# 2026

# Q3 QUARTERLY REPORT

Enerflex

Enerflex

**October 28, 2026**

# 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 and nine months ended September 30, 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 and under the Company's SEDAR+ and EDGAR profiles at www.sedarplus.ca and www.sec.gov/edgar, respectively. Additional information is also available in the Annual Report on Form 40-F, which may be found on the Company's EDGAR profile at www.sec.gov/edgar.

The financial information reported herein has been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") 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.

# Outlook

Enerflex's strategic priorities include:

(1) driving productivity improvements across the Company's global operations through operational excellence;

(2) focusing on the highest-value growth opportunities and markets where the Company can win, including advancing opportunities in distributed power generation alongside its core natural gas infrastructure markets; and

(3) allocating capital to drive long-term value creation through disciplined growth, maximizing free cash flow, and providing direct shareholder returns.

We continue to see favorable multi-year fundamentals across our core markets, supported by increasing natural gas production and growing demand for reliable power and energy infrastructure. Operating results are expected to remain underpinned by the highly contracted Energy Infrastructure ("EI") product line and recurring nature of After Market Service ("AMS"), which generated 67% of consolidated gross margin before depreciation and amortization during the first three quarters of 2026.

Performance for Enerflex's Engineered Systems ("ES") product line continues to benefit from healthy demand across compression, processing, and power generation applications. ES backlog increased to a record level during the third quarter, providing strong visibility into future revenue generation and business activity levels into 2028. Enerflex continues to experience growing demand for behind-the-meter ("BTM") power generation solutions, particularly related to data center development, and is leveraging its integrated design, engineering, manufacturing, project execution, commissioning, AMS operations, maintenance, and digital capabilities to capitalize on these opportunities. Including awards secured in early Q4, our backlog of BTM natural gas-fired power generation now exceeds 1.75 gigawatts.

In addition to the initial equipment scope, these projects provide opportunities for future commissioning, installation, operations, maintenance, and digital service offerings through Enerflex's ReliaCore™Asset Performance Management ecosystem, aligning with Enerflex's commercial initiatives to support the full lifecycle requirements of BTM power generation development.

**Capital Allocation**

Enerflex is refining its organic capital expenditure guidance for 2026. The Company continues to target spending of $185 million to $195 million during 2026, which includes: (1) organic growth capital expenditures of approximately $100 million (unchanged from prior guidance); (2) maintenance capital expenditures of approximately $55 million (prior guidance of $70 million to $80 million); and (3) property, plant and equipment ("PP&E") and infrastructure investments of $30 million to $40 million to support the Company's ES business line and activity in adjacent markets, including electric power generation (prior guidance of approximately $15 million).

Organic growth capital spending will continue to focus on customer-supported opportunities and is primarily allocated to expand the Company's contract compression fleet in the USA. We continue to target customer-supported fleet growth of 10% to 15% during 2026 and are also securing long-lead time components to support fleet growth into 2030.

The reduction in forecasted maintenance capital reflects efficiencies as well as a shift of some spending into 2027.

As previously announced, Enerflex has authorized investments in its ES facilities and capabilities, including $30 million to $40 million included in Enerflex's 2026 capital expenditure guidance and approximately $85 million expected to be incurred during 2027. These investments, combined with on-going initiatives to enhance collaboration, leverage scale, improve operational efficiency, and solidify capabilities, are expected to significantly increase revenue capacity of Enerflex's ES business line.

Enerflex continues to evaluate selective, disciplined tuck-in acquisition opportunities. Inorganic growth will remain focused on enhancing capabilities and accelerating scale in the Company's core North American markets. All opportunities will be balanced with Enerflex's focus on maintaining a strong financial position and providing direct shareholder returns.

# Summary Results

| ($ millions, except per share amounts, percentages and ratios) | Three months ended September 30, 2026 | 2025 | Nine months ended September 30, 2026 | 2025 |
|---|---|---|---|---|
| Revenue | **$ 623** | $ 777 | **$ 1,789** | $ 1,944 |
| Gross margin ("GM") | **142** | 172 | **426** | 439 |
| GM as a percentage of revenue ("GM %") | **22.8%** | 22.1% | **23.8%** | 22.6% |
| Selling, general and administrative expenses ("SG&A") | **64** | 71 | **224** | 189 |
| Operating income | **77** | 102 | **203** | 249 |
| EBITDA[1] | **117** | 122 | **321** | 361 |
| EBIT[1] | **79** | 82 | **209** | 240 |
| Net earnings | **55** | 37 | **128** | 121 |
| Earnings per share - basic | **0.45** | 0.30 | **1.05** | 0.98 |
| Long-term debt | **539** | 648 | **539** | 648 |
| Net debt[2] | **312** | 584 | **312** | 584 |
| Cash provided by operating activities | **147** | 74 | **268** | 166 |
| **Key Financial Performance Indicators ("KPIs")** | | | | |
| ES backlog[3] | **$ 2,136** | $ 1,071 | **$ 2,136** | $ 1,071 |
| ES bookings[3] | **1,024** | 339 | **1,995** | 909 |
| EI contract backlog[4] | **1,182** | 1,370 | **1,182** | 1,370 |
| GM before depreciation and amortization ("GM before D&A")[5] | **176** | 206 | **528** | 542 |
| GM before D&A as a percentage of revenue ("GM before D&A %")[5] | **28.3%** | 26.5% | **29.5%** | 27.9% |
| Adjusted EBITDA[6] | **129** | 145 | **394** | 388 |
| Free cash flow[7] | **102** | 43 | **149** | 89 |
| Bank-adjusted net debt to EBITDA ratio[7,8] | **0.6x** | 1.2x | **0.6x** | 1.2x |
| Return on capital employed ("ROCE")[7,8] | **15.8%** | 16.9% | **15.8%** | 16.9% |

*[1] 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.*

*[2] Net debt is defined as total long-term debt less cash and cash equivalents, as presented in the Financial Statements.*

*[3] Refer to the "ES Backlog and Bookings" section of this MD&A for further details.*

*[4] Refer to the "EI Contract Backlog" section of this MD&A for further details.*

*[5] 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.*

*[6] Refer to the "Adjusted EBITDA" section of this MD&A for further details.*

*[7] Refer to the "Non-IFRS Measures" section of this MD&A for further details.*

*[8] Determined by using the trailing 12-month period.*

# Results Overview

**Revenue** for the three and nine months ended September 30, 2026 decreased by $154 million and $155 million from the same periods in 2025. The decline was primarily driven by lower ES revenue in the Eastern Hemisphere ("EH") and North America ("NAM") segments, reflecting the commencement of operations at the Bisat-C Expansion Facility in EH in the third quarter of 2025 and certain projects nearing completion during the third quarter of 2026. Lower EI asset sales in Latin America ("LATAM") also contributed to the decrease. These impacts were partially offset by increased AMS parts sales and improved service utilization across all regions.

**Gross Margin** for the three and nine months ended September 30, 2026 was $142 million (22.8%) and $426 million (23.8%) compared to $172 million (22.1%) and $439 million (22.6%) for the same periods in 2025. The decrease in margin was primarily due to lower revenue in EH and NAM. The increased gross margin percentage for the three and nine months ended September 30, 2026 was the result of improved EI margins from operational efficiencies in LATAM and the operational contributions from Bisat-C project in EH impacting the nine months ended September 30, 2026.

**SG&A** for the three months ended September 30, 2026 of $64 million decreased by $7 million from the same period in 2025 primarily due to lower share-based compensation expense resulting from a decline in the share price during the third quarter of 2026, compared to share price appreciation in the same period in 2025, partially offset by costs to support growth and operational optimization. SG&A for the nine months ended September 30, 2026 increased by $35 million primarily due to higher share-based compensation expense resulting from a stronger increase in share price in 2026 compared to the same period in 2025, costs to support growth and operational optimization across the business in 2026, and costs incurred for strategic restructuring activities including the disposition of AMS operations in the Asia Pacific (the "APAC") region, partially offset by lower depreciation and amortization.

**Net Earnings** for the three and nine months ended September 30, 2026 increased by $18 million and $7 million from the same periods in 2025 primarily due to lower unrealized losses on redemption options, lower net finance costs, lower income taxes, and gain on APAC disposition, partially offset by lower gross margin. The increase in net earnings for the nine months ended September 30, 2026 was also partially offset by higher SG&A.

**Adjusted EBITDA** for the three months ended September 30, 2026 decreased by $16 million from the same period in 2025 primarily due to operational performance. Adjusted EBITDA of $394 million for the nine months ended September 30, 2026 increased from $388 million in the same period of 2025, primarily due to operational contribution from the Bisat-C Expansion in EH.

**Cash Provided by Operating Activities** for the three and nine months ended September 30, 2026 increased by $73 million and $102 million compared to the same periods in 2025, primarily due to net working capital recovery driven by customer collections, increased advance billings and customer deposits.

**Free Cash Flow** ("**FCF**") of $102 million and $149 million for the three and nine months ended September 30, 2026 increased by $59 million and $60 million compared to the same periods in 2025, attributable to higher net working capital recovery, partially offset by higher capital expenditures and lower proceeds from sale of EI assets in LATAM.

**ROCE** was 15.8% at September 30, 2026. While continuing to reflect strong capital efficiency, ROCE decreased by 1.1% compared to the same period in 2025, primarily reflecting lower trailing twelve-month earnings associated with project timing and activity in EH and NAM, as well as lower EI asset sales in LATAM.

**Leverage Ratio:** During the third quarter Enerflex continued to manage its leverage ratio through strong performance and disciplined capital allocation, with a net funded debt to EBITDA (“bank-adjusted net debt to EBITDA”) ratio of approximately 0.6x at the end of the third quarter of 2026. At September 30, 2026, the Company was in compliance with its covenants.

**Capital Expenditures ("CAPEX"):** The Company invested $42 million in CAPEX during the three months ended September 30, 2026, comprising $16 million of maintenance expenditures across its global EI assets and PP&E and $26 million of growth expenditures, primarily to expand the Company's contract compression fleet in the USA.

**ES Backlog** of $2.1 billion at September 30, 2026 increased from $1.1 billion at December 31, 2025 primarily due to a newly awarded BTM natural gas-fired power generation project of approximately 450 megawatts for a NAM data center developer, partially offset by advancement of ES projects in NAM during the nine months ended September 30, 2026. Enerflex's backlog continues to provide strong visibility into future revenue generation and business activity levels for the ES product line.

**ES Bookings** of $1.0 billion and $2.0 billion for the three and nine months ended September 30, 2026 increased by $685 million and $1.1 billion compared to the same periods in 2025, primarily due to continued steady client demand for compression and processing products and the newly awarded 450 megawatt power generation project in NAM. The ES product line has realized a stronger book-to-bill ratio (calculated as bookings divided by revenue) of 3.0x during the three months ended September 30, 2026, primarily due to significantly higher bookings. Stronger ES book-to-bill ratio indicates that new bookings continue to well outpace revenue recognition.

**EI Contract Backlog** of $1.2 billion at September 30, 2026 decreased from $1.3 billion at December 31, 2025 primarily due to revenue recognized during the nine months ended September 30, 2026, partially offset by new EI bookings across all segments.

**APAC Disposition:** On September 30, 2026, Enerflex completed the previously announced disposition of its AMS operations in the APAC region to INNIO Group for proceeds of $62 million, subject to closing adjustments. The transaction supports Enerflex's disciplined portfolio management strategy and further focuses the Company on its core operating regions. The Company recognized a gain of $5 million in the consolidated statements of earnings. Refer to Note 2 of the Financial Statements.

**Additional Power Generation Award:** Subsequent to September 30, 2026, Enerflex secured an award to supply over 1.0 gigawatts of low emission BTM natural gas-fired power generation for a North American data center development. Combined with additional project awards, including the approximately 450 megawatts recorded in the third quarter, Enerflex’s backlog of BTM natural gas-fired power generation now exceeds 1.75 gigawatts, with deliveries extending through 2028. This additional 1.0 gigawatt award will be reflected in ES backlog during the fourth quarter of 2026.

**Dividend Declaration:** Subsequent to September 30, 2026, Enerflex’s Board of Directors elected to declare the Company’s quarterly dividend in U.S. Dollars. The Company approved an increase of approximately 17% to US$0.035 per common share, payable on November 25, 2026, to shareholders of record on November 12, 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 and should not be considered a replacement for measures prepared in accordance with 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 may be influenced by factors not directly related 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 remove the non-cash upfront selling profit; gains or losses on redemption options associated with the senior notes; gains or losses on disposal of a subsidiary; and impairment of goodwill. These items are considered either unique, non-recurring, or non-cash transactions, and are not indicative of the ongoing normal operations of the Company.

Adjusted EBITDA is presented by reporting segment as follows:

| | Three months ended September 30, 2026 | | | |
|---|---|---|---|---|
| ($ millions) | **NAM** | **LATAM** | **EH** | **Total** |
| Net earnings[1] | | | | **$ 55** |
| Income taxes[1] | | | | **16** |
| Net finance costs[1,2] | | | | **8** |
| EBIT[3] | **$ 61** | **$ 15** | **$ 6** | **$ 79** |
| Depreciation and amortization | **17** | **10** | **11** | **38** |
| EBITDA | **$ 78** | **$ 25** | **$ 17** | **$ 117** |
| Restructuring and transaction costs | **-** | **-** | **2** | **2** |
| Gain on APAC disposition | **-** | **-** | **(5)** | **(5)** |
| Share-based compensation | **(1)** | **1** | **2** | **2** |
| Impact of finance leases | | | | |
| Principal payments received | **-** | **-** | **10** | **10** |
| Unrealized loss on redemption options[3] | | | | **3** |
| Adjusted EBITDA | **$ 77** | **$ 26** | **$ 26** | **$ 129** |

*[1]The Company included net earnings, income taxes, and net finance costs on a consolidated basis to reconcile to EBIT.*
*[2]Net finance costs are considered corporate expenditure and have therefore not been allocated to reporting segments.*
*[3]EBIT includes $3 million unrealized loss on redemption options associated with the USD denominated senior unsecured notes (the "2031 Notes"). Debt is managed within Corporate and is not allocated to reporting segments.*

| | Three months ended September 30, 2025 | | | |
|---|---|---|---|---|
| ($ millions) | NAM | LATAM | EH | Total |
| Net earnings [1] | | | | $ 37 |
| Income taxes[1] | | | | 25 |
| Net finance costs[1,2] | | | | 20 |
| EBIT[3] | $ 57 | $ 11 | $ 30 | $ 82 |
| Depreciation and amortization | 17 | 10 | 13 | 40 |
| EBITDA | $ 74 | $ 21 | $ 43 | $ 122 |
| Share-based compensation | 7 | 2 | 2 | 11 |
| Impact of finance leases | | | | |
| Upfront gain | - | - | (14) | (14) |
| Principal payments received | - | - | 10 | 10 |
| Unrealized loss on redemption options[3] | | | | 16 |
| Adjusted EBITDA | $ 81 | $ 23 | $ 41 | $ 145 |

*[1]The Company included net earnings, income taxes, and net finance costs on a consolidated basis to reconcile to EBIT.*
*[2]Net finance costs are considered corporate expenditure and have therefore not been allocated to reporting segments.*
*[3]EBIT includes $16 million unrealized loss on redemption options associated with the 9.0% senior secured notes (the "2027 Notes"). Debt is managed within Corporate and is not allocated to reporting segments.*

| ($ millions) | NAM | LATAM | EH | Total |
|---|---|---|---|---|
| | Nine months ended September 30, 2026 | | | |
| Net earnings[1] | | | | **$ 128** |
| Income taxes[1] | | | | **51** |
| Net finance costs[1,2] | | | | **30** |
| EBIT[3] | **$ 132** | **$ 46** | **$ 28** | **$ 209** |
| Depreciation and amortization | **48** | **29** | **35** | **112** |
| EBITDA | **$ 180** | **$ 75** | **$ 63** | **$ 321** |
| Restructuring and transaction costs | **3** | **-** | **4** | **7** |
| Gain on APAC disposition | **-** | **-** | **(5)** | **(5)** |
| Share-based compensation | **27** | **7** | **9** | **43** |
| Impact of finance leases | | | | |
| Principal payments received | **-** | **-** | **31** | **31** |
| Unrealized gain on redemption options[3] | | | | **(3)** |
| Adjusted EBITDA | **$ 210** | **$ 82** | **$ 102** | **$ 394** |

*[1]The Company included net earnings, income taxes, and net finance costs on a consolidated basis to reconcile to EBIT.*
*[2]Net finance costs are considered corporate expenditure and have therefore not been allocated to reporting segments.*
*[3]EBIT includes $3 million unrealized gain on redemption options associated with the 2031 Notes. Debt is managed within Corporate and is not allocated to reporting segments.*

| ($ millions) | NAM | LATAM | EH | Total |
|---|---|---|---|---|
| | Nine months ended September 30, 2025 | | | |
| Net earnings[1] | | | | $ 121 |
| Income taxes[1] | | | | 58 |
| Net finance costs[1,2] | | | | 61 |
| EBIT[3] | $ 146 | $ 50 | $ 48 | $ 240 |
| Depreciation and amortization | 48 | 31 | 42 | 121 |
| EBITDA | $ 194 | $ 81 | $ 90 | $ 361 |
| Share-based compensation | 7 | 2 | 2 | 11 |
| Impact of finance leases | | | | |
| Upfront gain | - | - | (14) | (14) |
| Principal payments received | - | - | 26 | 26 |
| Unrealized loss on redemption options[3] | | | | 4 |
| Adjusted EBITDA | $ 201 | $ 83 | $ 104 | $ 388 |

*[1]The Company included net earnings, income taxes, and net finance costs on a consolidated basis to reconcile to EBIT.*
*[2]Net finance costs are considered corporate expenditure and have therefore not been allocated to reporting segments.*
*[3]EBIT includes $4 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

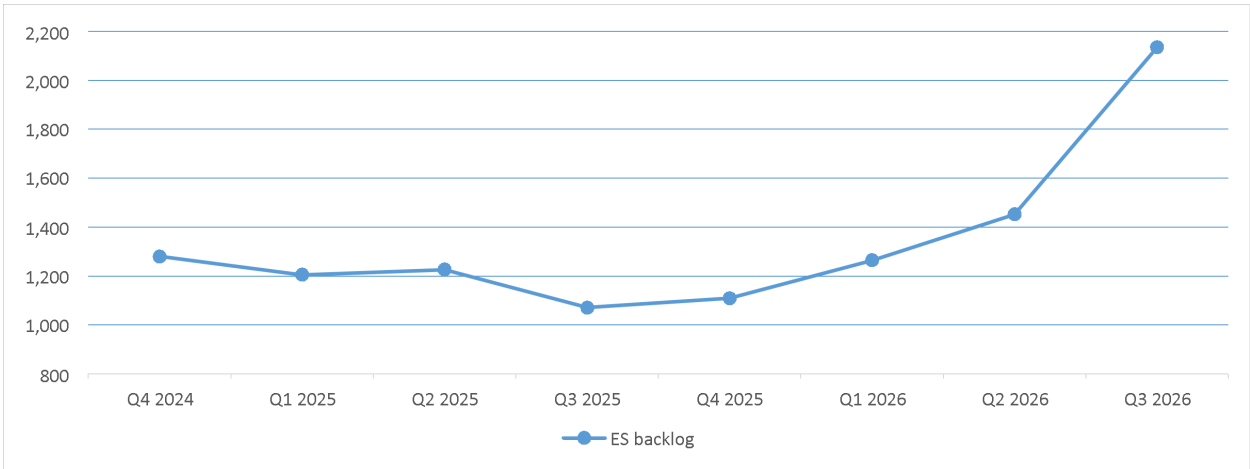
Enerflex monitors its ES backlog and bookings as indicators of future revenue generation and business activity levels for the ES product line. ES bookings are recorded in the period when a firm commitment or order is received from clients. Bookings increase backlog in the period they are received, while 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 9 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 of $2.1 billion at September 30, 2026, increased from $1.1 billion at December 31, 2025. The increase was primarily due to new bookings secured in NAM segment, partially offset by advancement of ES projects in NAM during the nine months ended September 30, 2026. Enerflex's ES backlog continues to provide strong visibility into future revenue generation and business activity levels.

The increased level of backlog over a two-year period reflects healthy demand across compression, processing, and power generation applications. 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, processing and power generation projects, reinforcing management's confidence in the ES product line's ability to generate predictable revenue in the near-term.

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




Enerflex recorded ES bookings of $1.0 billion and $2.0 billion during the three and nine months ended September 30, 2026, an increase from $339 million and $909 million during the same periods in 2025, driven by continued demand for the Company's compression and processing products and a newly awarded BTM natural gas-fired power generation project of approximately 450 megawatts for a NAM data center developer.

The ES product line realized a stronger book-to-bill ratio of 3.0x during the three months ended September 30, 2026, indicating that new bookings continue to well outpace revenue recognition. The current ratio supports near-term revenue visibility and reflects a stable demand environment. The 8-quarter average book-to-bill ratio of 1.3x is 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. Further information on the recognition of revenue from the EI contract backlog is included in Note 9 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) | September 30, 2026 | December 31, 2025 |
|---|---|---|
| NAM | **$ 149** | $ 160 |
| LATAM | **364** | 361 |
| EH | **669** | 800 |
| Total EI contract backlog | **$ 1,182** | $ 1,321 |

Enerflex's EI contract backlog at September 30, 2026 decreased by $139 million from December 31, 2025 primarily due to revenue recognized during the nine months ended September 30, 2026, partially offset by new EI bookings across all segments.

# Segmented Results

Enerflex has three reporting segments: NAM, LATAM, and EH, each of which is 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 September 30, 2026 | Three months ended September 30, 2025 | Nine months ended September 30, 2026 | Nine months ended September 30, 2025 |
|---|---|---|---|---|
| ES backlog | **$ 2,104** | $ 1,031 | **$ 2,104** | $ 1,031 |
| ES bookings | **1,023** | 337 | **1,955** | 863 |
| EI contract backlog | **149** | 156 | **149** | 156 |
| Segment revenue | **$ 450** | $ 480 | **$ 1,275** | $ 1,283 |
| Intersegment revenue | **(4)** | (14) | **(12)** | (22) |
| Revenue | **$ 446** | $ 466 | **$ 1,263** | $ 1,261 |
| EI | **$ 42** | $ 43 | **$ 124** | $ 117 |
| AMS | **75** | 69 | **200** | 193 |
| ES | **329** | 354 | **939** | 951 |
| Revenue | **446** | 466 | **1,263** | 1,261 |
| EI | **21** | 21 | **60** | 56 |
| AMS | **11** | 11 | **31** | 31 |
| ES | **53** | 68 | **162** | 170 |
| GM | **85** | 100 | **253** | 257 |
| GM % | **19.1%** | 21.5% | **20.0%** | 20.4% |
| EI | **32** | 31 | **93** | 85 |
| AMS | **13** | 12 | **36** | 35 |
| ES | **55** | 70 | **168** | 175 |
| GM before D&A | **100** | 113 | **297** | 295 |
| GM before D&A % | **22.4%** | 24.2% | **23.5%** | 23.4% |
| SG&A | **24** | 40 | **122** | 107 |
| Foreign exchange loss | **-** | (1) | **-** | 1 |
| Operating income | **61** | 61 | **131** | 149 |
| EBIT | **61** | 57 | **132** | 146 |
| EBITDA | **78** | 74 | **180** | 194 |
| Adjusted EBITDA | **77** | 81 | **210** | 201 |

**ES Backlog** of $2.1 billion at September 30, 2026 increased from $1.1 billion at December 31, 2025 primarily due to the newly awarded BTM power generation project for a data center developer and continued steady demand for the compression, processing, and power generation products in the region.

**EI Contract Backlog** of $149 million at September 30, 2026 decreased from $160 million at December 31, 2025 primarily due to revenue recognized during the nine months ended September 30, 2026 partially offset by management's continued investment in assets deployed under longer term rental contracts.

**Revenue** for the three months ended September 30, 2026 decreased by $20 million primarily due to lower ES revenue from the completion of certain projects during the third quarter of 2026, partially offset by higher AMS revenue due to higher parts sales. Revenue for the nine months ended September 30, 2026 remained relatively consistent at $1.3 billion compared to $1.3 billion in the same period in 2025.

**Gross Margin** decreased by $15 million and $4 million during the three and nine months ended September 30, 2026 primarily due to lower contribution from the ES product line. Gross margin for the nine months ended September 30, 2026 was favorably impacted by increased EI revenue.

**SG&A** decreased by $16 million for the three months ended September 30, 2026 primarily due to lower share-based compensation expense resulting from the decline in the share price, partially offset by costs to support growth and operational optimization. SG&A increased by $15 million for the nine months ended September 30, 2026 primarily due to increased share-based compensation resulting from higher share price appreciation compared to the same period in 2025 and costs to support growth and operational optimization.

At September 30, 2026, the USA contract compression fleet totaled 521,000 horsepower. The average utilization for the three and nine months ended September 30, 2026 remained consistent at 94% compared to the same periods in 2025 at 94%.

# LATAM

| ($ millions, except percentages) | Three months ended September 30, 2026 | Three months ended September 30, 2025 | Nine months ended September 30, 2026 | Nine months ended September 30, 2025 |
|---|---|---|---|---|
| ES backlog | **$ 16** | $ 5 | **$ 16** | $ 5 |
| ES bookings | **2** | - | **37** | 6 |
| EI contract backlog | **364** | 365 | **364** | 365 |
| Segment revenue | **$ 94** | $ 88 | **$ 264** | $ 279 |
| Intersegment revenue | **-** | - | **-** | - |
| Revenue | **$ 94** | $ 88 | **$ 264** | $ 279 |
| EI | **$ 64** | $ 68 | **$ 189** | $ 211 |
| AMS | **19** | 16 | **51** | 51 |
| ES | **11** | 4 | **24** | 17 |
| Revenue | **94** | 88 | **264** | 279 |
| EI | **23** | 20 | **68** | 67 |
| AMS | **4** | 5 | **13** | 15 |
| ES | **1** | - | **2** | 2 |
| GM | **28** | 25 | **83** | 84 |
| GM % | **29.8%** | 28.4% | **31.4%** | 30.1% |
| EI | **33** | 30 | **97** | 97 |
| AMS | **4** | 5 | **13** | 15 |
| ES | **1** | - | **2** | 2 |
| GM before D&A | **38** | 35 | **112** | 114 |
| GM before D&A % | **40.4%** | 39.8% | **42.4%** | 40.9% |
| SG&A | **12** | 14 | **35** | 33 |
| Foreign exchange (gain) | **1** | - | **(1)** | (1) |
| Operating income | **15** | 11 | **49** | 52 |
| EBIT | **15** | 11 | **46** | 50 |
| EBITDA | **25** | 21 | **75** | 81 |
| Adjusted EBITDA | **26** | 23 | **82** | 83 |

**ES Backlog** of $16 million at September 30, 2026 increased from $3 million at December 31, 2025 primarily due to new bookings in 2026, partially offset by projects nearing completion.

**EI Contract Backlog** of $364 million at September 30, 2026 increased from $361 million at December 31, 2025 primarily due to new bookings, partially offset by revenue recognition on existing contracts.

**Revenue** for the three months ended September 30, 2026 increased by $6 million primarily due to execution of ES projects and increased service utilization and parts sales in the AMS business, partially offset by lower EI revenue resulting from asset sales in 2025. Revenue for the nine months ended September 30, 2026 decreased by $15 million primarily due to higher EI asset sales in 2025, partially offset by higher ES revenue from new projects and AMS activity.

**Gross Margin** for the three months ended September 30, 2026 increased by $3 million primarily due to increased contribution from the ES project execution and operational efficiencies in the EI business. Gross margin for the nine months ended September 30, 2026 remained relatively consistent at $83 million compared to $84 million in the same period of 2025.

**SG&A** for the three months ended September 30, 2026 remained relatively consistent at $12 million compared to $14 million in the same period in 2025. SG&A for the nine months ended September 30, 2026 increased by $2 million compared to the same period in 2025, primarily due to increased share-based compensation expense resulting from higher share price appreciation compared to the same period in 2025 and costs to support growth and operational optimization.

# EH

| ($ millions, except percentages) | Three months ended September 30, 2026 | Three months ended September 30, 2025 | Nine months ended September 30, 2026 | Nine months ended September 30, 2025 |
|---|---|---|---|---|
| ES backlog | **$ 16** | $ 35 | **$ 16** | $ 35 |
| ES bookings | **(1)** | 2 | **3** | 40 |
| EI contract backlog | **669** | 849 | **669** | 849 |
| Segment revenue | **$ 84** | $ 225 | **$ 264** | $ 407 |
| Intersegment revenue | **(1)** | (2) | **(2)** | (3) |
| Revenue | **$ 83** | $ 223 | **$ 262** | $ 404 |
| EI | **$ 45** | $ 53 | **$ 135** | $ 136 |
| AMS | **37** | 33 | **121** | 118 |
| ES | **1** | 137 | **6** | 150 |
| Revenue | **83** | 223 | **262** | 404 |
| EI | **19** | 24 | **59** | 52 |
| AMS | **9** | 7 | **28** | 27 |
| ES | **1** | 16 | **3** | 19 |
| GM | **29** | 47 | **90** | 98 |
| GM % | **34.9%** | 21.1% | **34.4%** | 24.3% |
| EI | **28** | 34 | **87** | 85 |
| AMS | **9** | 8 | **29** | 29 |
| ES | **1** | 16 | **3** | 19 |
| GM before D&A | **38** | 58 | **119** | 133 |
| GM before D&A % | **45.8%** | 26.0% | **45.4%** | 32.9% |
| SG&A | **28** | 17 | **67** | 49 |
| Foreign exchange loss | **-** | - | **-** | 1 |
| Operating income | **1** | 30 | **23** | 48 |
| EBIT | **6** | 30 | **28** | 48 |
| EBITDA | **17** | 43 | **63** | 90 |
| Adjusted EBITDA | **26** | 41 | **102** | 104 |

**ES Backlog** of $16 million at September 30, 2026 decreased from $19 million at December 31, 2025 primarily due to ongoing projects nearing completion.

**EI Contract Backlog** of $669 million at September 30, 2026 decreased from $800 million at December 31, 2025 primarily due to revenue recognition from existing contracts.

**Revenue** for the three and nine months ended September 30, 2026 decreased by $140 million and $142 million primarily due to commencement of the Bisat-C Expansion project in the third quarter of 2025, partially offset by ongoing contribution from the Bisat-C Expansion and higher AMS parts sales and service utilization.

**Gross Margin** for the three and nine months ended September 30, 2026 decreased by $18 million and $8 million primarily due to lower revenue discussed above. Gross margin percentage improved primarily due to higher margin contribution from the EI business from the Bisat-C Expansion and AMS service margins.

**SG&A** for the three and nine months ended September 30, 2026 increased by $11 million and $18 million primarily due to costs to support growth and operational optimization including the disposition of AMS operations in the APAC region and higher share-based compensation expense for the nine months ended September 30, 2026. SG&A for the nine months ended September 30, 2025 also benefited from 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. The Company does however, 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 and recurring GM before D&A to the most comparable IFRS measure is presented in the tables below.

| | Three months ended September 30, 2026 | | | | |
|---|---|---|---|---|---|
| ($ millions, except percentages) | EI | AMS | Recurring Product Lines | ES | Total |
| Revenue | $ 151 | $ 131 | $ 282 | $ 341 | $ 623 |
| Cost of goods sold: | | | | | |
| Operating expenses | 58 | 105 | 163 | 284 | 447 |
| Depreciation and amortization | 30 | 2 | 32 | 2 | 34 |
| Gross margin | $ 63 | $ 24 | $ 87 | $ 55 | $ 142 |
| Gross margin % | 41.7% | 18.3% | 30.9% | 16.1% | 22.8% |
| Gross margin before D&A | $ 93 | $ 26 | $ 119 | $ 57 | $ 176 |
| Gross margin before D&A % | 61.6% | 19.8% | 42.2% | 16.7% | 28.3% |
| % of total Gross margin before D&A | 52.8% | 14.8% | 67.6% | 32.4% | |

| ($ millions, except percentages) | EI | AMS | Recurring Product Lines | ES | Total |
|---|---|---|---|---|---|
| | Three months ended September 30, 2025 | | | | |
| Revenue | $ 164 | $ 118 | $ 282 | $ 495 | $ 777 |
| Cost of goods sold: | | | | | |
| Operating expenses | 69 | 93 | 162 | 409 | 571 |
| Depreciation and amortization | 30 | 2 | 32 | 2 | 34 |
| Gross margin | $ 65 | $ 23 | $ 88 | $ 84 | $ 172 |
| Gross margin % | 39.6% | 19.5% | 31.2% | 17.0% | 22.1% |
| Gross margin before D&A | $ 95 | $ 25 | $ 120 | $ 86 | $ 206 |
| Gross margin before D&A % | 57.9% | 21.2% | 42.6% | 17.4% | 26.5% |
| % of total Gross margin before D&A | 46.1% | 12.1% | 58.3% | 41.7% | |

| ($ millions, except percentages) | EI | AMS | Recurring Product Lines | ES | Total |
|---|---|---|---|---|---|
| | Nine months ended September 30, 2026 | | | | |
| Revenue | **$ 448** | **$ 372** | **$ 820** | **$ 969** | **$ 1,789** |
| Cost of goods sold: | | | | | |
| Operating expenses | **171** | **294** | **465** | **796** | **1,261** |
| Depreciation and amortization | **90** | **6** | **96** | **6** | **102** |
| Gross margin | **$ 187** | **$ 72** | **$ 259** | **$ 167** | **$ 426** |
| Gross margin % | **41.7%** | **19.4%** | **31.6%** | **17.2%** | **23.8%** |
| Gross margin before D&A | **$ 277** | **$ 78** | **$ 355** | **$ 173** | **$ 528** |
| Gross margin before D&A % | **61.8%** | **21.0%** | **43.3%** | **17.9%** | **29.5%** |
| % of total Gross margin before D&A | **52.5%** | **14.8%** | **67.2%** | **32.8%** | |

| ($ millions, except percentages) | EI | AMS | Recurring Product Lines | ES | Total |
|---|---|---|---|---|---|
| | Nine months ended September 30, 2025 | | | | |
| Revenue | $ 464 | $ 362 | $ 826 | $ 1,118 | $ 1,944 |
| Cost of goods sold: | | | | | |
| Operating expenses | 197 | 283 | 480 | 922 | 1,402 |
| Depreciation and amortization | 92 | 6 | 98 | 5 | 103 |
| Gross margin | $ 175 | $ 73 | $ 248 | $ 191 | $ 439 |
| Gross margin % | 37.7% | 20.2% | 30.0% | 17.1% | 22.6% |
| Gross margin before D&A | $ 267 | $ 79 | $ 346 | $ 196 | $ 542 |
| Gross margin before D&A % | 57.5% | 21.8% | 41.9% | 17.5% | 27.9% |
| % of total Gross margin before D&A | 49.3% | 14.6% | 63.8% | 36.2% | |

## 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 EI assets - operating leases and PP&E, mandatory debt repayments, and lease principal repayment, while proceeds on disposals of EI 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 (used in) operating activities is presented in the table below.

| ($ millions) | Three months ended September 30, 2026 | 2025 | Nine months ended September 30, 2026 | 2025 |
|---|---|---|---|---|
| Funds from operations ("FFO")[1] | **$ 96** | $ 115 | **$ 278** | $ 266 |
| Net change in working capital and other | **51** | (41) | **(10)** | (100) |
| Cash provided by operating activities ("CFO")[2] | **$ 147** | $ 74 | **$ 268** | $ 166 |
| Less: | | | | |
| CAPEX - Maintenance and PP&E | **(16)** | (18) | **(43)** | (37) |
| CAPEX - Growth | **(26)** | (15) | **(68)** | (44) |
| Lease payments | **(5)** | (5) | **(17)** | (16) |
| Add: | | | | |
| Proceeds on disposals of PP&E and EI assets - operating leases | **2** | 7 | **9** | 20 |
| Free cash flow | **$ 102** | $ 43 | **$ 149** | $ 89 |

*[1]Enerflex also refers to cash provided by operating activities before net change in working capital and other as FFO.*
*[2]Enerflex also refers to cash provided by (used in) 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) | September 30, 2026 | 2025 |
|---|---|---|
| Trailing 12-months dividends paid | **$ 15** | $ 15 |
| Trailing 12-months free cash flow | **290** | 165 |
| Dividend payout ratio | **5.2%** | 9.1% |

# 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 trailing twelve months ("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) | September 30, 2026 | 2025 |
|---|---|---|
| Trailing 12-months EBIT | **$ 252** | $ 287 |
| Average capital employed | | |
| Average net debt[1] | **$ 443** | $ 593 |
| Average shareholders' equity[1] | **1,156** | 1,102 |
| Average capital employed | **$ 1,599** | $ 1,695 |
| ROCE | **15.8%** | 16.9% |

*[1]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) | | September 30, 2026 |
|---|---|---|
| Cash and cash equivalents | $ | 227 |
| RCF | 800 | |
| Less: Drawings on the RCF | (149) | |
| Less: Letters of Credit[1] | (74) | 577 |
| **Available liquidity** | $ | 804 |

*[1]Represents letters of credit that the Company has funded with the RCF. Additional letters of credit of $23 million are funded from the $70 million LC Facility. Refer to Note 8 "Long-Term Debt" of the Financial Statements for further details.*

# Covenant Compliance

As at September 30, 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 on repaying debt and lowering finance costs.

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

| | | Nine months ended September 30, | |
|---|---|---|---|
| | | 2026 | 2025 |
| | Requirement | Performance | Performance |
| Senior secured net funded debt to EBITDA ratio[1] – Maximum | 2.5x | (0.2x) | 0.1x |
| Bank-adjusted net debt to EBITDA ratio[2] – Maximum | 4.0x | 0.6x | 1.2x |
| Interest coverage ratio[3] – Minimum | 2.5x | 5.8x | 6.1x |

*[1]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.*
*[2]Refer to the "Bank-Adjusted Net Debt to EBITDA Ratio" section of this MD&A.*
*[3]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 October 28, 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 | *BB (stable outlook)* | *Ba2 (stable outlook)* | *BB (stable outlook)* |
| 2031 Notes | *BB (stable outlook)* | *Ba3 (stable outlook)* | *BB (stable outlook)* |

# Summarized Statements of Cash Flow

| ($ millions) | Three months ended September 30, 2026 | Three months ended September 30, 2025 | Nine months ended September 30, 2026 | Nine months ended September 30, 2025 |
|---|---|---|---|---|
| Cash and cash equivalents, beginning of period (including APAC) | **$ 90** | $ 71 | **$ 81** | $ 92 |
| Cash provided by (used in): | | | | |
| Operating activities | **147** | 74 | **268** | 166 |
| Investing activities | **(11)** | (30) | **(55)** | (66) |
| Financing activities | **1** | (50) | **(67)** | (126) |
| Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies | **-** | (1) | **-** | (2) |
| **Cash and cash equivalents, end of period** | **$ 227** | $ 64 | **$ 227** | $ 64 |

**Cash Provided by Operating Activities** for the three and nine months ended September 30, 2026 increased by $73 million and $102 million primarily due to net working capital recovery. Cash provided by operating activities for the nine months ended September 30, 2026 also benefited from higher funds generated from operations.

**Cash Used in Investing Activities** for the three and nine months ended September 30, 2026 decreased by $19 million and $11 million primarily due to proceeds from the APAC disposition, partially offset by higher capital expenditures and lower proceeds from the sale of EI assets.

**Cash Provided by Financing Activities** for the three months ended September 30, 2026 increased by $51 million primarily due to net borrowings on the RCF in the current quarter compared to net repayments in the same period in 2025 and the absence of shares repurchased through the normal course issuer bid in 2026. Cash used in financing activities for the nine months ended September 30, 2026 decreased by $59 million primarily due to lower repayments of the RCF in the current quarter and the absence of shares repurchased through the normal course issuer bid in 2026.

# 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, they are reclassified to cost of goods sold.

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

| ($ millions) | Three months ended September 30, 2026 | Three months ended September 30, 2025 | Nine months ended September 30, 2026 | Nine months ended September 30, 2025 |
|---|---|---|---|---|
| Maintenance and PP&E | **$ 16** | $ 18 | **$ 43** | $ 37 |
| Growth | **26** | 15 | **68** | 44 |
| Total CAPEX | **42** | 33 | **111** | 81 |
| Expenditures for finance leases | **-** | 14 | **-** | 70 |
| **Total CAPEX and expenditures for finance leases** | **$ 42** | $ 47 | **$ 111** | $ 151 |

# Selling, General & Administrative Expenses

SG&A 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 September 30, 2026 | Three months ended September 30, 2025 | Nine months ended September 30, 2026 | Nine months ended September 30, 2025 |
|---|---|---|---|---|
| Core SG&A[1] | **$ 58** | $ 53 | **$ 171** | $ 159 |
| Share-based compensation | **2** | 11 | **43** | 11 |
| Depreciation and amortization | **4** | 6 | **10** | 18 |
| Bad debt expense | **-** | 1 | **-** | 1 |
| **Total SG&A** | **$ 64** | $ 71 | **$ 224** | $ 189 |

[1] *Core SG&A is primarily comprised of compensation, third-party services, and information technology expenses.*

**SG&A** for the three months ended September 30, 2026 decreased by $7 million primarily due to lower share-based compensation expense resulting from a decline in the share price during the third quarter of 2026, compared to share price appreciation in the same period in 2025, partially offset by costs to support growth and operational optimization. SG&A for the nine months ended September 30, 2026 increased by $35 million primarily due to increased share-based compensation expense resulting from a higher share price appreciation in 2026 compared to the same period in 2025, costs to support growth and operational optimization across the business in 2026, and costs incurred for strategic restructuring activities including the disposition of AMS operations in the APAC region, partially offset by lower depreciation and amortization.

# Income Taxes

The Company reported income tax expense of $16 million and $51 million for the three and nine months ended September 30, 2026 compared to $25 million and $58 million in the same periods in 2025. The decrease was primarily due to the changes in the recognition of deferred tax assets, partially offset by higher earnings in 2026.

# Financial Position

The following table outlines significant changes in the consolidated statements of financial position as at September 30, 2026, compared to December 31, 2025:

| ($ millions) | Increase (Decrease) | Explanation |
|---|---|---|
| Current assets | **277** | Current assets increased primarily due to higher cash balances resulting from stronger cash generation and proceeds from the APAC disposition, as well as higher accounts receivables due to timing of customer billings and collections. The increase also reflected strategic inventory investment in the NAM ES business and a build of inventory for scheduled EI maintenance in LATAM, as well as higher prepayments in NAM and LATAM due to advance payments associated with project execution and equipment procurement. These increases were partially offset by lower unbilled revenue in LATAM and EH due to advanced billings. |
| EI assets - operating leases | **14** | EI assets - operating lease increased primarily due to capital expenditures in NAM, partially offset by depreciation and sale of EI assets in LATAM. |
| EI assets - finance leases receivable | **(30)** | EI assets - finance leases receivable decreased due to principal payments received. |
| Goodwill | **(16)** | Goodwill decreased due to the derecognition of goodwill associated with the APAC business upon its disposition. |
| Current liabilities | **152** | Current liabilities increased primarily due to higher deferred revenue from advance customer payments and milestone billings. |
| Long-term debt | **(43)** | Long-term debt decreased due to net repayment of the RCF. |
| Total shareholders' equity | **126** | Total shareholders' equity increased primarily due to net earnings for the nine months ended September 30, 2026, partially offset by dividend payments in 2026. |

# Quarterly Summary

| ($ millions, except per share amounts and ratios) | **Q3 2026** | Q2 2026 | Q1 2026 | Q4 2025 | Q3 2025 | Q2 2025 | Q1 2025 | Q4 2024 |
|---|---|---|---|---|---|---|---|---|
| ES backlog | **$ 2,136** | $ 1,453 | $ 1,265 | $ 1,110 | $ 1,071 | $ 1,227 | $ 1,206 | $ 1,280 |
| ES bookings | **1,024** | 488 | 483 | 377 | 339 | 365 | 205 | 301 |
| ES book-to-bill ratio | **3.0** | 1.6 | 1.5 | 1.1 | 0.7 | 1.1 | 0.7 | 1.1 |
| EI contract backlog | **1,182** | 1,193 | 1,283 | 1,321 | 1,370 | 1,462 | 1,497 | 1,545 |
| Revenue | **623** | 582 | 584 | 627 | 777 | 615 | 552 | 561 |
| GM | **142** | 139 | 145 | 143 | 172 | 139 | 128 | 140 |
| GM before D&A | **176** | 173 | 179 | 177 | 206 | 175 | 161 | 174 |
| SG&A | **64** | 81 | 79 | 83 | 71 | 61 | 57 | 92 |
| EBIT | **79** | 57 | 73 | 43 | 82 | 92 | 66 | 47 |
| EBITDA | **117** | 94 | 110 | 83 | 122 | 134 | 105 | 92 |
| Adjusted EBITDA | **129** | 128 | 137 | 123 | 145 | 130 | 113 | 121 |
| Net earnings (loss) | **55** | 30 | 43 | (57) | 37 | 60 | 24 | 15 |
| Earnings (loss) per share – basic | **0.45** | 0.25 | 0.35 | (0.47) | 0.30 | 0.49 | 0.19 | 0.12 |
| Earnings (loss) per share – diluted | **0.45** | 0.25 | 0.35 | (0.47) | 0.30 | 0.49 | 0.19 | 0.12 |
| FFO[1] | **96** | 87 | 95 | 60 | 115 | 89 | 62 | 74 |
| CFO[2] | **147** | 89 | 32 | 179 | 74 | (4) | 96 | 113 |
| Free cash flow | **102** | 32 | 15 | 141 | 43 | (39) | 85 | 76 |
| Cash dividends declared per share (CAD $)[3] | **0.0425** | 0.0425 | 0.0425 | 0.0425 | 0.0375 | 0.0375 | 0.0375 | 0.0375 |
| CAPEX – Maintenance & PP&E | **16** | 18 | 9 | 20 | 18 | 11 | 8 | 21 |
| CAPEX – Growth | **26** | 35 | 7 | 14 | 15 | 23 | 6 | 11 |

*[1] 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".*
*[2] CFO or "Cash flow from Operations" is also referred to by Enerflex as "Cash provided by (used in) operating activities".*
*[3] Cash dividend declared represents the declaration in the quarter. Starting October 2026, the dividend is declared in U.S. Dollars.*

# Capital Resources

On September 30, 2026, Enerflex had 122,102,883 common shares outstanding. Enerflex has not established a formal dividend policy. Subsequent to September 30, 2026, Enerflex declared a quarterly dividend of US$0.035 per common share, payable on November 25, 2026 to shareholders of record on November 12, 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 September 30, 2026, the Company had drawings of $149 million against the RCF (December 31, 2025 – $193 million). The weighted average interest rate on the RCF for the nine months ended September 30, 2026 was 4.8% (Twelve months ended December 31, 2025 – 5.6%).

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

| | Maturity Date | September 30, 2026 | December 31, 2025 |
|---|---|---|---|
| 2031 Notes | January 15, 2031 | **$ 400** | $ 400 |
| Drawings on the RCF | June 30, 2029 | **149** | 193 |
| | | **549** | 593 |
| Deferred transaction costs | | **(10)** | (11) |
| **Long-term debt** | | **$ 539** | $ 582 |
| | | | |
| Non-current portion of long-term debt | | **$ 539** | $ 582 |
| **Long-term debt** | | **$ 539** | $ 582 |

At September 30, 2026, without considering renewal at similar terms, the USD equivalent principal payments due over the next five years are $549 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 that such 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. Enerflex's expectations and estimates are based on information known about the legal matters and its experience in contesting, litigating, and settling similar matters, however the eventual results of 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 the Company's or its subsidiaries' 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.

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 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. In Q3 2025, the Company filed its Statement of Defence and Counterclaim against the customer. In accordance with the arbitration timeline, the customer filed its Statement of Reply and Defence to Counterclaim in Q4 2025 to which the Company responded in Q1 2026 by filing its Statement of Rejoinder and Reply to Defence to Counterclaim. 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. Through the ongoing arbitration proceedings, Enerflex intends to continue vigorously defending itself against the customer's claims while pursuing its own counterclaims.

As at September 30, 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 procedures ("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 September 30, 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 Accounting Standards.

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 September 30, 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 September 30, 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 and nine months ended September 30, 2026, that would materially affect, or is reasonably likely to materially affect, the Company's ICFR.

# Subsequent Events

Subsequent to September 30, 2026, Enerflex's Board of Directors elected to declare the Company's quarterly dividend in U.S. Dollars. The Company approved an increase of approximately 17% to US$0.035 per common share, payable on November 25, 2026 to shareholders of record on November 12, 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.

Subsequent to quarter-end, Enerflex secured an award to supply over 1.0 gigawatts of low emission BTM natural gas-fired power generation for a North American data center development. Combined with additional project awards, including approximately 450 megawatts announced on October 1, 2026, Enerflex's backlog of BTM natural gas-fired power generation now exceeds 1.75 gigawatts, with deliveries extending through 2028.

# 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:

- disclosures under the heading “Outlook” including:
    - favorable multi-year fundamentals across Enerflex’s core markets, supported by increasing natural gas production and growing demand for reliable power and energy infrastructure;
    - operating results will continue to be underpinned by the highly contracted EI product line and recurring nature of AMS;
    - the Company’s ES backlog providing strong visibility into future revenue generation and business activity levels extending into 2028;
    - Enerflex’s ability to capitalize on growing demand for BTM power generation solutions, both in the initial equipment scope and in future commissioning, installation, operations, maintenance, and digital service offerings through Enerflex’s ReliaCore™ Asset Performance Management ecosystem, and the timing associated therewith, if at all;
    - expectations in respect of organic capital expenditure during 2026 of $185 million to $195 million, including (1) organic growth capital expenditures of approximately $100 million; (2) maintenance capital expenditures of approximately $55 million; and (3) PP&E and infrastructure investments of $30 million to $40 million;
    - targeted customer-supported fleet growth of 10% to 15% during 2026;
    - Enerflex’s ability to secure long-lead time components to support fleet growth into 2030, and the timing associated therewith, if at all;
    - the shift of some forecasted maintenance capital expenditures from 2026 into 2027;
    - expectations that approximately $85 million will be invested in Enerflex’s ES facilities and capabilities during 2027 and that those investments, combined with ongoing initiatives to enhance collaboration, leverage scale, improve operational efficiency, and solidify capabilities, will significantly increase the revenue capacity of Enerflex’s ES business line, and the timing associated therewith, if at all; and
    - the ability for Enerflex to identify and successfully execute selective, disciplined tuck-in acquisitions and the timing associated therewith, if at all;
- the Company’s backlog and the project awards that make up the backlog;
- the ES backlog and expectations as to future revenue generation and business activity levels;
- the Company’s backlog of BTM natural gas-fired power generation and the ability for the Company to execute on the projects and complete deliveries extending through 2028;
- 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 sustainable quarterly dividend;

- the ES product line's ability to generate predictable revenue in the near-term;
- the book-to-bill ratio of 3.0x during the three months ended September 30, 2026 supports near-term revenue visibility and reflects a stable demand environment;
- 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; 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:

- expectations that acquisition opportunities will be available to the Company, the Company can evaluate and execute on such opportunities, and that adequate financial capacity and liquidity will remain available, all required regulatory, contractual and third-party approvals will be received, received in a timely manner, and on conditions acceptable to the Company, if any, and any acquisitions can be successfully integrated;
- the ability of the Company to proactively manage the ES business line in response to 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;
- market conditions, customer activity, and industry fundamentals will support stable demand across Enerflex's product lines and geographic regions throughout 2026;
- the high level of contractual commitments within the EI product line and the predictable, recurring revenue from AMS will continue;
- existing and strong commercial relationships with customers will continue;
- 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, supported by the timely availability of required equipment, long-lead components, manufacturing capacity, and third-party supply chain support, 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;
- the fulfillment by our customers of the terms of their contracts;
- the Company will successfully execute operational excellence initiatives and realize anticipated productivity improvements across its global operations;
- 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;
- Enerflex will maintain sufficient financial flexibility to execute on its capital allocation priorities; 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 and 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.

Enerflex

# Interim Condensed Consolidated Financial Statements

## Interim Condensed Consolidated Statements of Financial Position (unaudited)

| ($ United States millions) | Notes | September 30, 2026 | December 31, 2025 |
|---|---|---|---|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | $ 227 | $ 81 |
| Accounts receivable | 3a | 414 | 345 |
| Unbilled revenue | 3b | 119 | 164 |
| Energy infrastructure ("EI") assets - finance leases receivable | 4a | 58 | 58 |
| Inventories | 5 | 348 | 280 |
| Income taxes receivable | | 9 | 11 |
| Derivative financial instruments | | 3 | 1 |
| Prepayments | | 91 | 52 |
| **Total current assets** | | 1,269 | 992 |
| Unbilled revenue | 3b | - | 1 |
| EI assets - finance leases receivable | 4a | 150 | 180 |
| Property, plant and equipment ("PP&E") | | 102 | 102 |
| EI assets - operating leases | 4b | 700 | 686 |
| Lease right-of-use assets | | 58 | 61 |
| Deferred tax assets | | 22 | 21 |
| Intangible assets | | 24 | 29 |
| Goodwill | | 414 | 430 |
| Other assets | | 197 | 192 |
| **Total assets** | | $ 2,936 | $ 2,694 |
| Liabilities and Shareholders' Equity | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 6 | $ 397 | $ 396 |
| Provisions | | 23 | 25 |
| Income taxes payable | | 77 | 80 |
| Deferred revenue | 7 | 508 | 355 |
| Lease liabilities | | 23 | 22 |
| Derivative financial instruments | | 3 | 1 |
| **Total current liabilities** | | 1,031 | 879 |
| Deferred revenue | 7 | 14 | 13 |
| Long-term debt | 8 | 539 | 582 |
| Lease liabilities | | 45 | 50 |
| Deferred tax liabilities | | 54 | 51 |
| Other liabilities | | 34 | 26 |
| **Total liabilities** | | $ 1,717 | $ 1,601 |
| Shareholders' equity | | | |
| Share capital | | $ 501 | $ 498 |
| Contributed surplus | | 663 | 664 |
| Retained earnings | | 247 | 130 |
| Accumulated other comprehensive losses | | (192) | (199) |
| **Total shareholders' equity** | | 1,219 | 1,093 |
| **Total liabilities and shareholders' equity** | | $ 2,936 | $ 2,694 |

*See accompanying notes to the unaudited interim condensed consolidated financial statements, including Note 15 "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 September 30, 2026 | Three months ended September 30, 2025 | Nine months ended September 30, 2026 | Nine months ended September 30, 2025 |
|---|---|---|---|---|---|
| Revenue | 9 | **$ 623** | $ 777 | **$ 1,789** | $ 1,944 |
| Cost of goods sold ("COGS") | | **481** | 605 | **1,363** | 1,505 |
| Gross margin | | **142** | 172 | **426** | 439 |
| Selling, general and administrative expenses ("SG&A") | 10 | **64** | 71 | **224** | 189 |
| Foreign exchange (gain) loss | | **1** | (1) | **(1)** | 1 |
| Operating income | | **77** | 102 | **203** | 249 |
| Equity earnings and (impairment) of associates and joint ventures | | **1** | (4) | **1** | (3) |
| Loss on financial instruments | | **(1)** | - | **(3)** | (2) |
| Gain on Asia Pacific ("APAC") disposition | 2 | **5** | - | **5** | - |
| Unrealized gain (loss) on redemption options | | **(3)** | (16) | **3** | (4) |
| Earnings before net finance costs and income taxes ("EBIT") | | **79** | 82 | **209** | 240 |
| Net finance costs | 12 | **8** | 20 | **30** | 61 |
| Earnings before income taxes ("EBT") | | **71** | 62 | **179** | 179 |
| Current income taxes | | **13** | 20 | **50** | 56 |
| Deferred income taxes | | **3** | 5 | **1** | 2 |
| Income taxes | | **16** | 25 | **51** | 58 |
| **Net earnings** | | **$ 55** | $ 37 | **$ 128** | $ 121 |
| | | | | | |
| **Other comprehensive income** | | | | | |
| Items that may be reclassified to profit or loss in subsequent periods: | | | | | |
| Change in fair value of derivatives designated as cash-flow hedges, net of income tax expense | | **(1)** | (1) | **-** | (1) |
| Net gain (loss) on hedge of net investment | | **-** | (10) | **(1)** | 22 |
| Unrealized gain (loss) on translation of financial statements of foreign operations | | **1** | 12 | **11** | (6) |
| Reclassification of foreign currency translation adjustments on APAC disposition | | **(3)** | - | **(3)** | - |
| Other comprehensive income | | **(3)** | 1 | **7** | 15 |
| **Total comprehensive income** | | **$ 52** | $ 38 | **$ 135** | $ 136 |
| | | | | | |
| Earnings per share – basic | | **$ 0.45** | $ 0.30 | **$ 1.05** | $ 0.98 |
| Earnings per share – diluted | | **$ 0.45** | $ 0.30 | **$ 1.05** | $ 0.98 |
| | | | | | |
| Weighted average number of shares outstanding – basic | | **122,102,894** | 122,252,809 | **122,022,058** | 123,218,877 |
| Weighted average number of shares outstanding – diluted | | **122,193,228** | 122,363,450 | **122,164,154** | 123,403,977 |

*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 September 30, 2026 | 2025 | Nine months ended September 30, 2026 | 2025 |
|---|---|---|---|---|---|
| **Operating Activities** | | | | | |
| Net earnings | | **$ 55** | $ 37 | **$ 128** | $ 121 |
| Adjustments for: | | | | | |
| Depreciation and amortization | | **38** | 40 | **112** | 121 |
| Share-based compensation expense | *10* | **2** | 11 | **43** | 11 |
| Equity (earnings) and impairment of associates and joint ventures | | **(1)** | 4 | **(1)** | 3 |
| Impairment of EI assets | *4b* | **-** | 2 | **-** | 2 |
| Loss on financial instruments | | **1** | - | **3** | 2 |
| Gain on APAC disposition | *2* | **(5)** | - | **(5)** | - |
| Unrealized (gain) loss on redemption options | | **3** | 16 | **(3)** | 4 |
| Deferred income taxes | | **3** | 5 | **1** | 2 |
| | | **96** | 115 | **278** | 266 |
| Net change in working capital and other | *14* | **51** | (41) | **(10)** | (100) |
| **Cash provided by operating activities** | | **$ 147** | $ 74 | **$ 268** | $ 166 |
| **Investing Activities** | | | | | |
| Additions to: | | | | | |
| PP&E | | **(5)** | $ (6) | **$ (12)** | $ (14) |
| EI assets - operating leases | *4b* | **(37)** | (27) | **(99)** | (67) |
| Proceeds on disposal of: | | | | | |
| PP&E | | **-** | 1 | **-** | 1 |
| EI assets - operating leases | | **2** | 6 | **9** | 19 |
| APAC, net of cash disposed | *2* | **45** | - | **45** | - |
| Net (purchases of) proceeds from financial instruments | | **(1)** | 3 | **(3)** | (2) |
| Net change in working capital associated with investing activities | | **(15)** | (7) | **5** | (3) |
| **Cash used in investing activities** | | **$ (11)** | $ (30) | **$ (55)** | $ (66) |
| **Financing Activities** | | | | | |
| Net (repayments) borrowings on the revolving credit facility ("RCF") | | **9** | $ (33) | **$ (40)** | $ (75) |
| Lease liability principal repayment | | **(5)** | (5) | **(17)** | (16) |
| Dividends | | **(3)** | (3) | **(11)** | (13) |
| Stock option exercises | | **-** | 1 | **2** | 2 |
| Shares repurchased - NCIB | | **-** | (8) | **-** | (22) |
| Deferred transaction costs | | **-** | (2) | **(1)** | (2) |
| **Cash provided by (used in) financing activities** | | **$ 1** | $ (50) | **$ (67)** | $ (126) |
| Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies | | **$ -** | $ (1) | **$ -** | $ (2) |
| Increase (decrease) in cash and cash equivalents | | **137** | (7) | **146** | (28) |
| Cash and cash equivalents, beginning of period (including APAC) | | **90** | 71 | **81** | 92 |
| **Cash and cash equivalents, end of period** | | **$ 227** | $ 64 | **$ 227** | $ 64 |

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

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

| ($ United States millions) | *Notes* | Share capital | Contributed surplus | Retained earnings | Accumulated other comprehensive losses: Foreign currency translation adjustments | Accumulated other comprehensive losses: Hedging reserve | Total |
|---|---|---|---|---|---|---|---|
| At January 1, 2026 | | **$ 498** | **$ 664** | **$ 130** | **$ (198)** | **$ (1)** | **$ 1,093** |
| Net earnings | | **-** | **-** | **128** | **-** | **-** | **128** |
| Other comprehensive income | | **-** | **-** | **-** | **10** | **-** | **10** |
| Effect of stock option plans | | **3** | **(1)** | **-** | **-** | **-** | **2** |
| APAC disposition | *2* | **-** | **-** | **-** | **(3)** | **-** | **(3)** |
| Dividends | | **-** | **-** | **(11)** | **-** | **-** | **(11)** |
| **At September 30, 2026** | | **$ 501** | **$ 663** | **$ 247** | **$ (191)** | **$ (1)** | **$ 1,219** |
| At January 1, 2025 | | $ 505 | $ 678 | $ 80 | $ (214) | $ - | $ 1,049 |
| Net earnings | | - | - | 121 | - | - | 121 |
| Other comprehensive income (loss) | | - | - | - | 16 | (1) | 15 |
| Effect of stock option plans | | 3 | (1) | - | - | - | 2 |
| Shares repurchased - NCIB | | (9) | (13) | - | - | - | (22) |
| Dividends | | - | - | (10) | - | - | (10) |
| At September 30, 2025 | | $ 499 | $ 664 | $ 191 | $ (198) | $ (1) | $ 1,155 |

*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 Accounting Standards") 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 October 28, 2026.

**(b) Basis of Presentation and Measurement**

The Financial Statements for the three and nine months ended September 30, 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 each entity 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 (c.i) below.

**(c) Change in Accounting Policies**

**i. Amendment to Current Accounting Policies**

**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. The 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.

**ii. Standards Recently Issued, but not yet Effective**

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

On April 9, 2024, the IASB issued IFRS 18, the new standards on presentation and disclosure in financial statements. IFRS 18 will require defined subtotals in the consolidated statement of earnings, require disclosure of management-defined performance measures ("MPM"), provide principles for the aggregation and disaggregation of information, and improve comparability across entities and reporting periods. IFRS 18 will replace IAS 1, Presentation of financial statements, and retains many of the existing principles in IAS 1. IFRS 18 will be effective for years beginning on or after January 1, 2027. Retrospective application is required.

The Company will adopt IFRS 18 and the related amendments on January 1, 2027. Management's assessment concludes that the standard will primarily impact the presentation, classification, and disclosure of financial information, with no significant impact on the Company's underlying financial performance or net income. Based on management's preliminary assessment, the most significant changes to the statement of earnings include the introduction of defined operating, investing, and financing categories and related presentation changes, including the classification of interest income (not related to finance lease receivable) within the investing category, gains and losses on redemption options within the financing category, and foreign exchange gains and losses based on the nature of the underlying activity.

IFRS 18 also introduces enhanced disclosure requirements for operating expenses, including additional disclosures by nature for certain expenses presented by function in a single note. Based on management's preliminary assessment, management expects EBITDA, Adjusted EBITDA, Gross Margin Before D&A, and Recurring Gross Margin Before D&A to qualify as MPMs and, accordingly, these measures will require disclosures, explanations, and reconciliations within the audited financial statements. These measures are currently presented in the Company's Management's Discussion and Analysis ("MD&A").

The consequential amendments to IAS 7 will also result in presentation changes to the consolidated statement of cash flows, including changing the starting point for determining cash flows from operating activities under the indirect method from net earnings to operating profit or loss and removing the optionality around the classification of cash flows from dividends and interest, with no impact on total cash flows.

**(b) IAS 28 Investments in Associates and Joint Ventures**

In June 2026, the IASB issued amendments to the fair value option for investments in associates and joint ventures. The amendments clarify which entities are eligible to elect the fair value option for investments in associates and joint ventures instead of applying the equity method of accounting. Specifically, the amendments clarify that entities whose main business activity is investing in particular types of assets may qualify as “similar entities” and therefore be eligible to measure such investments at fair value through profit or loss. The amendment will be effective for years beginning on or after January 1, 2027. This amendment is not expected to have any impact on the Company's Financial Statements.

# Note 2. APAC disposition

At September 30, 2026, Enerflex completed the disposition of its operations in the APAC region to INNIO Group ("INNIO"), subject to closing adjustments. The divested business, reported within the Eastern Hemisphere ("EH") segment, operates principally in Australia, Indonesia, and Thailand and is primarily focused on the After-Market Services ("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.

Reconciliation of the gain on disposition was as follows:

| | | **September 30, 2026** |
|---|---|---|
| Consideration received, satisfied in cash | **$** | **62** |
| APAC cash disposed | | **(17)** |
| Consideration, net of cash disposed | **$** | **45** |
| Carrying amount of net assets sold | | |
| Net working capital | | **(21)** |
| Property, plant and equipment | | **(1)** |
| Lease right-of-use assets | | **(3)** |
| Deferred tax assets | | **(2)** |
| Goodwill | | **(18)** |
| Lease liabilities | | **2** |
| **Gain on sale before reclassification of foreign currency translation adjustments** | **$** | **2** |
| Reclassification of foreign currency translation adjustments | | **3** |
| **Gain on sale** | **$** | **5** |

# Note 3. Accounts Receivable and Unbilled Revenue

### (a) Accounts Receivable

Accounts receivable consist of the following:

| | | **September 30, 2026** | | December 31, 2025 |
|---|---|---|---|---|
| Trade receivables | **$** | **402** | $ | 338 |
| Less: allowance for doubtful accounts | | **(9)** | | (9) |
| Trade receivables, net | **$** | **393** | $ | 329 |
| Other receivables | | **21** | | 16 |
| **Accounts receivable** | **$** | **414** | $ | 345 |

Aging of trade receivables:

| | | **September 30, 2026** | | December 31, 2025 |
|---|---|---|---|---|
| Current to 90 days | **$** | **350** | $ | 280 |
| Over 90 days | | **52** | | 58 |
| **Trade receivables** | **$** | **402** | $ | 338 |

**(b) Unbilled Revenue**

Movement in Unbilled Revenue was as follows:

| | Nine months ended September 30, 2026 | Twelve months ended December 31, 2025 |
|---|---|---|
| Opening balance | **$ 165** | $ 159 |
| Unbilled revenue recognized | **538** | 818 |
| Amounts billed | **(583)** | (813) |
| APAC disposition | **(1)** | - |
| Currency translation effects | **-** | 1 |
| **Closing balance** | **$ 119** | $ 165 |
| | | |
| Current unbilled revenue | **$ 119** | $ 164 |
| Non-current unbilled revenue | **-** | 1 |
| **Total unbilled revenue** | **$ 119** | $ 165 |

# Note 4. 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 Accounting Standards.

**(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 | |
|---|---|---|---|---|
| | **September 30, 2026** | December 31, 2025 | **September 30, 2026** | December 31, 2025 |
| Less than one year | **$ 61** | $ 60 | **$ 58** | $ 58 |
| Between one and five years | **169** | 201 | **140** | 164 |
| Greater than five years | **18** | 29 | **10** | 16 |
| | **$ 248** | $ 290 | **$ 208** | $ 238 |
| Less: Unearned interest revenue | **(45)** | (57) | **-** | - |
| Add: Unguaranteed residual value | **5** | 5 | **-** | - |
| **Closing balance** | **$ 208** | $ 238 | **$ 208** | $ 238 |

| | Nine months ended September 30, 2026 | Twelve months ended December 31, 2025 |
|---|---|---|
| Opening balance | **$ 238** | $ 238 |
| Additions | **-** | 38 |
| Interest revenue | **14** | 19 |
| Payments (principal and interest) | **(45)** | (57) |
| Other | **1** | - |
| **Closing balance** | **$ 208** | $ 238 |

The average interest rates implicit in the leases are fixed at the contract date for the entire lease term. At September 30, 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 not 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 were as follows:

| | | | | Nine months ended | | |
|---|---|---|---|---|---|---|
| | | EI assets | | Assets under construction | | Total EI assets |
| **Cost** | | | | | | |
| **January 1, 2026** | $ | 1,105 | $ | 27 | **$** | **1,132** |
| Additions | | - | | 99 | | **99** |
| Reclassifications | | 61 | | (61) | | **-** |
| Disposals | | (11) | | - | | **(11)** |
| APAC disposition | | (1) | | - | | **(1)** |
| Currency translation effects | | 5 | | - | | **5** |
| **September 30, 2026** | **$** | **1,159** | **$** | **65** | **$** | **1,224** |
| **Accumulated depreciation** | | | | | | |
| **January 1, 2026** | $ | (446) | $ | - | **$** | **(446)** |
| Depreciation charge | | (79) | | - | | **(79)** |
| Disposals | | 4 | | - | | **4** |
| APAC disposition | | 1 | | - | | **1** |
| Currency translation effects | | (4) | | - | | **(4)** |
| **September 30, 2026** | **$** | **(524)** | **$** | **-** | **$** | **(524)** |
| **Net book value – September 30, 2026** | **$** | **635** | **$** | **65** | **$** | **700** |

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

Depreciation of EI assets - operating leases included in COGS for the three and nine months ended September 30, 2026 was $26 million and $79 million (September 30, 2025 – $27 million and $82 million).

Impairment of EI assets - operating leases included in COGS for the three and nine months ended September 30, 2026 was nil and nil (September 30, 2025 - $2 million and $2 million).

During the three and nine months ended September 30, 2026, the Company recognized $49 million and $146 million of revenue related to operating leases in its Latin America ("LATAM") and EH segments (September 30, 2025 – $49 million and $149 million), and $42 million and $124 million of revenue related to its North America ("NAM") contract compression fleet (September 30, 2025 – $39 million and $113 million).

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

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| NAM | $ 363 | $ 310 |
| LATAM | 154 | 166 |
| EH | 183 | 210 |
| **EI assets - operating leases** | **$ 700** | $ 686 |

# Note 5. Inventories

Inventories consist of the following:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Direct materials | $ 179 | $ 127 |
| Repair and distribution parts | 88 | 91 |
| Work-in-progress | 71 | 48 |
| Equipment | 10 | 14 |
| **Total inventories** | **$ 348** | $ 280 |

COGS includes inventories write-downs pertaining to obsolescence and aging, and recoveries of the past write-downs upon disposition. The net change in inventory reserves charged to consolidated statement of earnings and included in COGS for the three and nine months ended September 30, 2026 was a recovery of $1 million and $1 million (September 30, 2025 - expenses of less than $1 million and $2 million).

# Note 6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Trade payables and accrued liabilities | $ 381 | $ 384 |
| Cash-settled share-based payments | 16 | 12 |
| **Total accounts payable and accrued liabilities** | **$ 397** | $ 396 |

# Note 7. Deferred Revenue

Changes in deferred revenue were as follows:

| | Nine months ended September 30, 2026 | Twelve months ended December 31, 2025 |
|---|---|---|
| Opening balance | $ 368 | $ 386 |
| Cash received in advance of revenue recognition | 695 | 704 |
| Revenue subsequently recognized | (539) | (725) |
| APAC disposition | (1) | - |
| Currency translation effects | (1) | 3 |
| **Closing balance** | **$ 522** | $ 368 |
| Current deferred revenue | $ 508 | $ 355 |
| Non-current deferred revenue | 14 | 13 |
| **Deferred revenue** | **$ 522** | $ 368 |

# Note 8. 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 | September 30, 2026 | December 31, 2025 |
|---|---|---|---|
| 2031 Notes | January 15, 2031 | **$ 400** | $ 400 |
| Drawings on the RCF | June 30, 2029 | **149** | 193 |
| | | **549** | 593 |
| Deferred transaction costs | | **(10)** | (11) |
| **Long-term debt** | | **$ 539** | $ 582 |
| | | | |
| Non-current portion of long-term debt | | **$ 539** | $ 582 |
| **Long-term debt** | | **$ 539** | $ 582 |

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

As part of the RCF, the Company may request issuance of up to $150 million in letters of guarantee, standby letters of credit, 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 September 30, 2026, the Company utilized $74 million of this $150 million limit. The Company has an additional $70 million unsecured letter of credit facility (“LC Facility”) with one of the lenders in its RCF. This LC Facility allows the Company to request the same forms of letters of credit and guarantees as under the RCF. This LC Facility is supported by performance security guarantees provided by Export Development Canada. As at September 30, 2026, the Company had utilized $23 million of the $70 million available limit.

The weighted average interest rate on the RCF for the nine months ended September 30, 2026 was 4.8% (twelve months ended December 31, 2025 – 5.6%).

At September 30, 2026, without considering renewal at similar terms, the USD equivalent principal payments due over the next five years are $549 million.

The Company is required to maintain certain covenants on the RCF and the 2031 Notes. As at September 30, 2026, the Company was in compliance with its covenants, as shown below:

| | | Nine months ended September 30, | |
|---|---|---|---|
| | | **2026** | 2025 |
| | **Requirement** | **Performance** | Performance |
| Senior secured net funded debt to EBITDA ratio[1] – Maximum | **2.5x** | **(0.2x)** | **0.1x** |
| Bank-adjusted net debt to EBITDA ratio[2] – Maximum | **4.0x** | **0.6x** | **1.2x** |
| Interest coverage ratio[3] – Minimum | **2.5x** | **5.8x** | **6.1x** |

*[1] 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.*
*[2] 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.*
*[3] 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 fair value of the redemption options as at September 30, 2026 was $3 million and is included in Other assets on the interim condensed consolidated statement of financial position (December 31, 2025 – nil).

# Note 9. Revenue

Revenue by product line was as follows:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2026** | 2025 | **2026** | 2025 |
| Energy Infrastructure ("EI") | **$ 151** | $ 164 | **$ 448** | $ 464 |
| After-Market Services ("AMS") | **131** | 118 | **372** | 362 |
| Engineered Systems ("ES") | **341** | 495 | **969** | 1,118 |
| **Total revenue** | **$ 623** | $ 777 | **$ 1,789** | $ 1,944 |

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

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2026** | 2025 | **2026** | 2025 |
| United States | **$ 346** | $ 312 | **$ 958** | $ 835 |
| Canada | **57** | 97 | **169** | 261 |
| Argentina | **52** | 46 | **135** | 149 |
| Oman | **35** | 157 | **107** | 220 |
| Nigeria | **35** | 24 | **102** | 85 |
| Mexico | **19** | 16 | **58** | 50 |
| Brazil | **17** | 15 | **51** | 44 |
| Australia | **11** | 27 | **47** | 62 |
| Bahrain | **13** | 15 | **39** | 44 |
| Iraq | **9** | 20 | **27** | 37 |
| Others | **29** | 48 | **96** | 157 |
| **Total revenue** | **$ 623** | $ 777 | **$ 1,789** | $ 1,944 |

For the nine months ended September 30, 2026, the Company had no individual customer which accounted for more than 10% of its revenue (September 30, 2025 – nil).

The following table outlines the Company's unsatisfied performance obligations by product line as at September 30, 2026:

| | Less than one year | One to two years | Greater than two years | **Total** |
|---|---|---|---|---|
| EI | $ 392 | $ 283 | $ 507 | **$ 1,182** |
| AMS | 90 | 27 | 54 | **171** |
| ES | 1,124 | 876 | 136 | **2,136** |
| **Total** | **$ 1,606** | **$ 1,186** | **$ 697** | **$ 3,489** |

# Note 10. 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 September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2026** | 2025 | **2026** | 2025 |
| Core SG&A[1] | **$ 58** | $ 53 | **$ 171** | $ 159 |
| Share-based compensation | **2** | 11 | **43** | 11 |
| Depreciation and amortization | **4** | 6 | **10** | 18 |
| Bad debt expense | **-** | 1 | **-** | 1 |
| **Total SG&A** | **$ 64** | $ 71 | **$ 224** | $ 189 |

[1] *Core SG&A is primarily comprised of compensation, third-party services, and information technology expenses.*

# Note 11. 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 region of Bolivia, Colombia, and Peru.
- EH consists of operations in the Middle East, Africa, Europe, and APAC (refer to Note 2 "*APAC disposition*").

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.

Operating results for the Company's reportable segments for the three months ended September 30, 2026 were as follows:

| | NAM | | LATAM | | EH | | Total | |
|---|---|---|---|---|---|---|---|---|
| Three months ended September 30, | **2026** | 2025 | **2026** | 2025 | **2026** | 2025 | **2026** | 2025 |
| Segment revenue | **$ 450** | $ 480 | **$ 94** | $ 88 | **$ 84** | $ 225 | **$ 628** | $ 793 |
| Intersegment revenue | **(4)** | (14) | **-** | - | **(1)** | (2) | **(5)** | (16) |
| Revenue | **446** | 466 | **94** | 88 | **83** | 223 | **623** | 777 |
| EI | **42** | 43 | **64** | 68 | **45** | 53 | **151** | 164 |
| AMS | **75** | 69 | **19** | 16 | **37** | 33 | **131** | 118 |
| ES | **329** | 354 | **11** | 4 | **1** | 137 | **341** | 495 |
| Revenue | **446** | 466 | **94** | 88 | **83** | 223 | **623** | 777 |
| EI | **21** | 22 | **41** | 48 | **26** | 29 | **88** | 99 |
| AMS | **64** | 58 | **15** | 11 | **28** | 26 | **107** | 95 |
| ES | **276** | 286 | **10** | 4 | **-** | 121 | **286** | 411 |
| COGS[1] | **361** | 366 | **66** | 63 | **54** | 176 | **481** | 605 |
| EI | **21** | 21 | **23** | 20 | **19** | 24 | **63** | 65 |
| AMS | **11** | 11 | **4** | 5 | **9** | 7 | **24** | 23 |
| ES | **53** | 68 | **1** | - | **1** | 16 | **55** | 84 |
| Gross Margin | **85** | 100 | **28** | 25 | **29** | 47 | **142** | 172 |
| SG&A[1] | **24** | 40 | **12** | 14 | **28** | 17 | **64** | 71 |
| Foreign exchange (gain) loss | **-** | (1) | **1** | - | **-** | - | **1** | (1) |
| Operating income | **$ 61** | $ 61 | **$ 15** | $ 11 | **$ 1** | $ 30 | **$ 77** | $ 102 |

*[1] Depreciation and amortization for the reporting segments are recorded in COGS and SG&A. During the three months ended September 30, 2026, the amount of depreciation and amortization in NAM was $17 million (September 30, 2025 – $17 million); LATAM was $10 million (September 30, 2025 – $10 million); and EH was $11 million (September 30, 2025 – $13 million).*

Operating results for the Company's reportable segments for the nine months ended September 30, 2026 were as follows:

| | NAM | | LATAM | | EH | | Total | |
|---|---|---|---|---|---|---|---|---|
| Nine months ended September 30, | **2026** | 2025 | **2026** | 2025 | **2026** | 2025 | **2026** | 2025 |
| Segment revenue | **$ 1,275** | $ 1,283 | **$ 264** | $ 279 | **$ 264** | $ 407 | **$ 1,803** | $ 1,969 |
| Intersegment revenue | **(12)** | (22) | **-** | - | **(2)** | (3) | **(14)** | (25) |
| Revenue | **1,263** | 1,261 | **264** | 279 | **262** | 404 | **1,789** | 1,944 |
| EI | **124** | 117 | **189** | 211 | **135** | 136 | **448** | 464 |
| AMS | **200** | 193 | **51** | 51 | **121** | 118 | **372** | 362 |
| ES | **939** | 951 | **24** | 17 | **6** | 150 | **969** | 1,118 |
| Revenue | **1,263** | 1,261 | **264** | 279 | **262** | 404 | **1,789** | 1,944 |
| EI | **64** | 61 | **121** | 144 | **76** | 84 | **261** | 289 |
| AMS | **169** | 162 | **38** | 36 | **93** | 91 | **300** | 289 |
| ES | **777** | 781 | **22** | 15 | **3** | 131 | **802** | 927 |
| COGS[1] | **1,010** | 1,004 | **181** | 195 | **172** | 306 | **1,363** | 1,505 |
| EI | **60** | 56 | **68** | 67 | **59** | 52 | **187** | 175 |
| AMS | **31** | 31 | **13** | 15 | **28** | 27 | **72** | 73 |
| ES | **162** | 170 | **2** | 2 | **3** | 19 | **167** | 191 |
| Gross Margin | **253** | 257 | **83** | 84 | **90** | 98 | **426** | 439 |
| SG&A[1] | **122** | 107 | **35** | 33 | **67** | 49 | **224** | 189 |
| FX (gain) loss | **-** | 1 | **(1)** | (1) | **-** | 1 | **(1)** | 1 |
| Operating income | **$ 131** | $ 149 | **$ 49** | $ 52 | **$ 23** | $ 48 | **$ 203** | $ 249 |

*[1] Depreciation and amortization for the reporting segments are recorded in COGS and SG&A. During the nine months ended September 30, 2026, the amount of depreciation and amortization in NAM was $48 million (September 30, 2025 – $48 million); LATAM was $29 million (September 30, 2025 – $31 million); and EH was $35 million (September 30, 2025 – $42 million).*

# Note 12. Finance Costs and Income

Net finance costs comprised of the following:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2026** | 2025 | **2026** | 2025 |
| Interest on debt | **$ 8** | $ 16 | **$ 28** | $ 48 |
| Accretion of Notes discount and deferred transaction costs | **1** | 2 | **2** | 6 |
| Lease interest expense | **1** | 1 | **3** | 3 |
| Other interest expense | **-** | 2 | **-** | 7 |
| **Total finance costs** | **$ 10** | $ 21 | **$ 33** | $ 64 |
| | | | | |
| **Finance Income** | | | | |
| Interest income | **$ 2** | 1 | **3** | 3 |
| **Net finance costs** | **$ 8** | $ 20 | **$ 30** | $ 61 |

# Note 13. 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 September 30, 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 September 30, 2026.

The carrying value and estimated fair value of borrowings under the long-term debt as at September 30, 2026 was $539 million and $555 million (December 31, 2025 – $582 million and $607 million). The fair value of the 2031 Notes at September 30, 2026, was determined on a discounted cash flow basis with a weighted average discount rate of 7.0% (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 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 within Level 2 of 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 September 30, 2026:

| | | | Notional amount | Maturity |
|---|---|---|---|---|
| **Canadian Dollar Denominated Contracts** | | | | |
| Purchase contracts | USD | $ | **105** | October 2026 - December 2028 |
| Purchase contracts | EUR | $ | **24** | October 2026 - February 2028 |
| Sales contracts | USD | $ | **(145)** | October 2026 - February 2028 |

At September 30, 2026, the fair value of derivative financial instruments classified as financial assets was approximately $3 million and as financial liabilities was approximately $3 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 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 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 source 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 sell 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 a 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 nine months ended September 30, 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 September 30, 2026, the Company had no USD-denominated Parent Company borrowings designated as hedging instruments. 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 nil, 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 nine months ended September 30, 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 $2 million on its ARS denominated financial instruments.

# Note 14. Supplemental Cash Flow Information

Changes in working capital and other during the period:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2026[1]** | 2025 | **2026[1]** | **2025** |
| Accounts receivable | **$ (33)** | $ (40) | **$ (84)** | $ (57) |
| Unbilled revenue | **31** | 15 | **45** | (2) |
| EI assets - finance leases receivable | **10** | (27) | **30** | (11) |
| Inventories | **(32)** | (23) | **(88)** | (69) |
| Inventories - WIP related to EI assets - finance leases receivable | **-** | 89 | **-** | 33 |
| Income taxes receivable | **(1)** | (3) | **1** | (5) |
| Prepayments | **(24)** | (11) | **(40)** | 3 |
| Accounts payable and accrued liabilities and provisions[2] | **(6)** | 5 | **(16)** | 58 |
| Income taxes payable | **-** | (3) | **(3)** | (28) |
| Deferred revenue | **110** | (44) | **155** | (24) |
| Foreign currency and other | **(4)** | 1 | **(10)** | 2 |
| **Net change in working capital and other** | **$ 51** | $ (41) | **$ (10)** | $ (100) |

*[1] Adjusted for working capital changes associated with the APAC Disposition. Refer to Note 2 - "APAC Disposition".*

*[2] 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 September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2026** | 2025 | **2026** | 2025 |
| Interest paid – long-term borrowings | **$ 19** | $ 3 | **$ 26** | $ 36 |
| Interest paid – lease liabilities | **1** | 1 | **3** | 3 |
| Total interest paid | **$ 20** | $ 4 | **$ 29** | $ 39 |
| Interest received | **1** | 1 | **2** | 3 |
| Income taxes paid | **12** | 22 | **48** | 85 |

# Note 15. Guarantees, Commitments, and Contingencies

### Guarantees

At September 30, 2026, the Company had outstanding letters of credit of $97 million (December 31, 2025 – $103 million). Of the total outstanding letters of credit, $74 million (December 31, 2025 – $77 million) are funded from the RCF and $23 million (December 31, 2025 – $26 million) are funded from the $70 million LC Facility.

### Commitments

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

| | |
|---|---|
| 2026 | **$ 423** |
| 2027 | **770** |
| 2028 | **182** |
| 2029 | **80** |
| 2030 | **29** |

**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 that such 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. Enerflex's expectations and estimates are based on information known about the legal matters and its experience in contesting, litigating, and settling similar matters, however the eventual results of 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 the Company's or its subsidiaries' 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.

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 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. In Q3 2025, the Company filed its Statement of Defence and Counterclaim against the customer. In accordance with the arbitration timeline, the customer filed its Statement of Reply and Defence to Counterclaim in Q4 2025 to which the Company responded in Q1 2026 by filing its Statement of Rejoinder and Reply to Defence to Counterclaim.

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. Through the ongoing arbitration proceedings, Enerflex intends to continue vigorously defending itself against the customer's claims while pursuing its own counterclaims.

As at September 30, 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 16. Subsequent Events

Subsequent to September 30, 2026, Enerflex's Board of Directors elected to declare the Company's quarterly dividend in U.S. Dollars. The Company approved an increase of approximately 17% to US$0.035 per common share, payable on November 25, 2026 to shareholders of record on November 12, 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.

Subsequent to quarter-end, Enerflex secured an award to supply over 1.0 gigawatts of low emission behind-the-meter ("BTM") natural gas-fired power generation for a North American data center development. Combined with additional project awards, including approximately 450 megawatts announced on October 1, 2026, Enerflex's backlog of BTM natural gas-fired power generation now exceeds 1.75 gigawatts, with deliveries extending through 2028.

# Board of Directors

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

**Benjamin Cherniavsky** [2]
British Columbia, CA

**Joanne Cox** [1, 3]
**Human Resources and Compensation Committee Chair**
Alberta, CA

**Céline Gerson** [1, 3]
Texas, USA

**James Gouin** [2, 3]
Ontario, CA

**Mona Hale** [1, 2]
**Audit Committee Chair**
Alberta, CA

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

**David Primrose** [2]
British Columbia, CA

**Thomas B. Tyree, Jr.** [1, 3]
**Nominating and Corporate Governance Committee Chair**
Colorado, USA

**Juan Carlos Villegas** [1, 3]
Region Metropolitana, Chile

**Mary Zappone**
Texas, USA

# 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

**Prasad Natarajan**
**SVP and Chief Information Officer**
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

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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

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