

# LETTER TO SHAREHOLDERS

Dear Shareholders,

Enerflex experienced both major successes and setbacks in 2020 – all significantly influenced by the COVID-19 pandemic. The most obvious impact was the sharp decrease in the demand for hydrocarbon fuels starting in March and continuing throughout the year. That had a significantly negative impact on global energy markets and our related service industry.

As the world shifted beneath us, a mentor suggested the following quotation from Andrew Carnegie – the 19<sup>th</sup> century Scottish-American industrialist and philanthropist – could provide some clarity on our priorities, *“Take away my people, but leave my factories, and soon grass will grow on the factory floors. Take away my factories, but leave my people, and soon we will have a new and better factory.”* In times of crisis, oil and gas operators leaned on relationships with reliable, economically stable partners; in other words – Enerflex *people*, the very people Carnegie rightly values so highly.

The Engineered Systems portion of our business, serving primarily North America, suffered reduced revenues to a level not seen in a generation. However, our global footprint provided a degree of helpful diversity as some regions of the world suffered less than others. In addition, Enerflex’s recurring revenue investments through both contracted gas processing plants and gas compression services, delivered the resiliency that underpinned the rationale for the investments in the first place.

The financial management exhibited throughout our history as evidenced by low leverage, good cash management, and an eyes-open and measured approach to financial and operational risks, all proved their value in these extra-ordinary times.

We believe the medium- and long-term future for Enerflex is bright. Natural gas is expected to play a critical role as a bridging fuel as the world transitions, over the next several decades, to a low-carbon energy future. Enerflex’s focused vision of *transforming natural gas to meet the world’s energy needs* and its delivery of related products and services around the globe can drive steady growth in earnings and returns for its stakeholders for many years to come.

Our core competency of *Technical Excellence in Modularized Equipment* revolutionized the natural gas gathering and processing industry in the 1980s, providing innovative, cost-effective, and flexible natural gas infrastructure solutions. The same core competency is as applicable to renewable natural gas, hydrogen, and carbon capture and utilization infrastructure today as it was to natural gas decades ago. Enerflex will place a high priority on understanding where we can best apply our skills, experience, and core competencies to create value for our stakeholders in the evolving energy landscape.

As always, it has been an honour to lead the talented group of engineers, technicians, craftspeople, and business professionals that together are Enerflex. Aligning their values, talents, and desire for individual accomplishment with organizational growth priorities is the very definition of privilege.

On behalf of the Board of Directors,

**[signed] “Marc E. Rossiter”**

Marc E. Rossiter  
*President, Chief Executive Officer, and Director*

February 24, 2021