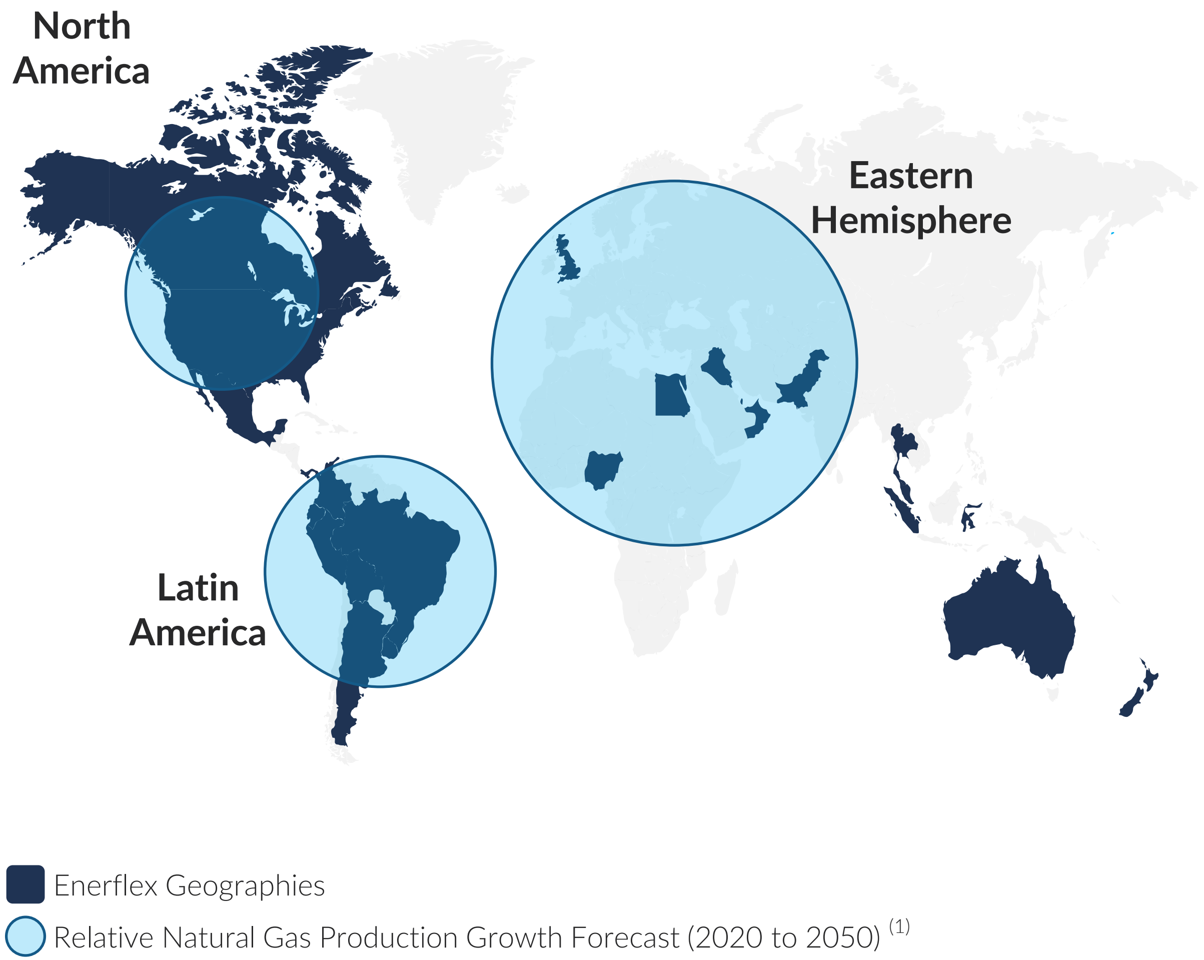
Enerflex Ltd.

Corporate Presentation

August 2023

Corporate Overview

Vertically integrated platform that has successfully delivered innovative, modular energy solutions across the globe for over 40 years



Trading symbols	TSX: EFX NYSE: EFXT
Common shares outstanding (2)	123.9MM
Quarterly dividend	$0.025/share
Operating locations	90+
Countries	25+
Percentage of gross margin from recurring sources (3)	~65%
Engineered Systems backlog (2)(4)	$1.4B

(1) Source: Wood Mackenzie (November 2022).
(2) As at June 30, 2023.
(3) For the three months ended June 30, 2023.
(4) Non-IFRS measure that is not a standardized financial measure under IFRS and may not be comparable to similar non-IFRS measures disclosed by other issuers. Refer to *"Advisory Statements"* of this presentation.

Market Leader in Modular Energy Solutions

Business strategically designed to combine the stability of the energy infrastructure sector with the torque of the manufacturing sector

Energy Infrastructure

- Critical energy infrastructure that Enerflex owns, operates, and maintains under contract to enable its customers' upstream operations
- Nearly 2MM horsepower of compression and 25+ gas plants worldwide

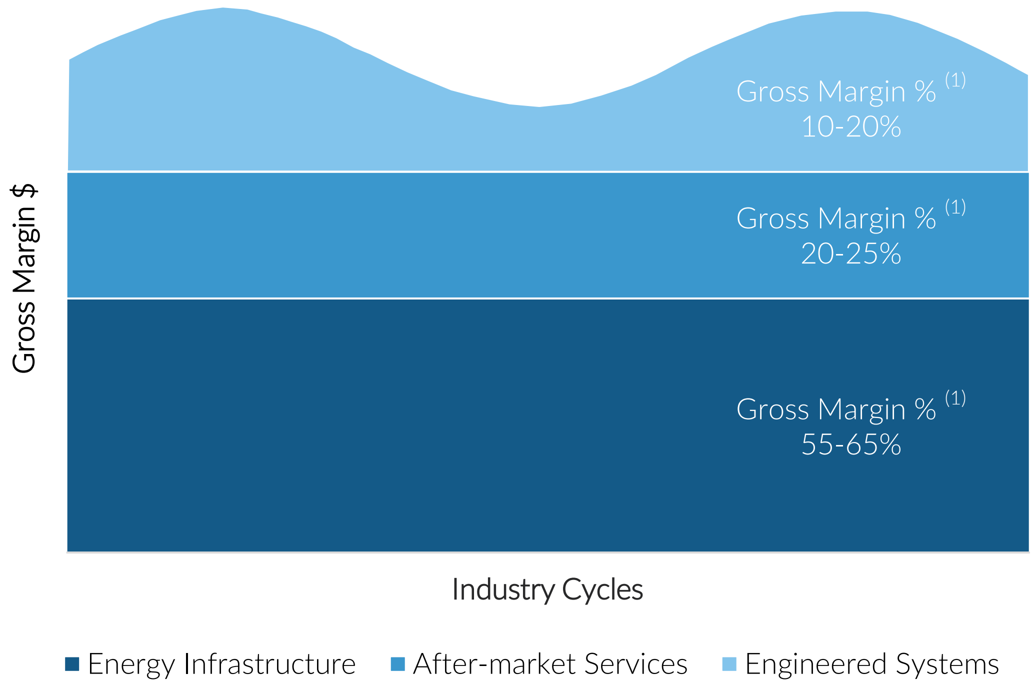
After-market Services

- Installation, commissioning, operations and maintenance, and parts
- Global support for all product lines

Engineered Systems

- Sale of customized modular natural gas-handling, low-carbon, and carbon capture solutions
- Expanded capabilities enable deeper removal of NGLs, oil processing technology, and produced water treatment applications

Illustrative Gross Margin by Product Line across Industry Cycles



(1) Gross margin percentage before depreciation and amortization. Non-IFRS measure that is not a standardized financial measure under IFRS and may not be comparable to similar non-IFRS measures disclosed by other issuers. Refer to *"Advisory Statements"* of this presentation.

Pursuing Energy's Full Potential…

Delivering on the Company's vision by executing near-term strategic priorities to generate long-term shareholder value

Technical Excellence in Modular Energy Solutions

Profitable Growth through Counterparty, Geographic, and Product Line Diversity

Transforming Energy for a Sustainable Future

Financial Discipline and Strength

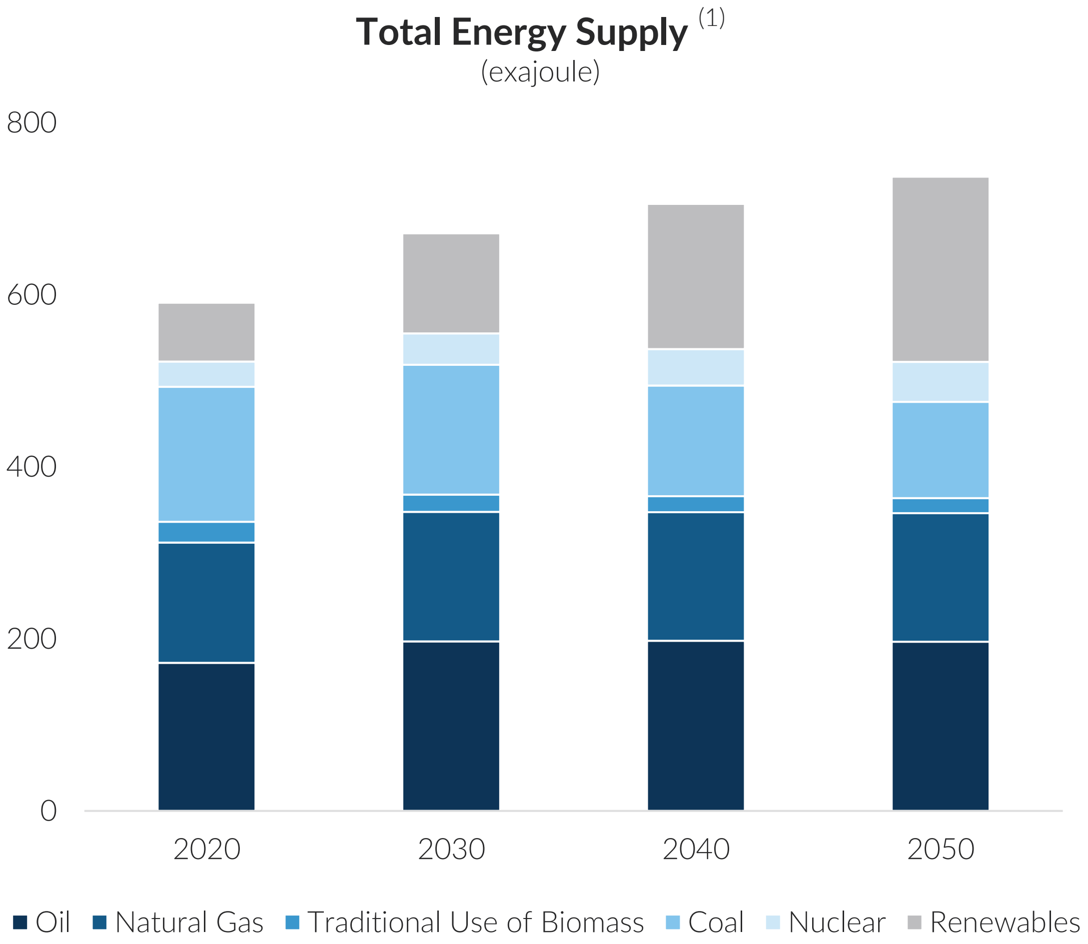
Sustainable Returns to Shareholders

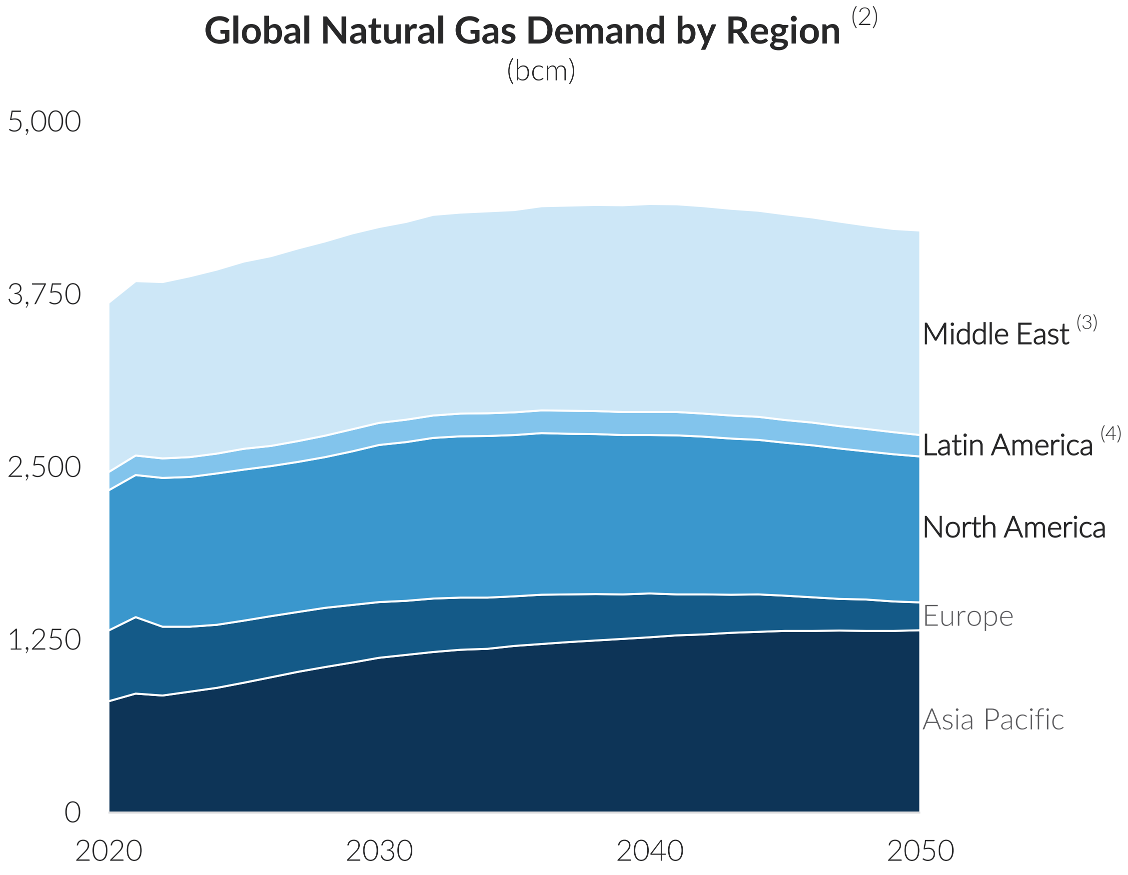
Near-term Strategic Priorities

1. Maximize cash flow generation for post-acquisition deleveraging
2. Integrate Exterran and optimize business for long-term success
3. Grow distributable cash flow to support an attractive capital allocation framework

… by Capitalizing on Robust Macro Trends

Enerflex is strategically positioned to enable the energy transition as the demand for natural gas grows in the Company's key operating regions



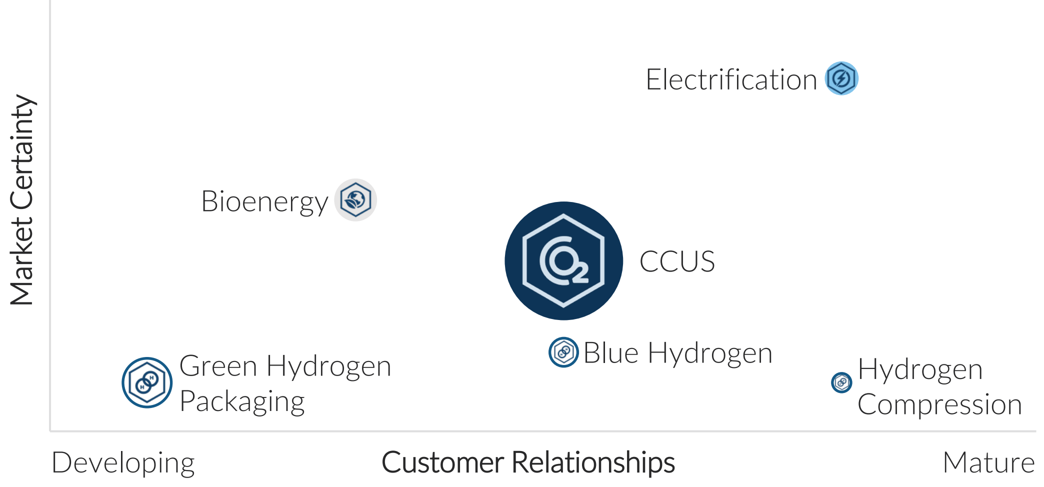


(1) Source: International Energy Agency (2022) *World Energy Outlook 2022* (January 2023). Stated Policies Scenario presented.
(2) Source: Wood Mackenzie (November 2022).
(3) Includes Africa, Russia, and Caspian.
(4) Includes Caribbean.

... Including the Energy Transition

Enerflex has proven expertise in delivering modular energy solutions for global decarbonization efforts

Relative Enerflex Total Addressable Market [1]

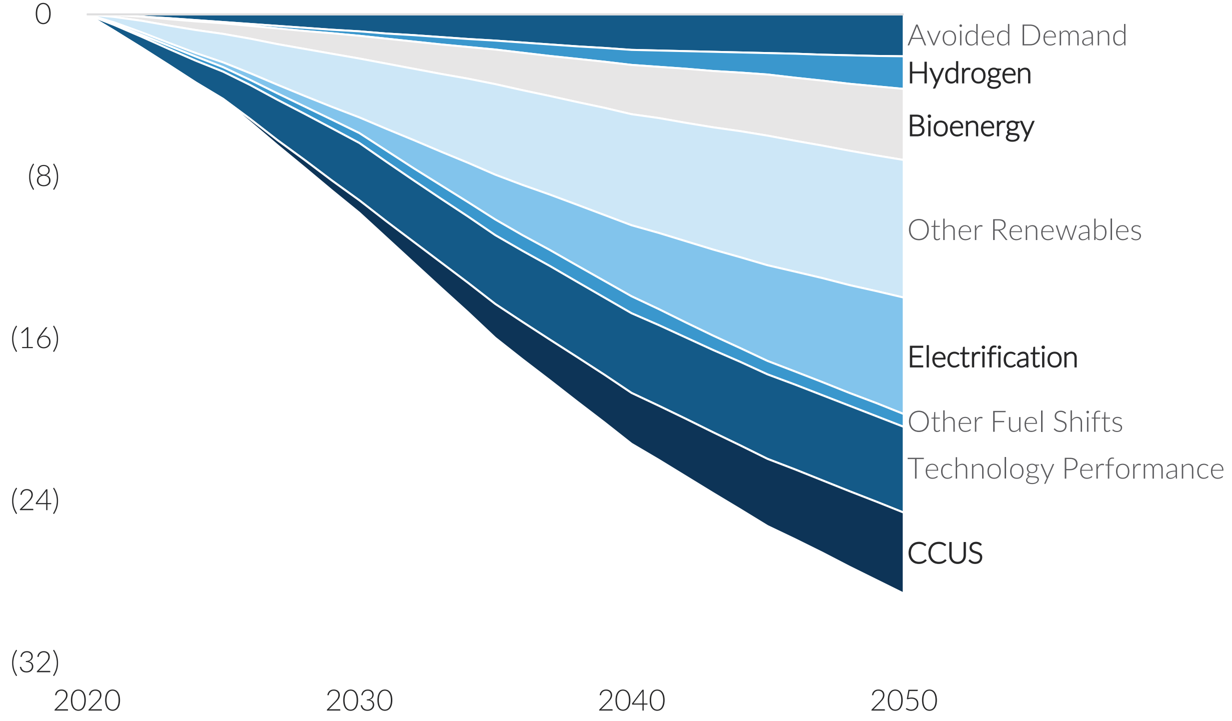


Proven Expertise

150+	CCUS Projects
3MM HP	e-Compression Installed
20+	Bioenergy Projects
110,000 HP	Hydrogen Compression Installed

CO_2 Emissions Reductions in the Energy Sector [2]

($GtCO_2$/year)



(1) Based on Enerflex internal analysis.
(2) Source: IEA *CCUS in Clean Energy Transitions* (2020). Sustainable Development Scenario presented relative to the Stated Policies Scenario.

2023 Guidance

2023 strategic priorities include deleveraging and integrating Exterran

US$ millions, except ratios and percentages	Revised Guidance August 9, 2023	Guidance March 1, 2023 (1)
Annual run-rate synergies (2)	60	60
Adjusted EBITDA (2)(3)	380 – 420	380 – 420
Bank-adjusted net debt to EBITDA ratio (3)(4)	<2.5x	<2.5x
Capital expenditures and contract assets		
Maintenance capital expenditures	40 – 50	40 – 50
Contract assets related to the Cryogenic Facility (5)	40 – 50	40 – 50
Other non-discretionary expenses (6)	180 – 210	130 – 160
Total non-discretionary expenses (7)	260 – 310	210 – 260
PP&E and growth capital expenditures (8)	80 – 90	N/A

Guidance Reaffirmed for:

- Annual run-rate synergies
- Adjusted EBITDA
- Bank-adjusted net debt to EBITDA ratio
- Maintenance capital expenditures
- Contract assets related to the Cryogenic Facility

Guidance for Other Non-discretionary Expenses Revised for:

- Increase in working capital associated with higher activity levels in After-market Services and Engineered Systems
- Higher expected cash taxes

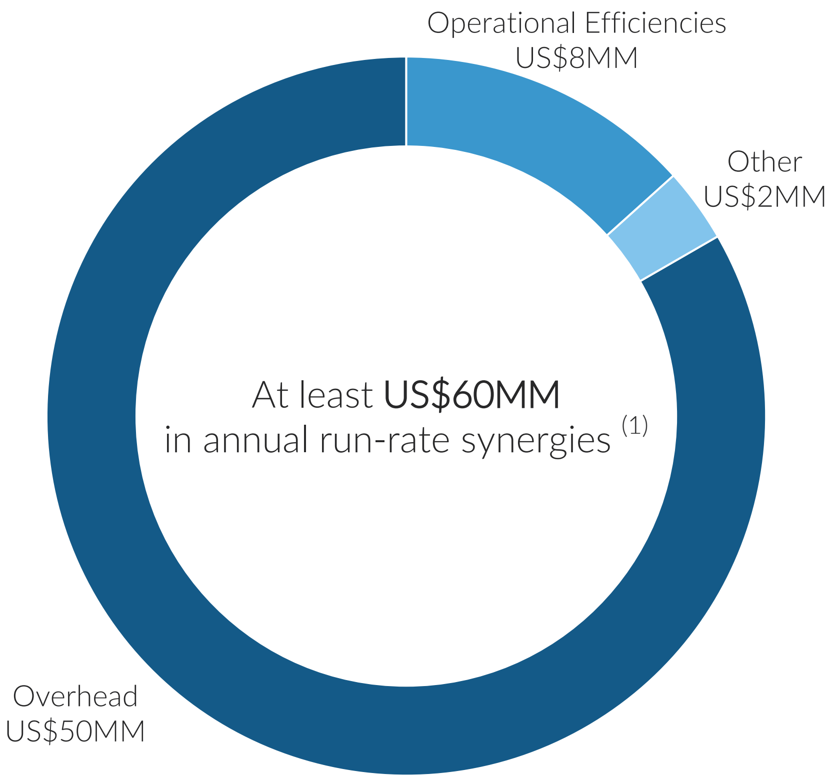
Guidance for PP&E and Growth Capital Expenditures Introduced for:

- Approximately half was invested in Q1 2023 for the completion of two BOOM produced water facilities
- Various small-scale, customer-sanctioned projects in the USA, Latin America, and Eastern Hemisphere
- Required upgrades on several facilities acquired through the Transaction

(1) Refer to the March 1, 2023 news release entitled *"Enerflex Ltd. Reports Solid Year-end 2022 Results and Successfully Closes Acquisition of Exterran Corporation, Creating Significant Momentum for 2023"*.
(2) Synergy capture is subject to timing considerations of being realized within 12 to 18 months of Transaction close.
(3) Non-IFRS measure that is not a standardized financial measure under IFRS and may not be comparable to similar non-IFRS measures disclosed by other issuers. Refer to *"Advisory Statements"* of this presentation.
(4) Calculated in accordance with the Company's debt covenants, which permit: (a) the inclusion of Exterran's bank-adjusted EBITDA for the trailing 12 months for the respective period; and (b) a maximum of 4.5:1.
(5) Formerly referred to as work-in-progress in the Company's financial guidance. The Cryogenic Facility is being accounted for as a sale within the Engineered Systems product line and presented as a contract asset on Enerflex's consolidated statements of financial position.
(6) Includes net working capital, finance costs, cash income taxes, and dividends.
(7) Includes maintenance capital expenditures and contract assets related to the Cryogenic Facility, net working capital, finance costs, cash income taxes, and dividends.
(8) Enerflex is introducing guidance for PP&E and growth capital expenditures to reflect activity for the six months ended June 30, 2023 and the Company's expectations for the balance of the year. These expenditures were considered in assessing the Company's ability to meet its bank-adjusted net debt to EBITDA ratio target.

Enhancing Cash Flow Generation through Synergy Capture

Enerflex has captured US$50 million of annual run-rate synergies primarily through reductions in overhead (1)



Overhead

- Optimized structuring of Management and corporate support functions

Operational Efficiencies

- Economies of scale in information technology, consulting, and advertising
- Optimized travel, education, and training expenses

Other

- Reduced board of director and governance fees
- Economies of scale in audit and tax fees

Enerflex is now focused on optimizing its global operations and shaping the business for long-term success, including closing two of its five manufacturing facilities and simplifying its global footprint (2)

(1) Remaining US$10 million of the US$60 million targeted synergies are expected to be realized within 12 to 18 months of Transaction close.
(2) Enerflex will incur one-time restructuring and optimization costs as such opportunities are identified.

ENERFLEX

Q2 2023 in Review

Solid results underscore sustainability of three core product lines being executed on a global scale

Revenue of $777MM

Stable revenue from recurring businesses; Eastern Hemisphere revenue decline attributable to non-cash finance lease revenue recognized in Q1 2023

Gross Margin of $147MM or 18.9%

Margin expansion in recurring businesses; Engineered Systems gross margin impacted by delays on certain in-flight projects

Adjusted EBITDA of $142MM (1)

Increased by 16% from Q1 2023 due to strong operational performance and expanded Energy Infrastructure portfolio, and included recovery of a $12MM bad debt receivable

Engineered Systems Bookings of $322MM (1)

Included $140MM of energy transition-related projects to maintain Engineered Systems backlog of $1.4B (1)

Bank-adjusted Net Debt to EBITDA Ratio of 2.8x (1)(2)

Lowered from 2.9x at March 31, 2023 due to strong adjusted EBITDA generation; long-term debt was $1.4B and net debt was $1.2B at June 30, 2023

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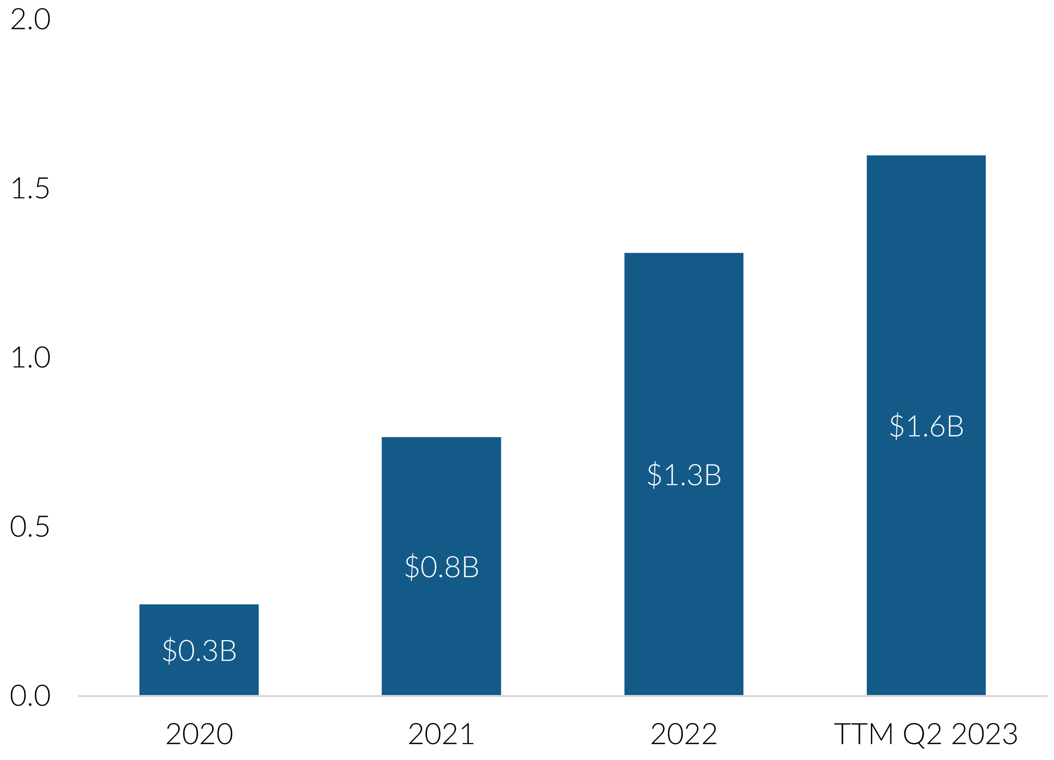
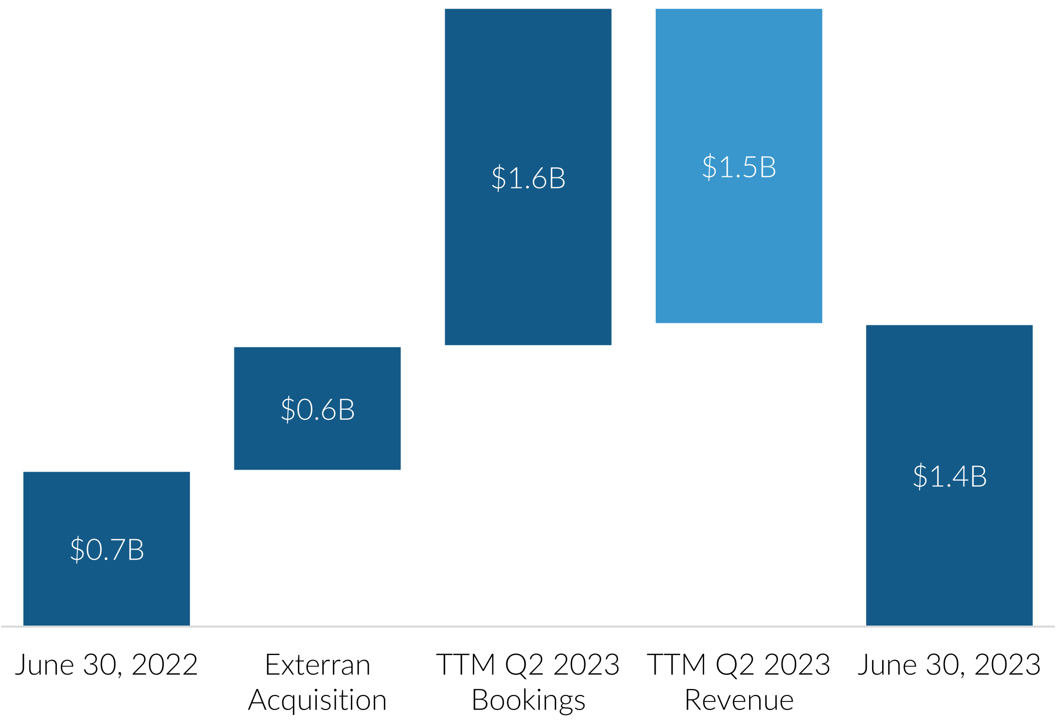
Continued Strength in Engineered Systems Business

Robust customer activity in North America driving strong Engineered Systems bookings with attractive booked gross margins

Engineered Systems Bookings (1)
($ billions)



Engineered Systems Backlog (1)
($ billions)



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Capital Allocation Priorities

Enerflex's near-term priorities are balance sheet strength and sustainable shareholder returns

1 Strengthen balance sheet, targeting bank-adjusted net debt to EBITDA ratio of 2.5x (1)(2) by the end of 2023, with continued debt reduction planned thereafter

2 Pay sustainable base dividend

3 Sustain business across product lines and capabilities, including energy transition initiatives

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(2) Calculated in accordance with the Company's debt covenants, which permit: (a) the inclusion of Exterran's bank-adjusted EBITDA for the trailing 12 months for the respective period; and (b) a maximum of 4.5:1.

Planned Deleveraging to Strengthen Financial Position

Deleveraging is a top priority for 2023 to ensure long-term financial stability and flexibility

Deleveraging Plan

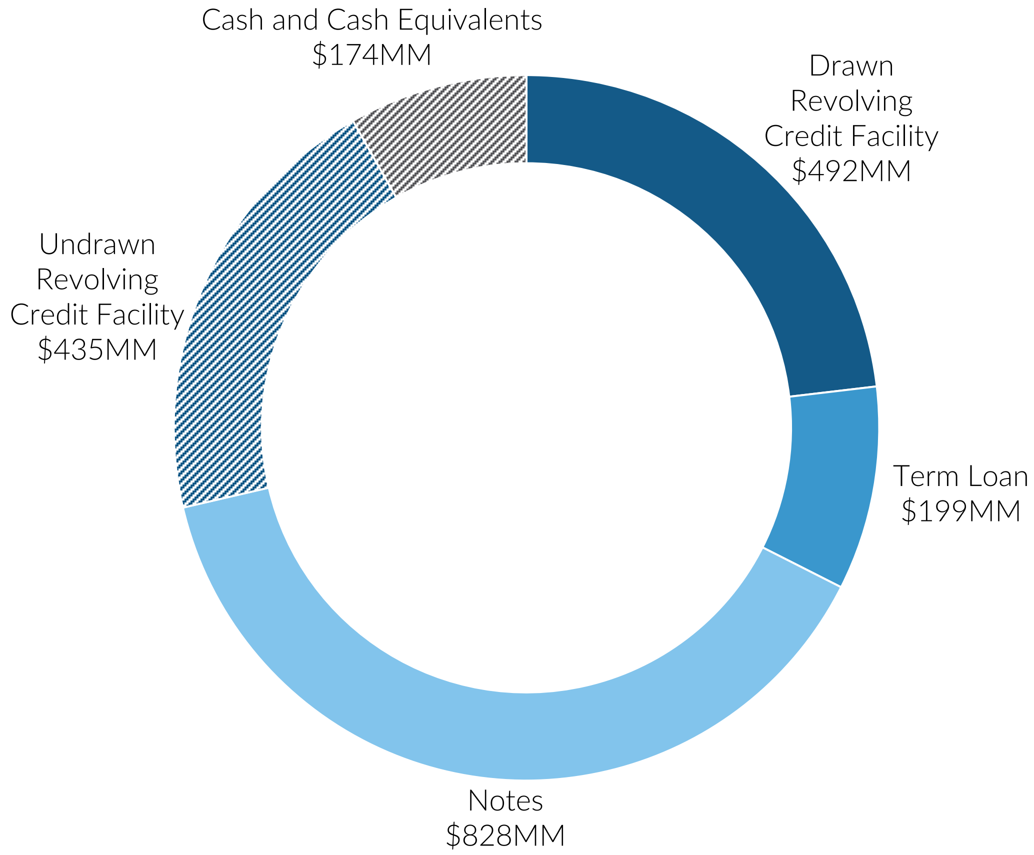
Reduce bank-adjusted net debt to EBITDA to 2.5x [(1)(2)] by the end of 2023 through:

- Cash flows from stable recurring businesses
- Execution of $1.4 billion Engineered Systems backlog [(1)]
- Financial discipline

Once its debt reduction target has been met, Enerflex plans to continue strengthening its financial position to ensure long-term financial stability and flexibility

Bank-adjusted net debt to EBITDA ratio was 2.8x [(1)(2)] as at June 30, 2023

Total Cash and Credit Capacity [(3)]
($ millions)



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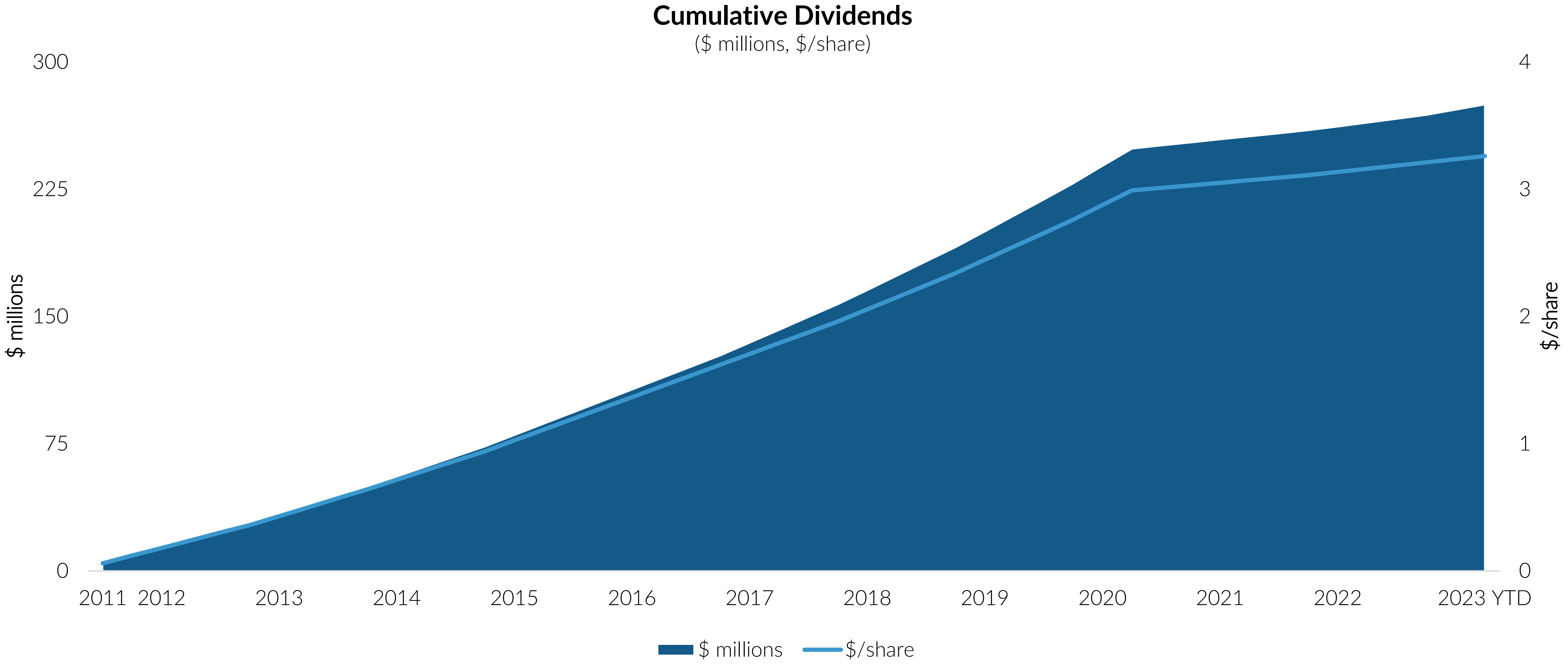
(2) Calculated in accordance with the Company's debt covenants, which permit: (a) the inclusion of Exterran's bank-adjusted EBITDA for the respective periods; and (b) a maximum of 4.5:1.
(3) As at June 30, 2023 using Cdn$/US$ exchange rate of 1.3240. Excludes deferred transaction costs and notes discount of $110 million and letters of credit of $140 million.

Committed to Delivering Sustainable Returns to Shareholders

The dividend is foundational to Enerflex's total return proposition



ENERFLEX

Why Invest in Enerflex?

Differentiated global platform strategically positioned to harness robust global natural gas and energy transition fundamentals

Global Market Leader in Natural Gas and Energy Transition Solutions

Strategically located where the resource is, with all product lines designed to deliver on the world's energy needs, including energy transition expertise

Vertically Integrated

Differentiated global platform features synergistic product lines across the energy value chain

Financial Strength and Discipline

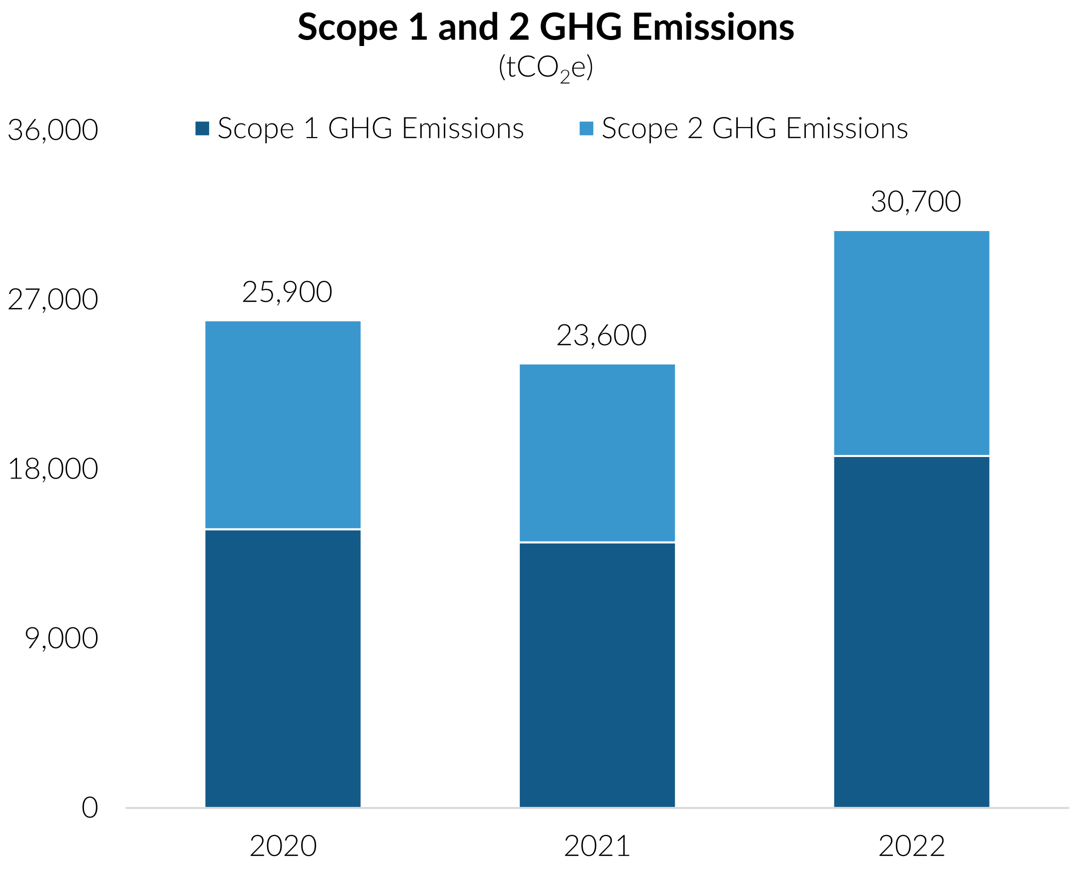
Deleveraging plan de-risked through recurring businesses, large Engineered Systems backlog, and robust market fundamentals

Returns-focused

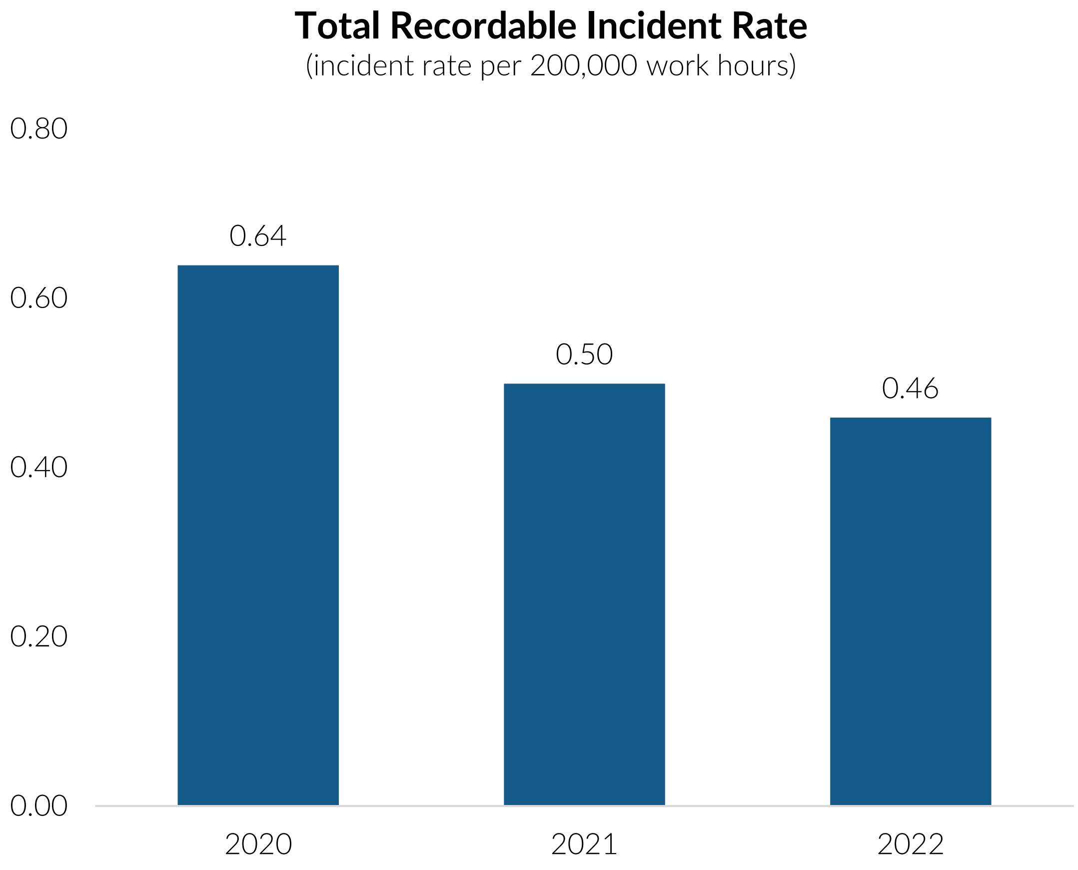
Disciplined investments focused on profitability, financial strength, and generating a meaningful return

Appendix

ESG Performance



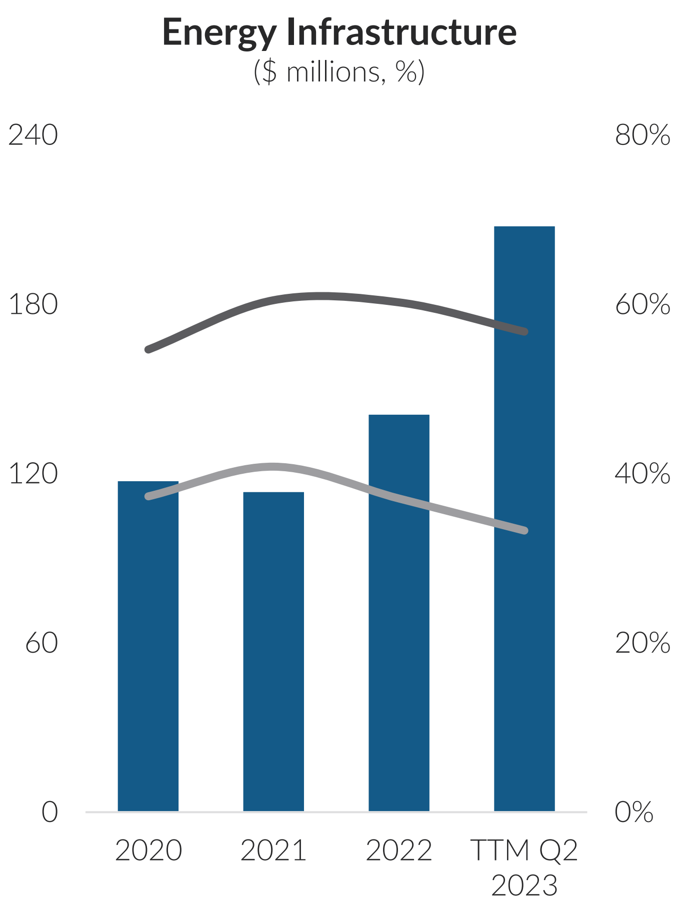
Scope 1 and 2 GHG emissions make up <1% of Enerflex's total Scope 1, 2, and 3 GHG emissions

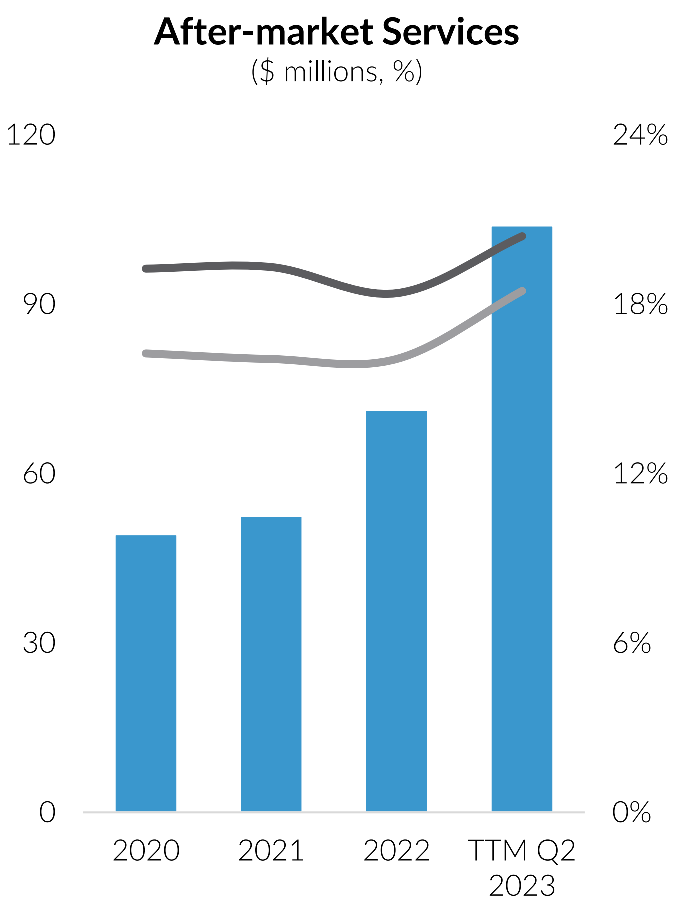


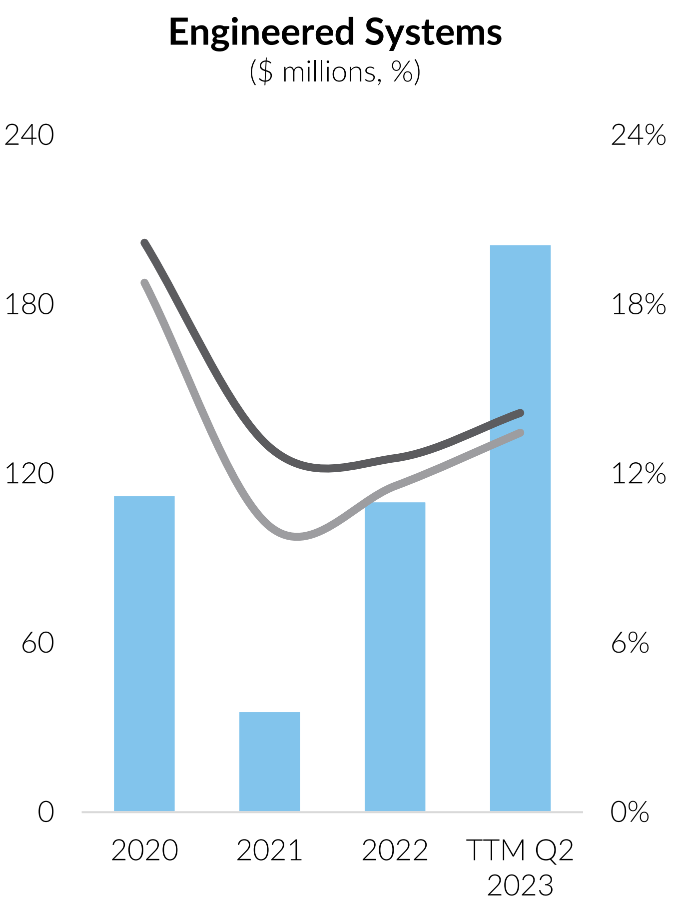
2022 was Enerflex's best annual TRIR since at least 2010, reflecting the Company's strong safety culture in action

(1) 2022 ESG performance includes legacy Exterran ESG performance data from October 13, 2022 through December 31, 2022.

Gross Margin by Product Line







Gross Margin — Gross Margin % — Gross Margin before Depreciation and Amortization % (1)

(1) Non-IFRS measure that is not a standardized financial measure under IFRS and may not be comparable to similar non-IFRS measures disclosed by other issuers. Refer to "*Advisory Statements*" of this presentation.

Gross Margin by Product Line [1]

Three Months Ended June 30, 2023 $ millions, except percentages	Total	Energy Infrastructure	After-market Services	Engineered Systems
Revenue	776.7	190.5	152.5	433.7
Cost of goods sold				
Operating expenses	581.8	85.3	119.2	377.3
Depreciation and amortization	47.7	42.2	2.8	2.7
Gross margin	147.2	62.9	30.5	53.7
Gross margin %	18.9%	33.0%	20.0%	12.4%
Gross margin before depreciation and amortization % [2]	25.1%	55.2%	21.9%	13.0%

Trailing 12 Months Ended June 30, 2023 $ millions, except percentages	Total	Energy Infrastructure	After-market Services	Engineered Systems
Revenue	2,684.4	624.9	562.6	1,496.9
Cost of goods sold				
Operating expenses	2,002.9	270.1	447.8	1,285.0
Depreciation and amortization	168.2	146.8	10.9	10.5
Gross margin	513.3	208.0	103.9	201.4
Gross margin %	19.1%	33.3%	18.5%	13.5%
Gross margin before depreciation and amortization % [2]	25.4%	56.8%	20.4%	14.2%

(1) Amounts may not add due to rounding.
(2) Non-IFRS measure that is not a standardized financial measure under IFRS and may not be comparable to similar non-IFRS measures disclosed by other issuers. Refer to *"Advisory Statements"* of this presentation.

Energy Infrastructure Project Model

Project Phase	Engineer and Design Project Scope Contract Award Build, Install, Commission	Production Start-up Fee-based Operations Operate and Maintain	Contract Renewal
Timeline	Ranges from 6 Months to 10+ Years Depending on Scope of Project	North America *1 to 3 Years* Latin America and Eastern Hemisphere *3 to 10+ Years*	Majority of Contracts Are Extended
Cash Flows	Upfront Capital Investment	Long-term Commercial Take-or-pay Contracts Protected from Commodity Price Fluctuations No Volumetric Risk	Recurring Gross Margin Profile Bolstered upon Contract Renewal

Advisory Statements

Advisory Statements

Advisory Regarding Forward-looking Information

This presentation contains forward-looking information within the meaning of applicable Canadian securities laws and forward-looking statements within the meaning of the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995. These statements relate to Management's expectations about future events, results of operations, the future performance (both financial and operational) and business prospects of Enerflex, and other matters that may occur in the future. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "future", "plan", "contemplate", "create", "continue", "estimate", "expect", "intend", "propose", "might", "may", "will", "shall", "project", "should", "could", "would", "believe", "predict", "forecast", "pursue", "potential", "objective", "capable", and similar expressions, are intended to identify forward-looking information. In particular, this presentation includes (without limitation) forward-looking information pertaining to: the Company's ability to leverage its sustainable asset portfolio and Engineered Systems backlog position to deliver on its value-creating priorities throughout 2023, including strengthening its financial position, delivering on expected synergies without sacrificing operational capabilities, and executing on the Company's 2023 business plan; the Company's continued expectations to realize US$60 million of synergies within 12 to 18 months from Transaction close of October 13, 2022; the anticipated benefits and synergies of the Transaction and the Company's ability to realize upon such benefits and synergies, including the remaining US$10 million of expected annual run-rate synergies; the Company's plans to simplify its geographic footprint and consolidate its global manufacturing capacity, including closing its manufacturing facilities in the United Arab Emirates and Singapore; the Company's expectations to convert the $1.4 billion Engineered Systems backlog into revenue through the balance of 2023 and 2024; the Company's expectations that the initial agreement between Blueberry River First Nations and the Government of British Columbia, coupled with development activities anticipated for LNG exports, will be constructive for the Canadian business; the Company's plans to complete required upgrades on several facilities acquired through the Transaction, and to invest in various small-scale customer-sanctioned projects in the USA, Latin America, and Eastern Hemisphere; expectations regarding the Company's ability to generate excess cash flow, to be used to strengthen the Company's financial position and to deleverage; the Company's plans to strengthen its financial position to ensure the Company has financial stability and flexibility through industry cycles; the Company's plans to lower its overall cost of debt; Enerflex's targeted financial metrics after the Transaction, including the Company's expectations regarding the reduction of its bank-adjusted net debt to EBITDA ratio to 2.5 times by the end of 2023; the Company's expectations that total 2023 PP&E and growth capital expenditures will range from US$80 million to US$90 million; the Company's expectations that increased 2023 expenditures will impact the near-term timing of cash flows; the Company's expectations that 2023 Transaction-related accretion for both EPS and CFPS will be 32% dilutive and 1% accretive, respectively; the Company's targeted growth plans and related anticipated benefits, including global energy transition trends; expectations concerning the Company's ongoing exposure to the devaluation of the Argentine peso; the Company's expectations regarding the overall activity level in the oil and gas sector in North America, Latin America, and the Eastern Hemisphere; the Company's large platform of international Energy Infrastructure assets being able to continue serving the growing need for reliable power and energy independence; expectations that Enerflex's USA contract compression fleet utilization will remain elevated; and Enerflex's expectations regarding the continued payment of its quarterly dividend of at least $0.025 per share.

All forward-looking information in this presentation is subject to important risks, uncertainties, and assumptions, which are difficult to predict and which may affect Enerflex's operations, including, without limitation: the impact of economic conditions, including volatility in the price of crude oil, natural gas, and natural gas liquids, interest rates, and foreign exchange rates; the markets in which Enerflex's products and services are used; industry conditions, including supply and demand fundamentals for crude oil and natural gas, and the related infrastructure, including new environmental, taxation, and other laws and regulations; expectations and implications of changes in governmental regulation, laws, and income taxes; environmental, social, and governance matters; the ability to continue to build and improve on proven manufacturing capabilities and innovate into new product lines and markets; increased competition; insufficient funds to support capital investments required to grow the business; the lack of availability of qualified personnel or management; political unrest and geopolitical conditions; 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 Enerflex believes that there is a reasonable basis for the forward-looking information included in this presentation, as a result of such known and unknown risks, uncertainties, and other factors, actual results, performance, or achievements could differ and such differences could be material from those expressed in, or implied by, these statements. The forward-looking information included in this presentation 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 of Enerflex to realize the anticipated benefits of, and synergies from, the Transaction and the timing and quantum thereof; 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 integrated businesses; risks associated with technology and equipment, including potential cyberattacks; the occurrence of unexpected events such as pandemics, war, terrorist threats, and the instability resulting therefrom; risks associated with existing and potential future lawsuits, shareholder proposals, and regulatory actions; and those factors referred to under the heading *"Risk Factors"* in Enerflex's Annual Information Form for the year ended December 31, 2022, and Exterran's Form 10-K for the year ended December 31, 2021, accessible on SEDAR+ and EDGAR, respectively; in Enerflex's MD&A for the year ended December 31, 2022, and in Exterran's Form 10-Q for the three and six months ended June 30, 2022, accessible on SEDAR+ and EDGAR, respectively; and in Enerflex's Management Information Circular dated September 8, 2022, and in the Proxy Statement of Exterran and Prospectus of Enerflex dated September 12, 2022, accessible on SEDAR+ and EDGAR, respectively.

The forward-looking information contained herein is expressly qualified in its entirety by the above cautionary statement. The forward-looking information included in this presentation is made as of the date of this presentation and is based only on the information available to the Company at that time, other than as required by law, Enerflex disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events, or otherwise. This presentation and its contents should not be construed, under any circumstances, as investment, tax, or legal advice.

The 2023 guidance regarding the Company's future financial performance, including adjusted EBITDA, are based on assumptions about future events, including economic conditions and proposed courses of action, based on Management's assessment of the relevant information currently available. The guidance is based on the same assumptions and risk factors set forth above and is based on the Company's historical results of operations. The financial outlook or potential financial outlook set forth in this presentation was approved by Management and the Board of Directors as of the date of this presentation to provide investors with an estimation of the outlook for the Company for 2023, and readers are cautioned that any such financial outlook contained herein should not be used for purposes other than those for which it is disclosed herein. The prospective financial information set forth in this presentation has been prepared by Management. Management believes that the prospective financial information has been prepared on a reasonable basis, reflecting Management's best estimates and judgments, and represents, to the best of Management's knowledge and opinion, the Company's expected course of action in developing and executing its business strategy relating to its business operations. Actual results may vary from the prospective financial information set forth in this presentation. See above for a discussion of the risks that could cause actual results to vary. The prospective financial information set forth in this presentation should not be relied on as necessarily indicative of future results.

Advisory Statements (continued)

Future-oriented Financial Information

The 2023 guidance regarding the Company's future financial performance, including adjusted EBITDA, are based on assumptions about future events, including economic conditions and proposed courses of action, based on Management's assessment of the relevant information currently available. The guidance is based on the same assumptions and risk factors set forth above and is based on the Company's historical results of operations. The financial outlook or potential financial outlook set forth in this presentation was approved by Management and the Board of Directors as of the date of this presentation to provide investors with an estimation of the outlook for the Company for 2023, and readers are cautioned that any such financial outlook contained herein should not be used for purposes other than those for which it is disclosed herein. The prospective financial information set forth in this presentation has been prepared by Management. Management believes that the prospective financial information has been prepared on a reasonable basis, reflecting Management's best estimates and judgments, and represents, to the best of Management's knowledge and opinion, the Company's expected course of action in developing and executing its business strategy relating to its business operations. Actual results may vary from the prospective financial information set forth in this presentation. See *"Advisory Regarding Forward-looking Information"* for a discussion of the risks that could cause actual results to vary. The prospective financial information set forth in this presentation should not be relied on as necessarily indicative of future results.

Basis of Preparation

All financial figures and information have been prepared in Canadian dollars (which includes references to "dollars" and "$"), except where another currency has been indicated, and in accordance with IFRS as issued by the IASB.

Third-party Information

This presentation includes market, industry, and economic data which was obtained from various publicly available sources and other sources believed by Enerflex to be true. Although Enerflex believes it to be reliable, it has not independently verified any of the data from third-party sources referred to in this presentation or analyzed or verified the underlying reports relied upon or referred to by such sources or ascertained the underlying economic and other assumptions relied upon by such sources. Enerflex believes that its market, industry, and economic data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market, industry, and economic data used throughout this presentation are not guaranteed and Enerflex makes no representation as to the accuracy of such information.

Non-IFRS and Other Financial Measures

Throughout this presentation and other materials disclosed by the Company, Enerflex employs certain measures to analyze its financial performance, financial position, and cash flows, including adjusted EBITDA, distributable cash flow, net debt, net debt to EBITDA ratio, gross margin before depreciation and amortization, and Engineered Systems bookings and backlog. These non-IFRS measures are not standardized financial measures under IFRS and may not be comparable to similar financial measures disclosed by other issuers. Accordingly, the non-IFRS measures should not be considered more meaningful than generally accepted accounting principles measures, such as net earnings or any other measure of performance determined in accordance with IFRS, as indicators of Enerflex's performance. Refer to *"Adjusted EBITDA"* and *"Non-IFRS Measures"* of Enerflex's Management's Discussion and Analysis for the three and six months ended June 30, 2023, information from which is incorporated by reference into this presentation and can be accessed on Enerflex's website at www.enerflex.com and under Enerflex's SEDAR+ and EDGAR profiles at www.sedarplus.ca and www.sec.gov/edgar, respectively.

Advisory Statements (continued)

Non-IFRS and Other Financial Measures (continued)

Adjusted EBITDA

Enerflex's results include items that are unique and items that Management and users of the financial statements adjust for when evaluating the Company's results. The presentation of adjusted EBITDA should not be considered in isolation from EBIT or EBITDA as determined under IFRS.

The Company defines adjusted EBITDA as earnings before net finance costs and income taxes adjusted for depreciation and amortization. Further adjustments are made for items that are unique or not in the normal course of continuing operations, improving the comparability across items within the financial statements or between periods of financial statements. These adjustments include transaction, restructuring, and integration costs, share-based compensation, and certain other items, which the Company does not consider to be in the normal course of continuing operations. Adjustments are also made with respect to finance leases to eliminate the non-cash revenue recognized when finance leases are put into service, and instead reflect the lease payments received over the term of the related lease. Management believes that identification of these items allows for a better understanding of the underlying operations of the Company and increases comparability of the Company's results. Items the Company has previously considered are government grants, impairments or gains on disposal of idle facilities, and impairment of goodwill, which are considered to be unique, non-recurring, and generally non-cash transactions that are not indicative of the ongoing normal operations of the Company. Accordingly, the Company has included these items in determining its adjusted EBITDA.

Management believes that identification of these items allows for a better understanding of the underlying operations of the Company based on its current assets and structure.

Distributable Cash Flow

The Company defines distributable cash flow as cash provided by or used in operating activities, adjusted for the net change in working capital and other, less maintenance capital expenditures and net lease payments. Enerflex uses this measure to assess the level of cash flow generated by the business and to evaluate the adequacy of such cash flows to fund payments to creditors, dividends, and capital expenditures.

Net Debt

Net debt is a non-IFRS measure defined as short- and long-term debt less cash and cash equivalents. Net debt is a commonly used non-IFRS measure to assess overall indebtedness and capital structure.

Bank-adjusted Net Debt to EBITDA Ratio

The Company defines net debt as short- and long-term debt less cash and cash equivalents at period end, which is then divided by EBITDA for the trailing 12 months. In assessing whether the Company is compliant with the financial covenants related to its debt instruments, certain adjustments are made to net debt and EBITDA in accordance with the Company’s financing agreements 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.

Gross Margin before Depreciation and Amortization

Gross margin before depreciation and amortization is a non-IFRS measure defined as gross margin excluding the impact of depreciation and amortization. The historical costs of assets may differ if they were acquired though acquisition or constructed, resulting in differing depreciation. Gross margin before depreciation and amortization is useful to present the operating performance of the business before the impact of depreciation that may not be comparable across assets.

Engineered Systems Bookings and Backlog

Enerflex monitors its Engineered Systems bookings and backlog as indicators of future revenue and business activity levels for the Engineered Systems product line. Bookings are recorded in the period when a firm commitment or order is received from customers, increasing the Company's backlog in the period. Conversely, revenue recognized on Engineered Systems products decreases backlog in the period that the revenue is recognized. Accordingly, backlog is an indication of revenue to be recognized in future periods using percentage-of-completion accounting. Revenue from contracts that have been classified as finance leases for newly built equipment is recorded as Engineered Systems bookings. The full amount of revenue is removed from backlog at the commencement of the lease.

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