) maintenance capital expenditures of \$70 million to \$80 million; and (3) PP&E and infrastructure investments of approximately \$15 million to support the Company's ES business and activity in adjacent markets, including electric power generation.

Organic growth capital spending will continue to focus on customer supported opportunities and primarily allocated to expand the Company's contract compression fleet in the USA. Notably, the fundamentals for contract compression in the USA remain strong, led by expected increases in natural gas production and capital spending discipline from market participants.

# Summary Results

	Three months ended March 31,	
(\$ millions, except percentages and ratios)	2026	2025
Revenue	\$ 584	\$ 552
Gross margin ("GM")	145	128
GM as a percentage of revenue ("GM %")	24.8%	23.2%
Selling, general and administrative expenses ("SG&A")	79	57
Operating income	68	71
EBITDA <sup>1</sup>	110	105
EBIT <sup>1</sup>	73	66
Net earnings	43	24
Long-term debt	552	639
Net debt <sup>2</sup>	505	564
Cash provided by operating activities	32	96
<b>Key Financial Performance Indicators ("KPIs")</b>		
ES backlog <sup>3</sup>	\$ 1,265	\$ 1,206
ES bookings <sup>3</sup>	483	205
EI contract backlog <sup>4</sup>	1,283	1,497
GM before depreciation and amortization ("GM before D&A") <sup>5</sup>	179	161
GM before D&A as a percentage of revenue ("GM before D&A %") <sup>5</sup>	30.7%	29.2%
Adjusted EBITDA <sup>6</sup>	137	113
Free cash flow <sup>7</sup>	15	85
Bank-adjusted net debt to EBITDA ratio <sup>7</sup>	0.9x	1.3x
Return on capital employed ("ROCE") <sup>7,8</sup>	17.3%	14.2%

<sup>1</sup> EBITDA is defined as earnings before net finance costs, income taxes, depreciation and amortization. EBIT is defined as earnings before net finance costs and income taxes.

<sup>2</sup> Net debt is defined as total long-term debt less cash and cash equivalents, as presented in the Financial Statements.

<sup>3</sup> Refer to the "ES Backlog and Bookings" section of this MD&A for further details.

<sup>4</sup> Refer to the "EI Contract Backlog" section of this MD&A for further details.

<sup>5</sup> Refer to the "Gross Margin before D&A by Product Line and Recurring Gross Margin before D&A" section of this MD&A for further details.

<sup>6</sup> Refer to the "Adjusted EBITDA" section of this MD&A for further details.

<sup>7</sup> Refer to the "Non-IFRS Measures" section of this MD&A for further details.

<sup>8</sup> Determined by using the trailing 12-month ("TTM") period.

# Results Overview

- Enerflex generated revenue of \$584 million for the three months ended March 31, 2026, an increase of \$32 million compared to the same period in 2025. The increase was primarily driven by higher ES activity in North America (“NAM”), higher EI revenue from increased contracted horsepower related to prior year capital investments in NAM, and the Bisat-C Expansion in the Eastern Hemisphere (“EH”) segment. These increases were partially offset by lower AMS revenue resulting from reduced parts sales in Latin America (“LATAM”) and NAM, and lower service utilization in NAM; lower EI revenue in LATAM primarily due to prior year asset sales; and reduced ES activity in LATAM.
- Gross margin for the three months ended March 31, 2026 was \$145 million, compared to \$128 million in the same period of 2025. The increase was primarily attributable to increased operational activity and higher cost saving realized in the NAM ES business, higher EI margin contribution from the Bisat-C Expansion in EH and increased contracted horsepower in NAM resulting from prior year capital investments, partially offset by lower contribution from the AMS business in LATAM and the Middle East.
- SG&A was \$79 million for the three months ended March 31, 2026, an increase of \$22 million compared to the same period in 2025, primarily driven by higher share-based compensation expense resulting from an increased share price.
- During the three months ended March 31, 2026, the Company recognized an embedded derivative asset related to the redemption options on its 6.875% senior unsecured notes (the “2031 Notes”). These redemption features constitute an embedded derivative asset that is required to be separated from the 2031 Notes and measured at fair value. The Company recognized a gain of \$5 million related to the redemption options.
- Net earnings of \$43 million or \$0.35 per share for the three months ended March 31, 2026, increased from \$24 million or \$0.19 per share for the same period in 2025. The increase was primarily driven by higher gross margin, unrealized mark-to-market gain on the redemption options associated with the 2031 Notes, and lower net finance costs. These improvements were partially offset by higher share-based compensation expense in the first quarter of 2026.
- Adjusted EBITDA of \$137 million for the three months ended March 31, 2026, increased from \$113 million in the same period of 2025, primarily attributable to higher gross margin.
- Cash provided by operating activities of \$32 million during the three months ended March 31, 2026, decreased compared to \$96 million in the same period in 2025, mainly attributable to investment in working capital, partially offset by higher funds generated from operations before working capital during the three months ended March 31, 2026. Strong operating cash flows before working capital, demonstrated by increased adjusted EBITDA, allowed for continued investment in the business and debt repayment.
- During the three months ended March 31, 2026, changes in net working capital resulted in approximately \$63 million use of cash, compared to an approximately \$34 million source of cash in the same period of 2025. The working capital investment was primarily driven by higher accounts receivable reflecting strong collections in the fourth quarter of 2025 as well as sustained strong ES activity levels in NAM, and timing of collections from a major customer in EH. Net working capital was also impacted by high vendor payments, a strategic inventory investment in NAM ES and a build in LATAM in preparation for scheduled EI maintenance activities. These impacts were partially offset by collections of finance lease receivables and higher net taxes payable during the quarter. Overall, the working capital investment reflects strong operational execution and planned positioning to support activity levels.
- Enerflex generated free cash flow of \$15 million during the three months ended March 31, 2026, compared to \$85 million during the same period in 2025. The decrease is primarily attributable to the investment in working capital, higher capital expenditures, and lower proceeds from sale of EI assets in LATAM, partially offset by higher adjusted EBITDA for the three months ended March 31, 2026.

- Return on capital employed (“ROCE”) increased to 17.3% in the three months ended March 31, 2026, a new record for the Company, compared to 14.2% in the same period in 2025. ROCE benefited on a year-over-year basis from increased EBIT for the past four quarters driven by operational improvements, and lower average capital employed, predominantly due to a decline in net debt.
- Enerflex continues to manage its leverage ratio through strong performance and disciplined capital allocation, which resulted in a reduction of its net funded debt to EBITDA (“bank-adjusted net debt to EBITDA”) ratio to approximately 0.9x at the end of the first quarter of 2026. At March 31, 2026, the Company was in compliance with its covenants.
- The Company invested \$16 million in capital expenditures (“CAPEX”) during the three months ended March 31, 2026, comprised of \$9 million in maintenance expenditures across the global EI assets and PP&E, and \$7 million in growth expenditures, primarily allocated to expand the Company's contract compression fleet in the USA.
- ES backlog was \$1.3 billion at March 31, 2026, increasing from \$1.1 billion at December 31, 2025, and above the 8-quarter average ES backlog of approximately \$1.2 billion. The increase was primarily attributable to new bookings secured in NAM and LATAM segments, partially offset by advancement of ES projects in NAM for the three months ended March 31, 2026. Enerflex's backlog continues to provide strong visibility into future revenue generation and business activity levels.
- Enerflex recorded ES bookings of \$483 million during the three months ended March 31, 2026, compared to \$205 million during the same period of 2025, primarily driven by bookings from a newly awarded behind-the-meter power generation project for a data center, as well as continued steady client demand for compression and processing products in NAM. ES bookings remained above the 8-quarter average of \$344 million, reflecting continued strong bookings in NAM. The ES product line has realized a strong book-to-bill ratio (calculated as bookings divided by revenue) of 1.5x during the first quarter of 2026, indicating that new bookings well outpaced revenue recognition.
- Enerflex's EI contract backlog of \$1.3 billion at March 31, 2026, remained consistent with December 31, 2025.
- During the three months ended March 31, 2026, Enerflex entered into a definitive agreement to divest the majority of its operations in the Asia Pacific (the “APAC”) region to INNIO Group (“INNIO”). This business operates principally in Australia, Indonesia and Thailand and is primarily focused on the AMS product line. Completion of the transaction is subject to standard closing conditions and regulatory approvals, and is expected to close during the second half of 2026. The assets and liabilities associated with the divestiture are classified as held for sale on the interim consolidated statements of financial position. Refer to Note 4 of the Financial Statements.
- Enerflex is closely monitoring the conflict in the Middle East, and to date, the Company's operations in the region have operated uninterrupted. Local teams are actively managing with established response processes and contingency planning, ensuring continued safety of Enerflex's people and reliability of the Company's operations. Enerflex's operations, which are principally in Bahrain and Oman, comprise 17 distinct natural gas and produced water projects, and an installed compression and power generation fleet of approximately 350,000 horsepower.
- Subsequent to March 31, 2026, Enerflex declared a quarterly dividend of CAD \$0.0425 per common share, payable on June 3, 2026 to shareholders of record on May 20, 2026. The Board will continue to evaluate dividend payments on a quarterly basis based on availability of cash flow, anticipated market conditions, and the general needs of the business.

# Adjusted EBITDA

Enerflex's financial results include items that are unique, and items that Management and users of the Financial Statements adjust for when evaluating results. The Company removes the impact of these items when calculating Adjusted EBITDA. The presentation of Adjusted EBITDA should not be considered in isolation from EBIT or EBITDA or as a replacement for measures prepared as determined under IFRS. Adjusted EBITDA may not be comparable to similar non-IFRS measures disclosed by other issuers.

Enerflex believes adjustment of items that are unique or not in the normal course of continuing operations increases the comparability across items within the Financial Statements or between periods of the Financial Statements. Items the Company has adjusted for in the past include, but are not limited to, restructuring, transaction, and integration costs; share-based compensation which fluctuates based on share price that can be influenced by factors not directly relevant to the Company's operations; impact of finance leases to account for the lease principal payments received over the term of the related lease and removing the non-cash upfront selling profit; gain or loss on redemption options associated with the senior notes; and impairment of goodwill. These items are considered either unique, non-recurring, or non-cash transactions, and not indicative of the ongoing normal operations of the Company.

Adjusted EBITDA is presented by reporting segment as follows:

(\$ millions)	Three months ended March 31, 2026			
	NAM	LATAM	EH	Total
Net earnings <sup>1</sup>				\$ 43
Income taxes <sup>1</sup>				20
Net finance costs <sup>1,2</sup>				10
EBIT <sup>3</sup>	\$ 38	\$ 18	\$ 12	\$ 73
Depreciation and amortization	15	10	12	37
EBITDA	\$ 53	\$ 28	\$ 24	\$ 110
Share-based compensation	15	3	4	22
Impact of finance leases				
Principal payments received	-	-	10	10
Unrealized gain on redemption options <sup>3</sup>				(5)
Adjusted EBITDA	\$ 68	\$ 31	\$ 38	\$ 137

<sup>1</sup>The Company included net earnings, income taxes, and net finance costs on a consolidated basis to reconcile to EBIT.

<sup>2</sup>Net finance costs are considered corporate expenditure and therefore have not been allocated to reporting segments.

<sup>3</sup>EBIT includes \$5 million unrealized gain on redemption options associated with the 2031 Notes. Debt is managed within Corporate and is not allocated to reporting segments.

(\$ millions)	Three months ended March 31, 2025			
	NAM	LATAM	EH	Total
Net earnings <sup>1</sup>				\$ 24
Income taxes <sup>1</sup>				19
Net finance costs <sup>1,2</sup>				23
EBIT <sup>3</sup>	\$ 38	\$ 19	\$ 12	\$ 66
Depreciation and amortization	16	11	12	39
EBITDA	\$ 54	\$ 30	\$ 24	\$ 105
Share-based compensation	(2)	(1)	-	(3)
Impact of finance leases				
Principal payments received	-	-	8	8
Unrealized loss on redemption options <sup>3</sup>				3
Adjusted EBITDA	\$ 52	\$ 29	\$ 32	\$ 113

<sup>1</sup>The Company included net earnings, income taxes, and net finance costs on a consolidated basis to reconcile to EBIT.

<sup>2</sup>Net finance costs are considered corporate expenditure and therefore have not been allocated to reporting segments.

<sup>3</sup>EBIT includes \$3 million unrealized loss on redemption options associated with the 2027 Notes. Debt is managed within Corporate and is not allocated to reporting segments.

Refer to the section "Segmented Results" of this MD&A for information about results by reporting segment.

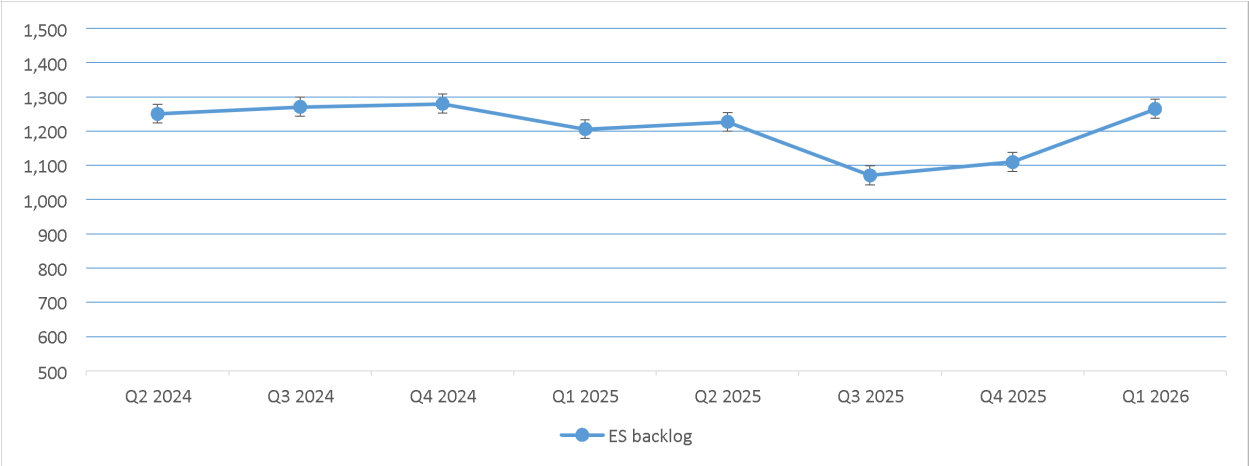
# ES Backlog and Bookings

Enerflex monitors its ES backlog and bookings as indicators of future revenue generation and business activity levels for the ES product line. ES bookings are recorded in the period when a firm commitment or order is received from clients. Bookings increase backlog in the period they are received, while revenue recognized on ES projects decrease backlog in the period the revenue is recognized. Accordingly, ES backlog is an indication of revenue to be recognized in future periods. In the event a project is cancelled, the remaining contract price associated with the unsatisfied performance obligation is derecognized from the backlog. ES backlog represents unsatisfied performance obligations related to the ES product line, and further information on recognition of revenue from the ES backlog is included in Note 7 of the Financial Statements.

Revenue from contracts that have been classified as finance leases for newly built equipment is recorded as ES bookings. The full amount of revenue is removed from backlog at commencement of the lease.

ES backlog was \$1.3 billion at March 31, 2026, increasing from \$1.1 billion at December 31, 2025, and above the 8-quarter average ES backlog of approximately \$1.2 billion. The increase was primarily attributable to new bookings secured in NAM and LATAM segments, partially offset by advancement of ES projects in NAM for the three months ended March 31, 2026. This sustained level of backlog over a two-year period reflects stable demand for Enerflex's ES solutions across global energy infrastructure markets. The 8-quarter average also serves as a key indicator of operational consistency and revenue visibility, smoothing out short-term fluctuations in ES bookings and project timings. This trend demonstrates that the ES product line continues to benefit from a diversified portfolio of gas compression and processing projects, reinforcing management's confidence in the ES product line's ability to generate predictable revenue and margin performance in the near-term.

ES backlog for the past 8 quarters are illustrated below in millions:



Enerflex recorded ES bookings of \$483 million during the three months ended March 31, 2026, an increase compared to \$205 million during the same period of 2025, primarily driven by bookings from a newly awarded behind-the-meter power generation project for a data center, as well as continued steady client demand for compression and processing products in NAM. ES bookings remained above the 8-quarter average of \$344 million, reflecting continued strong bookings in NAM.

The ES product line has realized a strong book-to-bill ratio of 1.5x during the three months ended March 31, 2026, indicating that new bookings well outpaced revenue recognition. The current balance between bookings and revenue supports near-term revenue visibility and reflects a stable demand environment. The 8-quarter average book-to-bill ratio has also remained at 1.0x, an indication that the Company is consistently replenishing its backlog in line with project execution.

ES backlog and bookings by reporting segment are disclosed in the “Segmented Results” section of this MD&A.

# EI Contract Backlog

The Company's EI contract backlog is recognized from lease agreements executed with clients for leasing and operations and maintenance of the Company's EI assets. Lease agreements executed during the period increase EI contract backlog while revenue recognized on EI assets decreases the EI contract backlog in the period the revenue is recognized. EI contract backlog represents unsatisfied performance obligations related to the EI product line, and further information on recognition of revenue from the EI contract backlog is included in Note 7 of the Financial Statements.

Enerflex has lease agreements with clients for EI assets with initial terms ranging from one to 10 years.

The following table sets forth EI contract backlog by reporting segment:

(\$ millions)	March 31, 2026	December 31, 2025
NAM	\$ 153	\$ 160
LATAM	375	361
EH	755	800
Total EI contract backlog	\$ 1,283	\$ 1,321

## Segmented Results

Enerflex has three reporting segments: NAM, LATAM, and EH, each of which are supported by Enerflex's corporate functions. Corporate overhead is allocated to operating segments based on revenue. In assessing its reporting segments, the Company considers geographic locations, economic characteristics, the nature of products and services provided, the nature of production processes, the types of clients for its products and services, and distribution methods used.

# NAM

(\$ millions, except percentages)	Three months ended March 31,	
	2026	2025
ES backlog	\$ 1,228	\$ 1,022
ES bookings	463	169
EI contract backlog	153	152
Segment revenue	\$ 419	\$ 368
Intersegment revenue	(1)	(6)
Revenue	\$ 418	\$ 362
EI	\$ 40	\$ 36
AMS	55	60
ES	323	266
Revenue	418	362
EI	19	18
AMS	8	8
ES	59	44
GM	86	70
GM %	20.6%	19.3%
EI	30	26
AMS	9	10
ES	61	46
GM before D&A	100	82
GM before D&A %	23.9%	22.7%
SG&A	49	32
Foreign exchange (gain)	(1)	-
Operating income	38	38
EBIT	38	38
EBITDA	53	54
Adjusted EBITDA	68	52

ES backlog increased to \$1.2 billion at March 31, 2026. ES bookings of \$463 million for the three months ended March 31, 2026, increased by \$294 million compared to the same period in 2025, primarily driven by bookings for a newly awarded behind-the-meter power generation project for a data center, as well as continued steady client demand for compression and processing products. The high level of bookings also reflects sustained demand within the energy sector across the segment.

EI contract backlog of \$153 million at March 31, 2026, decreased slightly from December 31, 2025, attributable to revenue recognized during the period, partially offset by management's investment in assets deployed under longer term rental contracts.

Revenue increased by \$56 million during the three months ended March 31, 2026, compared to the same period in 2025. The increase was primarily driven by higher operational activity in the ES business and higher EI revenue driven by additional horsepower deployed from prior year capital investments, partially offset by lower parts sales and service utilization in the AMS business during the first quarter of 2026.

Gross margin increased by \$16 million during the three months ended March 31, 2026, compared to the same period in 2025, primarily attributable to increased operational activity and higher cost savings realized in the ES business, as well as increased EI horsepower driven by prior year capital investments.

SG&A expenses increased by \$17 million for the three months ended March 31, 2026, compared to the same period in 2025, primarily driven by higher share-based compensation resulting from an increased share price in the current period.

At March 31, 2026, the USA contract compression fleet totaled 486,000 horsepower. The average utilization for the three months ended March 31, 2026 of 94% is consistent with the three months ended March 31, 2025.

# LATAM

(\$ millions, except percentages)	Three months ended March 31,	
	2026	2025
ES backlog	\$ 18	\$ 13
ES bookings	17	5
EI contract backlog	375	438
Segment revenue	\$ 78	\$ 102
Intersegment revenue	-	-
Revenue	\$ 78	\$ 102
EI	\$ 63	\$ 74
AMS	13	20
ES	2	8
Revenue	78	102
EI	24	23
AMS	4	6
ES	-	2
GM	28	31
GM %	35.9%	30.4%
EI	34	33
AMS	4	6
ES	-	2
GM before D&A	38	41
GM before D&A %	48.7%	40.2%
SG&A	11	10
Foreign exchange (gain)	(1)	-
Operating income	18	21
EBIT	18	19
EBITDA	28	30
Adjusted EBITDA	31	29

ES backlog of \$18 million at March 31, 2026 reflects new bookings in the current quarter and ongoing projects near completion. ES bookings were \$17 million for the three months ended March 31, 2026, an increase of \$12 million compared to the same period in 2025, primarily driven by expansion of existing projects.

EI contract backlog of \$375 million at March 31, 2026, increased compared to \$361 million at December 31, 2025, primarily due to new bookings in the first quarter of 2026, partially offset by revenue recognition on existing contracts.

Revenue decreased by \$24 million for the three months ended March 31, 2026, compared to the same period in 2025, primarily driven by lower EI revenue resulting from asset sales in 2025, lower AMS parts sales, and lower ES revenue driven by timing of new bookings and ongoing projects near completion.

Gross margin decreased by \$3 million during the three months ended March 31, 2026, compared to the same period in 2025, primarily due to lower contribution from the ES and AMS product lines, partially offset by a shift towards a higher-margin project mix and higher cost savings realized in the EI business in the current quarter.

SG&A of \$11 million for the three months ended March 31, 2026, increased slightly compared with the same period in 2025, primarily driven by higher shared-based compensation.

# EH

(\$ millions, except percentages)	Three months ended March 31,	
	2026	2025
ES backlog	\$ 19	\$ 171
ES bookings	3	31
EI contract backlog	755	907
Segment revenue	\$ 89	\$ 89
Intersegment revenue	(1)	(1)
Revenue	\$ 88	\$ 88
EI	\$ 46	\$ 43
AMS	39	40
ES	3	5
Revenue	88	88
EI	22	16
AMS	8	10
ES	1	1
GM	31	27
GM %	35.2%	30.7%
EI	31	27
AMS	9	10
ES	1	1
GM before D&A	41	38
GM before D&A %	46.6%	43.2%
SG&A	19	15
Operating income	12	12
EBIT	12	12
EBITDA	24	24
Adjusted EBITDA	38	32

ES backlog of \$19 million at March 31, 2026, remained consistent with December 31, 2025, attributable to new bookings, offset by progression of ongoing projects. ES backlog of \$19 million at March 31, 2026 decreased compared to \$171 million at March 31, 2025, primarily attributable to completion of construction and commencement of the Bisat-C Expansion project in the third quarter of 2025. ES bookings for the three months ended March 31, 2026 were \$3 million, compared to \$31 million during the same period in 2025.

EI contract backlog of \$755 million at March 31, 2026, decreased from \$800 million at December 31, 2025, attributable to revenue recognition from existing contracts.

Revenue for the three months ended March 31, 2026 remained consistent with the same period in 2025, primarily attributable to ES projects nearing completion, offset by increased EI revenue contribution from the Bisat-C Expansion.

Gross margin and gross margin percentage were \$31 million and 35.2% for the three months ended March 31, 2026, increasing from the same period of 2025, primarily attributable to higher margin contribution from the EI business resulting from the Bisat-C Expansion.

SG&A increased by \$4 million for the three months ended March 31, 2026, compared to the same period in 2025, primarily attributable to higher share-based compensation. SG&A for the first quarter of 2025 also benefited from receipt of a non-recurring input tax refund.

# Non-IFRS Measures

Enerflex measures its financial performance using several key financial performance indicators, some of which do not have standardized meanings as prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. These non-IFRS measures include Adjusted EBITDA, ES bookings, ES book-to-bill ratio, GM before D&A, recurring GM before D&A, free cash flow, dividend payout ratio, bank-adjusted net debt to EBITDA ratio, and ROCE. These measures should not be considered as alternatives to net earnings or any other measure of performance under IFRS. Reconciliation of these non-IFRS measures to the most directly comparable IFRS measure is provided below and in the relevant sections where appropriate. ES bookings and ES book-to-bill ratio do not have a directly comparable IFRS measure.

## Gross Margin before D&A by Product Line and Recurring Gross Margin before D&A

Enerflex's three reporting segments oversee execution of three main product lines:

- EI: Infrastructure solutions under contract for natural gas processing, compression, treated water, and electric power.
- AMS: Provision of after-market services such as mechanical maintenance, parts distribution, operations and maintenance solutions, equipment optimization and maintenance programs, manufacturer warranties, exchange components, and long-term service agreements.
- ES: Engineer, design, and manufacture processing, compression, cryogenic, electric power, and treated water solutions.

EI and AMS product lines are considered recurring, as they are typically contracted and extend into future periods, generating ongoing revenue for the Company. While the EI and AMS contracts may vary in duration and are subject to cancellation, the Company believes they exhibit characteristics consistent with recurring business activities. In contrast, the ES product line is non-recurring, as individual sales do not typically generate repeat revenue after delivery of products. However, the Company does benefit from repeat business with many ES customers over time.

The Company uses GM before D&A to evaluate operational performance of each product line. GM before D&A is defined as gross margin excluding depreciation and amortization, which can vary based on the nature and origin of assets. The Company also presents recurring GM before D&A to evaluate its recurring business, and it is defined as GM before D&A from the EI and AMS product lines.

Presentation of GM before D&A and recurring GM before D&A improves transparency into the profitability and capital intensity across the Company's product lines, and should not be considered in isolation from gross margin or as a replacement for measures prepared as determined under IFRS.

Reconciliation of GM before D&A to the most comparable IFRS measure, and recurring GM before D&A is presented in the tables below.

	Three months ended March 31, 2026				
(\$ millions, except percentages)	EI	AMS	Recurring Product Lines	ES	Total
Revenue	\$ 149	\$ 107	\$ 256	\$ 328	\$ 584
Cost of goods sold:					
Operating expenses	54	85	139	266	405
Depreciation and amortization	30	2	32	2	34
Gross margin	\$ 65	\$ 20	\$ 85	\$ 60	\$ 145
Gross margin %	43.6%	18.7%	33.2%	18.3%	24.8%
Gross margin before D&A	\$ 95	\$ 22	\$ 117	\$ 62	\$ 179
Gross margin before D&A %	63.8%	20.6%	45.7%	18.9%	30.7%
% of total Gross margin before D&A	53.1%	12.3%	65.4%	34.6%	

(\$ millions, except percentages)	Three months ended March 31, 2025				
	El	AMS	Recurring Product Lines	ES	Total
Revenue	\$ 153	\$ 120	\$ 273	\$ 279	\$ 552
Cost of goods sold:					
Operating expenses	67	94	161	230	391
Depreciation and amortization	29	2	31	2	33
Gross margin	\$ 57	\$ 24	\$ 81	\$ 47	\$ 128
Gross margin %	37.3%	20.0%	29.7%	16.8%	23.2%
Gross margin before D&A	\$ 86	\$ 26	\$ 112	\$ 49	\$ 161
Gross margin before D&A %	56.2%	21.7%	41.0%	17.6%	29.2%
% of total Gross margin before D&A	53.4%	16.1%	69.6%	30.4%	

## Free Cash Flow and Dividend Payout Ratio

The Company defines free cash flow ("FCF") as cash provided by (used in) operating activities, less total capital expenditures (growth and maintenance) for El assets - operating leases and PP&E, mandatory debt repayments, and lease principal repayment, while proceeds on disposals of El assets - operating leases and PP&E are added back. Management uses this non-IFRS measure to assess the level of free cash generated to fund other non-operating activities. These activities could include dividend payments, share repurchases, and non-mandatory debt repayments. FCF is also used in calculating the dividend payout ratio.

Reconciliation of FCF to the most directly comparable IFRS measure, cash provided by operating activities:

(\$ millions)	Three months ended March 31,	
	2026	2025
Funds from operations ("FFO") <sup>1</sup>	\$ 95	\$ 62
Net change in working capital and other	(63)	34
Cash provided by operating activities ("CFO") <sup>2</sup>	\$ 32	\$ 96
Less:		
CAPEX - Maintenance and PP&E	(9)	(8)
CAPEX - Growth	(7)	(6)
Lease payments	(6)	(6)
Add:		
Proceeds on disposals of PP&E and El assets - operating leases	5	9
Free cash flow	\$ 15	\$ 85

<sup>1</sup>Enerflex also refers to cash provided by operating activities before net change in working capital and other as "Funds from Operations" or "FFO".

<sup>2</sup>Enerflex also refers to cash provided by operating activities as "Cash flow from Operations" or "CFO".

The Company defines dividend payout ratio as dividends paid divided by free cash flow. Dividend payout ratio is used to assess the proportion of free cash flow returned to shareholders.

Dividend payout ratio for the trailing 12-months was as follows:

(\$ millions, except percentages)	Three months ended March 31,	
	2026	2025
Trailing 12-months dividends paid	\$ 15	\$ 13
Trailing 12-months free cash flow	160	235
Dividend payout ratio	9.4%	5.5%

## Bank-Adjusted Net Debt to EBITDA Ratio

Enerflex defines bank-adjusted net debt to EBITDA as borrowings under the revolving credit facility (“RCF”) and senior notes less cash and cash equivalents, divided by EBITDA for the trailing 12-months, as defined by the Company’s lenders. In assessing the Company’s compliance with financial covenants related to its debt, certain adjustments are made to EBITDA to determine Enerflex’s bank-adjusted net debt to EBITDA ratio. These adjustments, and Enerflex’s bank-adjusted net debt to EBITDA ratio, are calculated in accordance with, and derived from, the Company’s financing agreements.

## ROCE

ROCE is a measure used to analyze operating performance and efficiency of the Company’s capital allocation process. The ratio is calculated by taking TTM EBIT divided by capital employed. Capital employed is average debt and shareholders’ equity less average cash for the trailing four quarters.

(\$ millions, except percentages)	Three months ended March 31,	
	2026	2025
Trailing 12-months EBIT	\$ 290	\$ 242
Average capital employed		
Average net debt <sup>1</sup>	\$ 550	\$ 659
Average shareholders’ equity <sup>1</sup>	1,129	1,051
Average capital employed	\$ 1,679	\$ 1,710
ROCE	17.3%	14.2%

<sup>1</sup>Based on a trailing four-quarter average.

## Liquidity

The Company expects that cash flows from operations in 2026, together with cash and cash equivalents on hand and currently available credit facilities, will be more than sufficient to fund its requirements for investments in working capital and capital assets.

(\$ millions)	March 31, 2026	
Cash and cash equivalents	\$ 800	47
RCF		
Less: Drawings on the RCF	(162)	
Less: Letters of Credit <sup>1</sup>	(75)	563
<b>Available liquidity</b>	<b>\$ 610</b>	

<sup>1</sup>Represents letters of credit that the Company has funded with the RCF. Additional letters of credit of \$26 million are funded from the \$70 million LC Facility. Refer to Note 6 “Long-Term Debt” of the Financial Statements for further details.

## Covenant Compliance

As at March 31, 2026, the Company met the covenant requirements of its funded debt, comprised of the secured RCF and the 2031 Notes, reflecting strong performance and cash flow generation, and Enerflex’s focus of repaying debt and lowering finance costs.

The following table sets forth a summary of the covenant requirements and the Company’s performance:

	Requirement	Three months ended March 31	
		2026	2025
Senior secured net funded debt to EBITDA ratio <sup>1</sup> – Maximum	2.5x	0.2x	0.1x
Bank-adjusted net debt to EBITDA ratio <sup>2</sup> – Maximum	4.0x	0.9x	1.3x
Interest coverage ratio <sup>3</sup> – Minimum	2.5x	5.1x	5.1x

<sup>1</sup>Senior secured net funded debt to EBITDA is defined as borrowings under the RCF less cash and cash equivalents divided by TTM EBITDA, as defined by the Company’s lenders.

<sup>2</sup>Refer to the “Bank-Adjusted Net Debt to EBITDA Ratio” section of this MD&A.

<sup>3</sup>Interest coverage ratio is calculated by dividing the TTM EBITDA by interest expense over the same timeframe, as defined by the Company’s lenders.

## Credit Rating

Enerflex's credit ratings affect the cost and ability to access the capital markets, and it is the Company's objective to maintain high quality credit ratings. As at May 6, 2026, S&P Global Ratings ("S&P"), Moody's Investors Service, Inc. ("Moody's"), and Fitch Ratings, Inc. ("Fitch") assigned the following credit ratings to Enerflex and the 2031 Notes:

	S&P	Moody's	Fitch
Corporate Credit Rating	<i>BB (stable outlook)</i>	<i>Ba2 (stable outlook)</i>	<i>BB (stable outlook)</i>
2031 Notes	<i>BB (stable outlook)</i>	<i>Ba3 (stable outlook)</i>	<i>BB (stable outlook)</i>

## Summarized Statements of Cash Flow

(\$ millions)	Three months ended March 31,	
	2026	2025
Cash and cash equivalents, beginning of period	\$ 81	\$ 92
Cash provided by (used in):		
Operating activities	32	96
Investing activities	(19)	(26)
Financing activities	(37)	(86)
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies	1	(1)
Cash and cash equivalents reclassified to assets held for sale	(11)	-
<b>Cash and cash equivalents, end of period</b>	<b>\$ 47</b>	<b>\$ 75</b>

### Operating Activities

Cash provided by operating activities was \$32 million during the three months ended March 31, 2026, compared to \$96 million in the same period in 2025. The decrease primarily reflects the investment in working capital, partially offset by higher net earnings for the three months ended March 31, 2026.

### Investing Activities

Cash used in investing activities of \$19 million for the three months ended March 31, 2026, decreased compared to \$26 million in the same period in 2025, primarily attributable to lower use of working capital for investing activities and lower purchase of financial instruments, partially offset by increased capital expenditures and lower proceeds on sale of EI assets in the first quarter of 2026.

### Financing Activities

During the three months ended March 31, 2026, cash used in financing activities was \$37 million, compared to \$86 million used in the same period in 2025, primarily due to lower net repayment of the RCF in the current quarter.

# Capital Expenditures and Expenditures for Finance Leases

Enerflex distinguishes CAPEX invested in EI assets - operating leases as either maintenance or growth. Maintenance expenditures are necessary costs to continue utilizing existing EI assets - operating leases, while growth expenditures are intended to expand the Company's EI assets - operating leases. The Company may also incur costs related to the construction of EI assets determined to be finance leases. These costs are accounted for as work-in-progress related to finance leases, and once the project is completed and enters service, it is reclassified to cost of goods sold.

CAPEX and expenditures for finance leases are shown in the table below:

(\$ millions)	Three months ended March 31,	
	2026	2025
Maintenance and PP&E	\$ 9	\$ 8
Growth	7	6
Total CAPEX	16	14
Expenditures for finance leases	-	19
<b>Total CAPEX and expenditures for finance leases</b>	<b>\$ 16</b>	<b>\$ 33</b>

# Selling, General & Administrative Expenses

SG&A expenses are comprised of costs incurred by the Company to support business operations that are not directly attributable to the production of goods or services.

(\$ millions)	Three months ended March 31,	
	2026	2025
Core SG&A <sup>1</sup>	\$ 55	\$ 54
Share-based compensation	22	(3)
Depreciation and amortization	3	6
Bad debt recovery	(1)	-
<b>Total SG&amp;A</b>	<b>\$ 79</b>	<b>\$ 57</b>

<sup>1</sup> Core SG&A is primarily comprised of compensation, third-party services, and information technology expenses.

SG&A was \$79 million for the three months ended March 31, 2026, an increase of \$22 million compared to the same period in 2025, primarily driven by higher share-based compensation expense resulting from an increased share price.

# Income Taxes

The Company reported income tax expense of \$20 million for the three months ended March 31, 2026, which is consistent with the \$19 million for the same period in 2025.

# Financial Position

The following table outlines significant changes in the consolidated statements of financial position as at March 31, 2026, compared to December 31, 2025:

(\$ millions)	Increase (Decrease)	Explanation
Current assets	61	Current assets increased primarily due to higher accounts receivable reflecting strong collections in the fourth quarter of 2025 with sustained strong ES activity levels in NAM, and the timing of collections from a major customer in EH. The increase also reflected a strategic inventory investment in the ES business in NAM and a build of inventory for scheduled EI maintenance activities in LATAM, as well as reclassification of non-current assets associated with the APAC divestiture as held for sale. These increases were partially offset by decreases in cash and cash equivalents, unbilled revenue, and income tax receivable.
EI assets - operating leases	(14)	Decrease in EI assets - operating lease is primarily due to depreciation and sale of certain EI assets in the LATAM segment, partially offset by capital expenditures during the quarter.
Goodwill	(18)	Goodwill decreased due to the classification of goodwill allocated to the APAC divestiture as held for sale.
Long-term debt	(30)	Long-term debt has decreased due to net repayment of the RCF, partially offset by amortization of deferred transaction costs.
Total shareholders' equity	47	Total shareholders' equity increased primarily due to net earnings for the three months ended March 2026, partially offset by dividend payments in the first quarter of 2026.

# Quarterly Summary

(\$ millions, except per share amounts and ratios)	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024
ES backlog	\$ 1,265	\$ 1,110	\$ 1,071	\$ 1,227	\$ 1,206	\$ 1,280	\$ 1,271	\$ 1,251
ES book-to-bill ratio	1.5	1.1	0.7	1.1	0.7	1.1	1.1	1.0
ES bookings	483	377	339	365	205	301	349	331
EI contract backlog	1,283	1,321	1,370	1,462	1,497	1,545	1,601	1,604
Revenue	584	627	777	615	552	561	601	614
GM	145	143	172	139	128	140	141	136
GM before D&A	179	177	206	175	161	174	176	173
SG&A	79	83	71	61	57	92	82	75
EBIT	73	43	82	92	66	47	74	55
EBITDA	110	83	122	134	105	92	122	103
Adjusted EBITDA	137	123	145	130	113	121	120	122
Net earnings (loss)	43	(57)	37	60	24	15	30	5
Earnings (loss) per share – basic	0.35	(0.47)	0.30	0.49	0.19	0.12	0.24	0.04
Earnings (loss) per share – diluted	0.35	(0.47)	0.30	0.49	0.19	0.12	0.24	0.04
FFO <sup>1</sup>	95	60	115	89	62	74	63	63
CFO <sup>2</sup>	32	179	74	(4)	96	113	98	12
Free cash flow	15	141	43	(39)	85	76	78	(4)
Cash dividends declared per share (CAD \$) <sup>3</sup>	0.0425	0.0425	0.0375	0.0375	0.0375	0.0375	0.0250	0.0250
CAPEX – Maintenance & PP&E	9	20	18	11	8	21	14	9
CAPEX – Growth	7	14	15	23	6	11	2	1

<sup>1</sup> FFO or “Funds from Operations” is also referred to by Enerflex as “Cash provided by operating activities before net change in working capital and other”.

<sup>2</sup> CFO or “Cash flow from Operations” is also referred to by Enerflex as “Cash provided by (used in) operating activities”.

<sup>3</sup> Cash dividend declared represents the declaration in the quarter.

# Capital Resources

On April 30, 2026, Enerflex had 122,066,954 common shares outstanding. Enerflex has not established a formal dividend policy. Subsequent to March 31, 2026, Enerflex declared a quarterly dividend of CAD \$0.0425 per common share, payable on June 3, 2026 to shareholders of record on May 20, 2026. The Board will continue to evaluate dividend payments on a quarterly basis based on availability of cash flow, anticipated market conditions, and the general needs of the business.

At March 31, 2026, the Company had drawings of \$162 million against the RCF (December 31, 2025 – \$193 million). The weighted average interest rate on the RCF for the three months ended March 31, 2026 was 5.0% (December 31, 2025 – 5.6%).

The composition of the borrowings on the 2031 Notes and RCF were as follows:

	Maturity Date		March 31, 2026	December 31, 2025
2031 Notes	January 15, 2031	\$	400	\$ 400
Drawings on the RCF	July 11, 2028		162	193
			562	593
Deferred transaction costs			(10)	(11)
<b>Long-term debt</b>		\$	<b>552</b>	\$ 582
Non-current portion of long-term debt		\$	552	\$ 582
<b>Long-term debt</b>		\$	<b>552</b>	\$ 582

At March 31, 2026, without considering renewal at similar terms, the USD equivalent principal payments due over the next five years was \$562 million.

## Legal Proceedings

In the normal course of business, the Company and certain of its subsidiaries are involved in or subject to lawsuits, claims, and other legal proceedings that seek, among other things, compensation for alleged personal injury, breach of contract, property damage or other losses, punitive damages, civil penalties, or injunctive or declaratory relief. Some lawsuits, claims, and legal proceedings involve acquired or disposed assets with respect to which a third party, the Company, or its subsidiary retains liability or indemnifies the other party for conditions that existed prior to the transaction. In accordance with applicable accounting guidance, Enerflex and its subsidiaries accrue reserves for outstanding lawsuits, claims, and proceedings when it is probable that a liability has been incurred and the liability can be reasonably estimated. The Company does not currently expect that any of the outstanding lawsuits, claims, or legal proceedings will have a material adverse effect on Enerflex, including its consolidated financial position, results of operations or cash flows. Although Enerflex's expectations and estimates are based on information known about the legal matters and its experience in contesting, litigating and settling similar matters, the results of any outstanding lawsuits, claims, and other legal proceedings are inherently uncertain, and there can be no assurance that monetary damages, fines, penalties, or injunctive relief resulting from adverse judgments or settlements in some or all of these outstanding lawsuits, claims, or legal proceedings will not have a material adverse effect on Enerflex, including its consolidated financial position, results of operations or cash flows. The Company will reassess the probability and estimability of contingent losses as new information becomes available in these proceedings or otherwise.

As previously disclosed, in response to a fatal attack at an adjacent site in Q2 2024, Enerflex declared Force Majeure on an international ES project, suspended activity at the project site, and demobilized its personnel. Enerflex subsequently received notice from its customer purporting to terminate the project contract and commencing arbitration proceedings against Enerflex alleging breach of the project contract. In Q4 2024, Enerflex delivered notice to the customer terminating the project contract. As part of the arbitration proceedings, Enerflex has brought a counterclaim against the customer to recover amounts owing to

Enerflex following Enerflex's termination of the project contract. Pursuant to the rules for arbitration agreed between Enerflex and its customer, the content of the proceedings is confidential and not otherwise publicly available. In Q2 2025, the customer filed its Statement of Case in the arbitration asserting various claims against and seeking material monetary damages from Enerflex and in Q3 2025 the Company filed its Statement of Defence and Counterclaim against the customer. In Q4 2025, the customer filed its Statement of Reply and Defence to Counterclaim to which the Company responded to by filing its Statement of Rejoinder and Reply to Defence to Counterclaim on February 27, 2026 in accordance with the arbitration timeline. Enerflex disputes the customer's claims and asserts that it acted in accordance with the project contract and that its declaration of Force Majeure and its subsequent termination of the project were proper. Given the current stage of the arbitration and the inherent uncertainty of arbitration, the final outcome of the arbitration is unknown. While the Company is pursuing recovery of amounts it believes are owed, it is possible that the Company may not prevail on its counterclaims or in defending against the customer's claims. In those circumstances, there can be no assurance that the outcome will not have a material adverse effect on Enerflex, including on its consolidated financial position, results of operations or cash flows. Enerflex intends to continue vigorously defending itself against the customer's claims while pursuing its own counterclaims.

As at March 31, 2026, the carrying value of the remaining assets associated with the project on the Company's consolidated statement of financial position was \$161 million. Notwithstanding its termination of the project contract, Enerflex maintains a \$31 million Letter of Credit in support of its obligation under the project contract. Enerflex would view any drawing of the financial security in the prevailing circumstances as improper and would be considered as an additional amount owed by the customer.

## Disclosure Controls and Procedures

Management is responsible for establishing and maintaining adequate disclosure controls and processes ("DC&P"). DC&P are designed to ensure that information required to be disclosed in Enerflex's financial reports is recorded, processed, summarized and reported to the Company's Management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that any system of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Due to the inherent limitations of control systems, not all misstatements may be detected. For example, there may be faulty judgments in decision-making or breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the acts of individuals, by collusion of two or more people, or by Management override of the control. Controls and procedures can only provide reasonable, not absolute, assurance that the desired control objectives have been met.

Based on the Company's evaluation, Management concluded that its DC&P were effective as of March 31, 2026.

## Internal Control Over Financial Reporting

Management is also responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR"). ICFR is a framework designed to provide reasonable assurance regarding the preparation and reliability of the unaudited interim condensed consolidated financial statements for external reporting in accordance with IFRS.

Under the supervision, and with the participation of Enerflex's Management, including the Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of its ICFR and DC&P as of March 31, 2026, the end of the period covered by this MD&A. In conducting this evaluation, Management used the criteria described in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO 2013 Framework").

Based on the Company's evaluation, Management concluded that its ICFR were effective as of March 31, 2026.

## Changes in Internal Control Over Financial Reporting:

Management regularly reviews its system of ICFR and makes changes to the Company's processes and systems to improve controls and increase efficiency. There have been no changes in the design of the Company's ICFR during the three months ended March 31, 2026, that would materially affect, or is reasonably likely to materially affect, the Company's ICFR.

## Subsequent Events

Subsequent to March 31, 2026, Enerflex declared a quarterly dividend of CAD \$0.0425 per common share, payable on June 3, 2026 to shareholders of record on May 20, 2026. The Board will continue to evaluate dividend payments on a quarterly basis based on availability of cash flow, anticipated market conditions, and the general needs of the business.

## Forward-Looking Statements

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws and "forward-looking statements" (and together with "forward-looking information", "FLI") within the meaning of the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995. FLI relates Management's expectations about future events, results of operations, and the future performance (both financial and operational) and business prospects of Enerflex. All statements other than statements of historical fact are FLI. FLI may contain, but is not limited to, words such as "anticipate", "future", "create", "continue", "expect", "intend", "propose", "might", "may", "will", "generate", "should", "could", "would", "believe", "predict", "forecast", "future", "opportunity", "pursue", "potential", "objective", "focus", "endeavor", "commit", "target", "growth", or "ensure", or the inverse of such terms or similar expressions suggesting future conditions, events, or expectations. In particular, this MD&A includes (without limitation) FLI pertaining to:

- Enerflex's ability to implement its strategy for success, premised on simplifying, optimizing, and growing its business, and the time required in connection therewith, if at all;
- disclosures under the heading "Outlook" including:
  - o expectations for continued steady demand across our business lines and geographic regions;
  - o the highly contracted EI product line and the recurring nature of AMS will continue to underpin operating results;
  - o customer contracts within Enerflex's EI product line will generate approximately \$1.3 billion of revenue over their remaining terms;
  - o expectations that performance of Enerflex's ES product line will remain steady, with the majority of the backlog of approximately \$1.3 billion as at March 31, 2026 expected to convert into revenue over the next 12 months;
  - o expected increases in natural gas and electric power generation across Enerflex's core operating countries will drive an attractive medium-term outlook for ES products and services;
  - o Enerflex's ability to deliver on its priorities in 2026 and the time required in connection therewith, if at all;
  - o targeted organic capital expenditures during 2026 of \$175 million to \$195 million, including (i) organic growth capital expenditures of \$90 million to \$100 million; (2) maintenance capital expenditures of \$70 million to \$80 million; and (3) PP&E and infrastructure investments of approximately \$15 million;
  - o selective customer supported growth investments continuing to be made in the USA contract compression business;

- o continued strength in the fundamentals for contract compression in the USA, led by expected increases in natural gas production and capital spending discipline from market participants;
- the anticipated completion of the divestiture of a majority of the Company’s operations in the APAC region (the “APAC Divestiture”), and the timing thereof, if at all;
- that the Board will set the Company’s quarterly dividends based on the availability of cash flow, anticipated market conditions, and the general needs of the business and that this will support expectations regarding the ability of the Company to continue to pay a quarterly sustainable dividend;
- ES backlog, the impact of project cancellations on ES backlog, and the ability to secure future bookings;
- the 8-quarter average ES backlog serves as a key indicator of operational consistency and revenue visibility, and ES backlog generally provides strong visibility into future revenue generation, business activity levels, and margin performance in the near-term;
- the availability of free cash generated and that such cash may be used to fund non-operating activities including dividend payments, share repurchases, and other non-mandatory debt repayments, if any;
- expectations that cash flows from operations in 2026, together with cash and cash equivalents on hand and currently available credit facilities, will be more than sufficient to fund Enerflex’s requirements for investments in working capital and capital assets;
- the ability of the Company to continue to meet its covenant requirements of its funded debt, including the secured RCF and 2031 Notes;
- the potential for the Company to incur costs related to the construction of EI assets determined to be finance leases;
- the ability of the Company to capitalize on opportunities should they proceed, if at all; and
- expectations that potential liabilities that may arise in connection with outstanding lawsuits, arbitrations or other legal proceedings will not have a material adverse effect on Enerflex, including its consolidated financial position, results of operations or cash flows.

FLI is based on assumptions, estimates, and analysis made in light of the Company’s experience and its perception of trends, current conditions, and expected developments, including assumptions and estimates as to associated timing and costs, as well as other factors that are believed by the Company to be reasonable and relevant in the circumstances. FLI involves known and unknown risks and uncertainties and other factors which are difficult to predict, including, without limitation:

- that all conditions to completion of the APAC Divestiture will be satisfied or waived in a timely manner, that all regulatory and other approvals required for completion of the APAC Divestiture will be obtained and obtained in a timely manner, that the transaction to effect the APAC Divestiture will be completed on the agreed terms, and that the expected benefits of the APAC Divestiture will be realized within the expected timeframes;
- potential impacts of the situation in the Middle East on Enerflex’s operations in Bahrain and Oman and the broader region;
- the ability of the Company to proactively manage the ES business line in response near-term risks and uncertainties, including tariffs and commodity price volatility;
- natural gas and associated liquids and produced water volumes across Enerflex’s global footprint will increase in line with expectations;
- the impact of general economic and industry conditions on the Company’s business, including its existing product offerings and the potential for growth and expansion of the business;
- the ES product line continuing to benefit from a diversified portfolio of gas compression and processing projects and continuing to generate predictable revenue and margin performance;
- existing customer contracts within the EI product line will remain in effect and with no material cancellations or renegotiations over their remaining terms;

- risks related to lawsuits, arbitrations or other legal proceedings;
- the execution of projects within the ES product line will proceed as scheduled and the conversion to revenue will proceed without significant delays or cancellations;
- the Company's backlog providing strong visibility into future revenue generation and business activity levels;
- no significant unforeseen cost overruns or project delays;
- supply chain interruptions leading to delays in receiving materials and parts to produce equipment and/or the impact of tariffs and/or retaliatory tariffs on the supply chain;
- interest rates and foreign exchange rates;
- new environmental, taxation, and other laws and regulations;
- continued capital spending discipline from market participants;
- the fulfillment by our customer partners of the terms of their contracts;
- the ability to continue to build and improve on proven manufacturing capabilities and innovate into new product lines and new and emerging markets;
- increased competition across all business lines;
- Enerflex will maintain sufficient cash flow, profitability, and financial flexibility to support the ongoing payment of a sustainable quarterly cash dividend, subject to market conditions, operational performance, and board approval;
- sufficiency of funds to support capital investments required to grow the business;
- availability of qualified personnel or management and difficulties in retaining qualified personnel;
- political unrest; and
- other factors, many of which are beyond the control of Enerflex.

Readers are cautioned that the foregoing list of assumptions and risk factors should not be construed as exhaustive. While the Company believes that there is a reasonable basis for the FLI included in this MD&A, as a result of known and unknown risks, uncertainties, and other factors, Enerflex's actual results, performance, or achievements could differ and such differences could be material from those expressed in, or implied by, these statements. The FLI included in this MD&A should not be unduly relied upon as a number of factors could cause actual results to differ materially from the results discussed in these forward-looking statements, including but not limited to: the ability to maintain desirable financial ratios; the ability to access various sources of debt and equity capital, generally, and on acceptable terms, if at all; the ability to utilize tax losses in the future; the ability to maintain relationships with partners and to successfully manage and operate the business; risks associated with technology and equipment, including potential cyber attacks; the occurrence of unexpected events such as pandemics, war, terrorist threats, and the instability resulting therefrom; risks associated with existing and potential future lawsuits, arbitrations or other legal proceedings, shareholder proposals, and regulatory actions; and those factors referred to under the heading "Risk Factors" in (i) Enerflex's AIF for the year ended December 31, 2025 and Enerflex's 2025 Annual Report; and (ii) in other filings with Canadian securities regulators and the SEC, copies of which are available under the electronic profile of the Company on SEDAR+ and EDGAR at [www.sedarplus.ca](http://www.sedarplus.ca) and [www.sec.gov/edgar](http://www.sec.gov/edgar), respectively.

This MD&A contains information that may constitute future-oriented financial information or financial outlook information ("FOFI") about Enerflex and its prospective financial performance, financial position, or cash flows, all of which is subject to the same assumptions, risk factors, limitations, and qualifications as set forth above. Except as otherwise stated herein, the FOFI included in this MD&A was made and approved by Management and the Board as of the date hereof. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise or inaccurate and, as such, undue reliance should not be placed on FOFI. The Company's actual

results, performance and achievements could differ materially from those expressed in, or implied by, FOFI. The inclusion of FOFI in this MD&A is to provide readers with a more complete perspective on the Company's future operations and Management's current expectations regarding the Company's future performance. Readers are cautioned that such information may not be appropriate for other purposes.

The FLI and FOFI contained herein is expressly qualified in its entirety by the above cautionary statement and are given as of the date of this MD&A. Other than as required by law, Enerflex disclaims any intention or obligation to update or revise any FLI or FOFI, whether as a result of new information, future events, or otherwise.

# Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Statements of Financial Position (unaudited)

(\$ United States millions)	Notes	March 31, 2026	December 31, 2025
<b>Assets</b>			
Current assets			
Cash and cash equivalents		\$ 47	\$ 81
Accounts receivable	2a	384	345
Unbilled revenue	2b	145	164
Energy infrastructure ("EI") assets - finance leases receivable	3a	58	58
Inventories		279	280
Income taxes receivable		4	11
Derivative financial instruments		1	1
Prepayments		58	52
Assets held for sale	4	77	-
<b>Total current assets</b>		<b>1,053</b>	<b>992</b>
Unbilled revenue	2b	1	1
Property, plant and equipment ("PP&E")		100	102
EI assets - finance leases receivable	3a	171	180
EI assets - operating leases	3b	672	686
Lease right-of-use assets		57	61
Deferred tax assets		21	21
Intangible assets		28	29
Goodwill		412	430
Other assets		197	192
<b>Total assets</b>		<b>\$ 2,712</b>	<b>\$ 2,694</b>
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities			
Accounts payable and accrued liabilities	5	\$ 363	\$ 396
Provisions		25	25
Income taxes payable		91	80
Deferred revenue		353	355
Lease liabilities		21	22
Derivative financial instruments		2	1
Liabilities held for sale	4	19	-
<b>Total current liabilities</b>		<b>874</b>	<b>879</b>
Deferred revenue		13	13
Long-term debt	6	552	582
Lease liabilities		48	50
Deferred tax liabilities		50	51
Other liabilities		35	26
<b>Total liabilities</b>		<b>\$ 1,572</b>	<b>\$ 1,601</b>
Shareholders' equity			
Share capital		\$ 501	\$ 498
Contributed surplus		663	664
Retained earnings		169	130
Accumulated other comprehensive loss		(193)	(199)
<b>Total shareholders' equity</b>		<b>1,140</b>	<b>1,093</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 2,712</b>	<b>\$ 2,694</b>

See accompanying notes to the consolidated financial statements, including Note 13 "Guarantees, Commitments, and Contingencies"

## Interim Condensed Consolidated Statements of Earnings and Comprehensive Income (unaudited)

(\$ United States millions, except per share amounts)	Notes	Three months ended March 31,	
		2026	2025
Revenue	7,9	\$ 584	\$ 552
Cost of goods sold ("COGS")	9	439	424
Gross margin		145	128
Selling, general and administrative expenses ("SG&A")	8,9	79	57
Foreign exchange (gain) loss		(2)	-
Operating income		68	71
Equity earnings from associates and joint ventures		1	-
(Loss) on financial instruments		(1)	(2)
Unrealized gain (loss) on redemption options		5	(3)
Earnings before net finance costs and income taxes ("EBIT")		73	66
Net finance costs	10	10	23
Earnings before income taxes ("EBT")		63	43
Current income taxes		22	22
Deferred income taxes		(2)	(3)
Income taxes		20	19
<b>Net earnings</b>		<b>\$ 43</b>	<b>\$ 24</b>
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss in subsequent periods:			
Unrealized (loss) on translation of foreign-denominated debt		(1)	-
Unrealized gain on translation of financial statements of foreign operations		7	5
Other comprehensive income		6	5
<b>Total comprehensive income</b>		<b>\$ 49</b>	<b>\$ 29</b>
Earnings per share – basic		\$ 0.35	\$ 0.19
Earnings per share – diluted		\$ 0.35	\$ 0.19
Weighted average number of shares outstanding – basic		121,874,052	124,145,322
Weighted average number of shares outstanding – diluted		122,086,573	124,480,239

See accompanying notes to the unaudited interim condensed consolidated financial statements.

## Interim Condensed Consolidated Statements of Cash Flows (unaudited)

(\$ United States millions)	Notes	Three months ended March 31,	
		2026	2025
<b>Operating Activities</b>			
Net earnings		\$ 43	\$ 24
Adjustments for:			
Depreciation and amortization		37	39
Equity earnings from associates and joint ventures		(1)	-
Deferred income taxes		(2)	(3)
Share-based compensation expense (recovery)	8	22	(3)
Loss on financial instruments		1	2
Unrealized (gain) loss on redemption options		(5)	3
		95	62
Net change in working capital and other	12	(63)	34
<b>Cash provided by operating activities</b>		\$ 32	\$ 96
<b>Investing Activities</b>			
Additions to:			
PP&E		\$ (3)	\$ (2)
EI assets - operating leases	3b	(13)	(12)
Proceeds on disposal of:			
EI assets - operating leases		5	9
Net (purchases) of financial instruments		(1)	(7)
Net change in working capital associated with investing activities		(7)	(14)
<b>Cash used in investing activities</b>		\$ (19)	\$ (26)
<b>Financing Activities</b>			
Net repayment of the revolving credit facility ("RCF")	6	\$ (29)	\$ (74)
Lease liability principal repayment		(6)	(6)
Dividends		(4)	(6)
Stock option exercises		2	-
<b>Cash used in financing activities</b>		\$ (37)	\$ (86)
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies		\$ 1	\$ (1)
Decrease in cash and cash equivalents		(23)	(17)
Cash and cash equivalents reclassified to assets held for sale	4	(11)	-
Cash and cash equivalents, beginning of period		81	92
<b>Cash and cash equivalents, end of period</b>		\$ 47	\$ 75

See accompanying notes to the unaudited interim condensed consolidated financial statements.

## Interim Condensed Consolidated Statements of Changes in Equity (unaudited)

(\$ United States millions)	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive losses		Total
				Foreign currency translation adjustments	Hedging reserve	
At January 1, 2026	\$ 498	\$ 664	\$ 130	\$ (198)	\$ (1)	\$ 1,093
Net earnings	-	-	43	-	-	43
Other comprehensive income	-	-	-	6	-	6
Effect of stock option plans	3	(1)	-	-	-	2
Dividends	-	-	(4)	-	-	(4)
<b>At March 31, 2026</b>	<b>\$ 501</b>	<b>\$ 663</b>	<b>\$ 169</b>	<b>\$ (192)</b>	<b>\$ (1)</b>	<b>\$ 1,140</b>
At January 1, 2025	\$ 505	\$ 678	\$ 80	\$ (214)	\$ -	\$ 1,049
Net earnings	-	-	24	-	-	24
Other comprehensive income	-	-	-	5	-	5
Dividends	-	-	(3)	-	-	(3)
At March 31, 2025	\$ 505	\$ 678	\$ 101	\$ (209)	\$ -	\$ 1,075

See accompanying notes to the unaudited interim condensed consolidated financial statements.

# Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

(All amounts in millions of United States dollars, except per share amounts or as otherwise noted.)

## Note 1. Summary of Material Accounting Policies

### (a) Statement of Compliance

These unaudited interim condensed consolidated financial statements (“Financial Statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, and were approved and authorized for issue by the Board of Directors (the “Board”) on May 6, 2026.

### (b) Basis of Presentation and Measurement

The Financial Statements for the three months ended March 31, 2026 and 2025 were prepared in accordance with IAS 34 “Interim Financial Reporting” and do not include all the disclosures included in the annual consolidated financial statements for the year ended December 31, 2025. Accordingly, these Financial Statements should be read in conjunction with the annual consolidated financial statements. Certain comparative figures have been reclassified to conform to the current period’s presentation.

Preparation of these Financial Statements requires Management to make judgments, estimates, and assumptions based on existing knowledge that affect the application of accounting policies and reported amounts and disclosures. Actual results could differ from these estimates and assumptions. In particular, the impact of geopolitical events, such as imposed tariffs in the North American market and ongoing conflict in the Middle East, could materially impact customer and supplier arrangements, as well as interest and inflation rates, resulting in increased volatility and near-term uncertainty. Management has, to the extent reasonable, incorporated known facts and circumstances into estimates made, however actual results could differ from those estimates, and those differences could be material. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The Financial Statements are presented in United States dollars (“USD”), Enerflex Ltd. (“Enerflex” or the “Company”) presentation currency, rounded to the nearest million except per share amounts or as otherwise noted. Transactions of the Company’s individual entities are recorded in their own functional currency based on the primary economic environment in which it operates. The Financial Statements are prepared on a going concern basis under the historical cost basis, with certain financial assets and financial liabilities recorded at fair value. There have been no significant changes in accounting policies compared to those described in the annual consolidated financial statements for the year-ended December 31, 2025, except for the change as per note 1(c) below.

### (c) Change in Accounting Policies

#### i. Amendments to Existing Standards

The following amendment, effective for annual periods beginning on or after January 1, 2026, was adopted by the Company as of January 1, 2026. There were no adjustments or additional disclosures that resulted from the adoption of this amendment.

#### **IFRS 9 Financial Instruments (“IFRS 9”) and IFRS 7 Financial Instruments: Disclosures (“IFRS 7”)**

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to clarify that financial assets and financial liabilities are recognized and derecognized at settlement date except for regular way purchases or sales of financial assets and

financial liabilities meeting conditions for new exception. The new exception permits companies to elect to derecognize certain financial liabilities settled via electronic payment systems earlier than the settlement date.

They also provide guidelines to assess contractual cash flow characteristics of financial assets, which apply to all contingent cash flows, including those arising from environmental, social, and governance (ESG)-linked features. Additionally, these amendments introduce new disclosure requirements for financial instruments with contingent cash-flow features and equity instruments designated at fair value through other comprehensive income.

## Note 2. Accounts Receivable and Unbilled Revenue

### (a) Accounts Receivable

Accounts receivable consisted of the following:

	March 31, 2026	December 31, 2025
Trade receivables	\$ 377	\$ 338
Less: allowance for doubtful accounts	(8)	(9)
Trade receivables, net	\$ 369	\$ 329
Other receivables	15	16
<b>Accounts receivable</b>	<b>\$ 384</b>	<b>\$ 345</b>

Aging of trade receivables:

	March 31, 2026	December 31, 2025
Current to 90 days	\$ 311	\$ 280
Over 90 days	66	58
<b>Trade receivables</b>	<b>\$ 377</b>	<b>\$ 338</b>

### (b) Unbilled Revenue

Movement in Unbilled Revenue was as follows:

	Three months ended March 31, 2026	Twelve months ended December 31, 2025
Opening balance	\$ 165	\$ 159
Unbilled revenue recognized	176	818
Amounts billed	(194)	(813)
Assets held for sale	(1)	-
Currency translation effects	-	1
<b>Closing balance</b>	<b>\$ 146</b>	<b>\$ 165</b>
Current unbilled revenue	\$ 145	\$ 164
Non-current unbilled revenue	1	1
<b>Total unbilled revenue</b>	<b>\$ 146</b>	<b>\$ 165</b>

## Note 3. Energy Infrastructure Assets

The Company's EI assets are comprised of Build-Own-Operate-Maintain ("BOOM") assets and contract compression assets which are leased to client partners. At the inception of a lease contract, all leases are classified as either an operating lease or a finance lease in accordance with IFRS.

### (a) EI Assets - Finance Leases Receivable

Lease arrangements for certain EI assets are considered finance leases when the risks and rewards of ownership are transferred to the lessee, which generally occurs in the following circumstances; ownership of the lease is transferred to the lessee by the end of the lease term; the lessee has the option to purchase the leased asset at a price that is sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception date, that option will be exercised; the term of the lease is for the major part of the economic life of the asset; or the present value of the lease payments amounts to substantially all of the fair value of the asset.

The majority of Enerflex's finance leases, which are primarily attributable to the EH reporting segment, have an initial term ranging from five to 10 years.

A summary of the gross and present value of future lease payments to be received under the Company's finance leases is shown below:

	Minimum lease payments and unguaranteed residual value		Present value of minimum lease payments and unguaranteed residual value	
	March 31, 2026	December 31, 2025	March 31, 2026	December 31, 2025
Less than one year	\$ 61	\$ 60	\$ 58	\$ 58
Between one and five years	192	201	156	164
Greater than five years	25	29	15	16
	\$ 278	\$ 290	\$ 229	\$ 238
Less: Unearned interest revenue	(54)	(57)	-	-
Add: Unguaranteed residual value	5	5	-	-
<b>Closing balance</b>	<b>\$ 229</b>	<b>\$ 238</b>	<b>\$ 229</b>	<b>\$ 238</b>

	Three months ended March 31, 2026	Twelve months ended December 31, 2025
Opening balance	\$ 238	\$ 238
Additions	-	38
Interest revenue	5	19
Payments (principal and interest)	(15)	(57)
Other	1	-
<b>Closing balance</b>	<b>\$ 229</b>	<b>\$ 238</b>

The average interest rates implicit in the leases are fixed at the contract date for the entire lease term. At March 31, 2026, the average interest rate was 7.6% per annum (December 31, 2025 – 7.6%). The finance leases receivable at the end of the reporting period were neither past due nor impaired.

## (b) EI Assets – Operating Leases

EI assets under lease arrangements that are classified and accounted for as operating leases are stated at cost less accumulated depreciation and impairment losses. The estimated useful lives of these assets are generally between five and 30 years.

Changes in the carrying amount of EI assets - operating leases was as follows:

	EI assets		Assets under construction		Three months ended	
					Total EI assets	
<b>Cost</b>						
<b>January 1, 2026</b>	\$	1,105	\$	27	\$	1,132
Additions		-		13		13
Reclassification		14		(14)		-
Disposals		(3)		-		(3)
Assets held for sale		(1)		-		(1)
Currency translation effects		5		-		5
<b>March 31, 2026</b>	<b>\$</b>	<b>1,120</b>	<b>\$</b>	<b>26</b>	<b>\$</b>	<b>1,146</b>
<b>Accumulated depreciation</b>						
<b>January 1, 2026</b>	\$	(446)	\$	-	\$	(446)
Depreciation charge		(26)		-		(26)
Disposals		1		-		1
Assets held for sale		1		-		1
Currency translation effects		(4)		-		(4)
<b>March 31, 2026</b>	<b>\$</b>	<b>(474)</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>(474)</b>
<b>Net book value – March 31, 2026</b>	<b>\$</b>	<b>646</b>	<b>\$</b>	<b>26</b>	<b>\$</b>	<b>672</b>

	EI assets		Assets under construction		Twelve months ended	
					Total EI assets	
<b>Cost</b>						
<b>January 1, 2025</b>	\$	1,026	\$	33	\$	1,059
Additions		-		96		96
Reclassification		100		(102)		(2)
Disposals		(31)		-		(31)
Currency translation effects		10		-		10
<b>December 31, 2025</b>	<b>\$</b>	<b>1,105</b>	<b>\$</b>	<b>27</b>	<b>\$</b>	<b>1,132</b>
<b>Accumulated depreciation</b>						
<b>January 1, 2025</b>	\$	(346)	\$	-	\$	(346)
Depreciation charge		(108)		-		(108)
Impairment		(3)		-		(3)
Disposals		20		-		20
Currency translation effects		(9)		-		(9)
<b>December 31, 2025</b>	<b>\$</b>	<b>(446)</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>(446)</b>
<b>Net book value – December 31, 2025</b>	<b>\$</b>	<b>659</b>	<b>\$</b>	<b>27</b>	<b>\$</b>	<b>686</b>

Depreciation of EI assets - operating leases included in COGS for the three months ended March 31, 2026 was \$26 million (March 31, 2025 – \$26 million).

During the three months ended March 31, 2026, the Company recognized \$48 million of revenue related to operating leases in its Latin America (“LATAM”) and Eastern Hemisphere (“EH”) segments (March 31, 2025 – \$50 million), and \$40 million of revenue related to its North America (“NAM”) contract compression fleet (March 31, 2025 – \$37 million).

Summary of the carrying amount of EI assets - operating leases by reporting segment was as follows:

	March 31, 2026		December 31, 2025	
NAM	\$	311	\$	310
LATAM		160		166
EH		201		210
<b>EI assets - operating leases</b>	<b>\$</b>	<b>672</b>	<b>\$</b>	<b>686</b>

## Note 4. Assets and Liabilities Held for sale

During the year, Enerflex entered into a definitive agreement to divest the majority of its operations in the Asia Pacific ("APAC") region to INNIO Group ("INNIO"). This business which is reported within the Eastern Hemisphere (EH) segment, operates principally in Australia, Indonesia and Thailand and is primarily focused on the AMS product line. The APAC region does not represent a significant component of the EH segment and is therefore not presented as a discontinued operation.

Completion of the transaction is subject to standard closing conditions and regulatory approvals and is expected to close during the second half of 2026.

The assets and liabilities of the operations held for sale as at March 31, 2026 were as follows:

	Three months ended March 31, 2026	
Cash and Cash equivalents	\$	11
Accounts receivable		16
Unbilled revenue		1
Inventories		21
Income taxes receivable		1
Prepayments		1
Property, plant and equipment		1
Lease right-of-use assets		3
Deferred tax assets		2
Goodwill		20
<b>Assets held for sale</b>	<b>\$</b>	<b>77</b>
Accounts payable and accrued liabilities	\$	13
Provisions		1
Income taxes payable		1
Deferred revenue		2
Lease liabilities		2
<b>Liabilities held for sale</b>	<b>\$</b>	<b>19</b>

## Note 5. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following:

	March 31, 2026		December 31, 2025	
Trade payables and accrued liabilities	\$	346	\$	384
Cash-settled share-based payments		17		12
<b>Total accounts payable and accrued liabilities</b>	<b>\$</b>	<b>363</b>	<b>\$</b>	<b>396</b>

## Note 6. Long-Term Debt

Long-term debt comprised of USD denominated senior unsecured notes (the "2031 Notes") and the three-year secured RCF with both USD and Canadian dollar ("CAD") components.

Composition of the borrowings was as follows:

	Maturity Date		March 31, 2026		December 31, 2025
2031 Notes	January 15, 2031	\$	400	\$	400
Drawings on the RCF	July 11, 2028		162		193
			562		593
Deferred transaction costs			(10)		(11)
<b>Long-term debt</b>		\$	<b>552</b>	\$	<b>582</b>
Non-current portion of long-term debt		\$	552	\$	582
<b>Long-term debt</b>		\$	<b>552</b>	\$	<b>582</b>

The 2031 Notes bear interest at 6.875% per annum payable semi-annually in arrears.

The Company's limit under the RCF is \$800 million, which may be increased by \$50 million at the request of the Company, subject to the lenders' consent. The maturity date of the RCF may be extended annually on or before the anniversary date with the consent of the lenders.

As part of the RCF, the Company may request issuance of up to \$150 million in letters of guarantee, standby letters of credit, performance bonds, counter guarantees, import documentary credits, counter standby letters of credit, or similar credits to finance the day-to-day operations of the Company. As at March 31, 2026, the Company utilized \$75 million of this \$150 million limit. The Company has an additional \$70 million unsecured credit facility ("LC Facility") with one of the lenders in its RCF. This LC Facility allows the Company request the same forms of credits as under the RCF. This LC Facility is supported by performance security guarantees provided by Export Development Canada. As at March 31, 2026, the Company had utilized \$26 million of the \$70 million available limit.

The weighted average interest rate on the RCF for the three months ended March 31, 2026 was 5.0% (December 31, 2025 – 5.6%).

At March 31, 2026, without considering renewal at similar terms, the USD equivalent principal payments due over the next five years are \$562 million.

The Company is required to maintain certain covenants on the RCF and the 2031 Notes. As at March 31, 2026, the Company was in compliance with its covenants, as shown below:

	Requirement	Three months ended March 31 2026 Performance	2025 Performance
Senior secured net funded debt to EBITDA ratio <sup>1</sup> – Maximum	2.5x	0.2x	0.1x
Bank-adjusted net debt to EBITDA ratio <sup>2</sup> – Maximum	4.0x	0.9x	1.3x
Interest coverage ratio <sup>3</sup> – Minimum	2.5x	5.1x	5.1x

<sup>1</sup> Senior secured net funded debt to EBITDA is defined as borrowings under the RCF less cash and cash equivalents divided by trailing 12-months EBITDA, as defined by the Company's lenders.

<sup>2</sup> Bank-adjusted net debt to EBITDA is defined as borrowings under the RCF and 2031 Notes less cash and cash equivalents divided by the trailing 12-months EBITDA, as defined by the Company's lenders.

<sup>3</sup> Interest coverage ratio is calculated by dividing the trailing 12-months EBITDA by interest expense over the same timeframe, as defined by the Company's lenders.

### Redemption Options

The 2031 Notes contain optional redemption features that allow the Company to redeem all or part of the Notes at prices set forth in the agreement, following certain dates specified. These redemption features constitute an embedded derivative asset that is required to be separated from the 2031 Notes and measured at fair value.

The embedded derivative components of the 2031 Notes are measured at fair value at each reporting date with gains or losses in fair value recognized through profit or loss. Management has assessed the fair value of the redemption options at March 31, 2026 and recognized an embedded derivative asset of \$5 million in Other assets on the interim consolidated statement of financial position (December 31, 2025 – nil).

## Note 7. Revenue

Revenue by product line was as follows:

	Three months ended March 31,	
	2026	2025
Energy Infrastructure ("EI")	\$ 149	\$ 153
After-Market Services ("AMS")	107	120
Engineered Systems ("ES")	328	279
<b>Total revenue</b>	<b>\$ 584</b>	<b>\$ 552</b>

Revenue by geographic location, which is based on destination of sale, was as follows:

	Three months ended March 31,	
	2026	2025
United States	\$ 318	\$ 246
Canada	56	76
Argentina	39	57
Nigeria	38	28
Oman	36	32
Brazil	19	14
Australia	18	18
Mexico	15	16
Bahrain	13	15
Thailand	7	6
Others	25	44
<b>Total revenue</b>	<b>\$ 584</b>	<b>\$ 552</b>

For the three months ended March 31, 2026, the Company had no individual customer which accounted for more than 10% of its revenue (March 31, 2025 – nil).

The following table outlines the Company's unsatisfied performance obligations, by product line, as at March 31, 2026:

	Less than one year		One to two years		Greater than two years		Total
EI	\$ 417	\$ 306	\$ 560	\$ 1,283			
AMS	105	30	58	193			
ES	1,196	69	-	1,265			
<b>Total</b>	<b>\$ 1,718</b>	<b>\$ 405</b>	<b>\$ 618</b>	<b>\$ 2,741</b>			

## Note 8. Selling, General & Administrative Expenses

SG&A expenses comprised of costs incurred by the Company to support the business operations that are not directly attributable to the production of goods or services.

	Three months ended March 31,	
	2026	2025
Core SG&A <sup>1</sup>	\$ 55	\$ 54
Share-based compensation	22	(3)
Depreciation and amortization	3	6
Bad debt recovery	(1)	-
<b>Total SG&amp;A</b>	<b>\$ 79</b>	<b>\$ 57</b>

<sup>1</sup> Core SG&A is primarily comprised of compensation, third-party services, and information technology expenses.

## Note 9. Segmented Information

The Company has identified three reporting segments for external reporting:

- NAM consists of operations in Canada and the USA.
- LATAM consists of operations in core countries of Argentina, Brazil, and Mexico, and also includes operations within the Andean regions of Bolivia, Colombia, and Peru.
- EH consists of operations in the Middle East, Africa, Europe, and APAC.

Each segment generates revenue from the EI, AMS, and ES product lines.

The accounting policies, determination of reportable operating segments, and allocation of corporate overheads are consistent with those disclosed in Note 3 "Summary of Material Accounting Policies" and Note 24 "Segmented Information" of the Company's annual consolidated financial statements for the year-ended December 31, 2025.

The following table provides operating results for the Company's reportable segments:

Three months ended March 31,	NAM		LATAM		EH		Total	
	2026	2025	2026	2025	2026	2025	2026	2025
Segment revenue	\$ 419	\$ 368	\$ 78	\$ 102	\$ 89	\$ 89	\$ 586	\$ 559
Intersegment revenue	(1)	(6)	-	-	(1)	(1)	(2)	(7)
Revenue	418	362	78	102	88	88	584	552
EI	40	36	63	74	46	43	149	153
AMS	55	60	13	20	39	40	107	120
ES	323	266	2	8	3	5	328	279
Revenue	418	362	78	102	88	88	584	552
EI	21	18	39	51	24	27	84	96
AMS	47	52	9	14	31	30	87	96
ES	264	222	2	6	2	4	268	232
COGS <sup>1</sup>	332	292	50	71	57	61	439	424
EI	19	18	24	23	22	16	65	57
AMS	8	8	4	6	8	10	20	24
ES	59	44	-	2	1	1	60	47
Gross Margin	86	70	28	31	31	27	145	128
SG&A <sup>1</sup>	49	32	11	10	19	15	79	57
Foreign exchange (gain) loss	(1)	-	(1)	-	-	-	(2)	-
Operating income	\$ 38	\$ 38	\$ 18	\$ 21	\$ 12	\$ 12	\$ 68	\$ 71

<sup>1</sup> Depreciation and amortization for the reporting segments are recorded in COGS and SG&A. During the three months ended March 31, 2026, the amount of depreciation and amortization in NAM was \$15 million (March 31, 2025 – \$16 million); LATAM was \$10 million (March 31, 2025 – \$11 million); and EH was \$12 million (March 31, 2025 – \$12 million).

## Note 10. Finance Costs and Income

Net finance costs comprised of the following:

	Three months ended March 31,	
	2026	2025
Interest on debt	\$ 9	\$ 16
Accretion of Notes discount and deferred transaction costs	1	2
Lease interest expense	1	1
Other interest expense	-	5
<b>Total finance costs</b>	<b>\$ 11</b>	<b>\$ 24</b>
<b>Finance Income</b>		
Interest income	\$ 1	1
<b>Net finance costs</b>	<b>\$ 10</b>	<b>\$ 23</b>

## Note 11. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, unbilled revenue, project asset, derivatives, redemption options, accounts payable and accrued liabilities, and long-term debt.

### Designation and Fair Value of Financial Instruments

The Company's financial instruments at March 31, 2026 were designated and valued in the same manner as they were at December 31, 2025. Accordingly, with the exception of borrowings under the long-term debt, the estimated fair values of the Company's financial instruments approximated their carrying values at March 31, 2026.

The carrying value and estimated fair value of borrowings under the long-term debt as at March 31, 2026, was \$552 million and \$582 million, respectively (December 31, 2025 – \$582 million and \$607 million, respectively). The fair value of the 2031 Notes at March 31, 2026, was determined on a discounted cash flow basis with a weighted average discount rate of 6.2% (December 31, 2025 – 6.2%), while the fair value of the RCF approximates the amount outstanding under the RCF.

The Company's embedded derivative asset related to its redemption options of its 2031 Notes was measured at fair value determined using a valuation model based on inputs from observable market data, including independent price publications and third-party pricing services; accordingly, the measurement is classified as level 2 within the fair value hierarchy. Changes in fair value are recorded as gains or losses on the consolidated statements of earnings.

### Derivative Financial Instruments and Hedge Accounting

Foreign exchange contracts are transacted with financial institutions to hedge foreign currency denominated obligations and cash receipts related to purchases of inventory and sales of products.

The following table summarizes the Company's commitments to buy and sell foreign currencies at March 31, 2026:

			Notional amount	Maturity
<b>Canadian Dollar Denominated Contracts</b>				
Purchase contracts	USD	\$	65	April 2026 - September 2027
Purchase contracts	EUR	\$	13	April 2026 - December 2027
Sales contracts	USD	\$	(93)	April 2026 - April 2027

At March 31, 2026, the fair value of derivative financial instruments classified as financial assets was approximately \$1 million and as financial liabilities was approximately \$2 million (December 31, 2025 – \$1 million and \$1 million).

### Foreign Currency Exposure

In the normal course of operations, the Company is exposed to movements in the CAD, USD, the Australian dollar, the Brazilian real, and the Argentine peso ("ARS").

The types of foreign exchange risk and the Company's related risk management strategies are as follows:

#### Transaction Exposure

The functional currency of Enerflex Ltd. on a stand-alone basis (the "Parent Company") and Canadian operations is CAD. The operations are primarily exposed to changes in the exchange rates on financial instruments denominated in USD.

The Parent Company has intercompany receivables and payables denominated in the USD. The Canadian operations of the Company sources the majority of its products and major components from the USA; consequently, reported inventory costs and the transaction prices charged to customers for equipment are impacted by the relative strength of the CAD. The Canadian operations also sells compression and processing packages in foreign currencies, primarily the USD. Most of Enerflex's international orders are manufactured in the USA if the contract is denominated in USD, which minimizes the Company's foreign currency exposure on these contracts. The Company identifies and hedges all significant transactional currency risks and has implemented a hedging policy applicable primarily to the Canadian operations, with the objective of securing the margins earned on awarded contracts denominated in currencies other than the CAD. In addition, the Company may hedge input costs that are paid in a currency other than the home currency of the subsidiary executing the contract. If the CAD weakens by five percent, the Company could experience foreign exchange loss recorded in the consolidated statements of earnings of less than \$1 million on its USD denominated financial instruments.

### Translation Exposure

The Company and its subsidiaries are exposed to translation risk of monetary items denominated in a currency different from their functional currency. The currencies with the most significant impact are the CAD, USD, and ARS.

The functional currency of the Parent Company is CAD while the functional currency of the majority of the Company's subsidiaries is USD. The Parent Company is therefore exposed to fluctuations of the CAD against the USD on its net investment in USD functional subsidiaries. The Company hedges this exposure via a net investment hedge by designating a portion of the Company's USD borrowings in the Parent Company as a hedging instrument. During the three months ended March 31, 2026, the Company recognized foreign exchange loss of \$1 million on translation of the designated USD borrowings in the Parent Company in other comprehensive income. As at March 31, 2026, \$56 million of USD borrowings in the Parent Company was designated as a hedging instrument. Management has determined that the Company's hedging relationships remain effective.

If the CAD were to weaken by five percent, the Company could experience additional foreign exchange losses on its USD borrowings in the Parent Company of approximately \$3 million, which would be recorded in the consolidated statement of comprehensive income.

The functional currency of the Argentinian operation is the USD. The operation has cash and cash equivalents, and certain financial instruments denominated in its local currency ARS. With the expected devaluation of the ARS, caused by high inflation, the Company is at risk of foreign exchange losses on its financial instruments denominated in ARS. During the three months ended March 31, 2026, the Company had foreign exchange gains in Argentina of \$1 million. The Company continues to utilize cash management strategies to mitigate foreign exchange losses, primarily by minimizing cash available to sustain operations. If the ARS weakens by five percent, the Company could experience foreign exchange losses of \$1 million on its ARS denominated financial instruments.

## Note 12. Supplemental Cash Flow Information

Changes in working capital and other during the period:

	Three months ended March 31,	
	2026 <sup>1</sup>	2025
Accounts receivable	\$ (55)	\$ 20
Unbilled revenue	18	(6)
EI assets - finance leases receivable	9	8
Inventories	(20)	(11)
Inventories - WIP related to EI assets - finance leases receivable	-	(19)
Income taxes receivable	6	(1)
Prepayments	(7)	10
Accounts payable and accrued liabilities and provisions <sup>2</sup>	(22)	13
Income taxes payable	12	(6)
Deferred revenue	-	26
Foreign currency and other	(4)	-
<b>Net change in working capital and other</b>	<b>\$ (63)</b>	<b>\$ 34</b>

<sup>1</sup> Includes working capital changes associated with the APAC divestiture. Refer to Note 4 - "Assets and liabilities held for sale".

<sup>2</sup> Change in accounts payable and accrued liabilities and provisions represent only the portion relating to operating activities.

Cash interest and taxes paid and received during the period:

	Three months ended March 31,	
	2026	2025
Interest paid – long-term borrowings	\$ 3	\$ 4
Interest paid – lease liabilities	1	1
Total interest paid	\$ 4	\$ 5
Interest received	1	1
Income taxes paid	3	28

## Note 13. Guarantees, Commitments, and Contingencies

### Guarantees

At March 31, 2026, the Company had outstanding letters of credit of \$101 million (December 31, 2025 – \$103 million). Of the total outstanding letters of credit, \$75 million (December 31, 2025 – \$77 million) are funded from the RCF and \$26 million (December 31, 2025 – \$26 million) are funded from the \$70 million LC Facility.

### Commitments

The Company has purchase obligations over the next three years as follows:

2026	\$	596
2027		179
2028		138

### Legal Proceedings

In the normal course of business, the Company and certain of its subsidiaries are involved in or subject to lawsuits, claims, and other legal proceedings that seek, among other things, compensation for alleged personal injury, breach of contract, property damage or other losses, punitive damages, civil penalties, or injunctive or declaratory relief. Some lawsuits, claims, and legal proceedings involve acquired or disposed assets with respect to which a third party, the Company, or its subsidiary retains liability or indemnifies the other party for conditions that existed prior to the transaction. In accordance with applicable accounting guidance, Enerflex and its subsidiaries accrue reserves for outstanding lawsuits, claims, and proceedings when it is probable that a liability has been incurred and the liability can be reasonably estimated. The Company does not currently expect that any of the outstanding lawsuits, claims, or legal proceedings will have a material adverse effect on Enerflex, including its consolidated financial position, results of operations or cash flows. Although Enerflex's expectations and estimates are based on information known about the legal matters and its experience in contesting, litigating and settling similar matters, the results of any outstanding lawsuits, claims, and other legal proceedings are inherently uncertain, and there can be no assurance that monetary damages, fines, penalties, or injunctive relief resulting from adverse judgments or settlements in some or all of these outstanding lawsuits, claims, or legal proceedings will not have a material adverse effect on Enerflex, including its consolidated financial position, results of operations or cash flows. The Company will reassess the probability and estimability of contingent losses as new information becomes available in these proceedings or otherwise.

As previously disclosed, in response to a fatal attack at an adjacent site in Q2 2024, Enerflex declared Force Majeure on an international ES project, suspended activity at the project site, and demobilized its personnel. Enerflex subsequently received notice from its customer purporting to terminate the project contract and commencing arbitration proceedings against Enerflex alleging breach of the project contract. In Q4 2024, Enerflex delivered notice to the customer terminating the project contract. As part of the arbitration proceedings, Enerflex has brought a counterclaim against the customer to recover amounts owing to Enerflex following Enerflex's termination of the project contract. Pursuant to the rules for arbitration agreed between Enerflex and its customer, the content of the proceedings is confidential and not otherwise publicly available. In Q2 2025, the customer filed its Statement of Case in the arbitration asserting various claims against and seeking material monetary damages from Enerflex and in Q3 2025 the Company filed its Statement of Defence and Counterclaim against the customer. In Q4 2025, the customer filed its Statement of Reply and Defence to Counterclaim to which the Company responded to by filing its Statement of Rejoinder and Reply to Defence to Counterclaim on February 27, 2026 in accordance with the arbitration timeline.

Enerflex disputes the customer's claims and asserts that it acted in accordance with the project contract and that its declaration of Force Majeure and its subsequent termination of the project were proper. Given the current stage of the arbitration and the inherent uncertainty of arbitration, the final outcome of the arbitration is unknown. While the Company is pursuing recovery of amounts it believes are owed, it is possible that the Company may not prevail on its counterclaims or in defending against the customer's claims. In those circumstances, there can be no assurance that the outcome will

not have a material adverse effect on Enerflex, including on its consolidated financial position, results of operations or cash flows. Enerflex intends to continue vigorously defending itself against the customer's claims while pursuing its own counterclaims.

As at March 31, 2026, the carrying value of the remaining assets associated with the project on the Company's consolidated statement of financial position was \$161 million. Notwithstanding its termination of the project contract, Enerflex maintains a \$31 million Letter of Credit in support of its obligation under the project contract. Enerflex would view any drawing of the financial security in the prevailing circumstances as improper and would be considered as an additional amount owed by the customer.

## Note 14. Subsequent Events

Subsequent to March 31, 2026, Enerflex declared a quarterly dividend of CAD \$0.0425 per common share, payable on June 3, 2026 to shareholders of record on May 20, 2026. The Board will continue to evaluate dividend payments on a quarterly basis based on availability of cash flow, anticipated market conditions, and the general needs of the business.



# Board of Directors

**Kevin Reinhart**  
**Board Chair**  
Alberta, CA

**Fernando Assing**<sup>1</sup>  
Texas, USA

**Joanne Cox**<sup>1,3</sup>  
**Human Resources and  
Compensation Committee Chair**  
Alberta, CA

**Benjamin Cherniavsky**<sup>2</sup>  
British Columbia, CA

**Céline Gerson**<sup>3</sup>  
Texas, USA

**James Gouin**<sup>2</sup>  
Ontario, CA

**Mona Hale**<sup>2</sup>  
**Audit Committee Chair**  
Alberta, CA

**Paul Mahoney**  
**President and Chief Executive Officer**  
Texas, USA

**Thomas B. Tyree, Jr.**<sup>1,3</sup>  
**Nominating and Corporate  
Governance Committee Chair**  
Colorado, USA

**Juan Carlos Villegas**<sup>1,3</sup>  
Region Metropolitana, Chile

# Executive Management

**Paul Mahoney**  
**President and Chief Executive Officer**  
Texas, USA

**Preet S. Dhindsa**  
**SVP and Chief Financial Officer**  
Alberta, CA

**David Izett**  
**SVP and General Counsel**  
Alberta, CA

**Carina Lovato Gillenwater**  
**SVP and Chief Human Resources Officer**  
Texas, USA

**Robert Mitchell**  
**SVP, Strategy and Productivity**  
Texas, USA

**Mauricio Meineri**  
**President, Latin America**  
Texas, USA

**Phil Pyle**  
**President, Eastern Hemisphere**  
Abu Dhabi, UAE

**Greg Stewart**  
**President, North America**  
Texas, USA

1 Member of Human Resources and Compensation Committee  
2 Member of Audit Committee  
3 Member of Nominating and Corporate Governance Committee



# Shareholder Information

## Stock Exchange Listings

### Toronto Stock Exchange

Trading Symbol: **EFX**

### New York Stock Exchange

Trading Symbol: **EFXT**

---

## Transfer Agent, Registrar, and Dividend-Disbursing Agent

### TSX Trust Company

PO Box 700  
Station B  
Montreal, QC, CA H3A 2A6

North America: **1-800-387-0825**

Outside North America: **1-416-682-3860**

E-Mail: **shareholderinquiries@tmx.com**

Website: **<https://tsxtrust.com>**

---

## Auditors

### Ernst & Young LLP Chartered Professional Accountants

Calgary, AB, CA

---

## Investor Relations

Telephone: **1-403-387-6377**

E-Mail: **[ir@enerflex.com](mailto:ir@enerflex.com)**

Website: **<https://enerflex.com>**





Enerflex Ltd.  
Suite 904, 1331 Macleod Trail SE  
Calgary, AB, Canada T2G 0K3

1 (403) 387-6377  
[enerflex.com](http://enerflex.com)