ENTERPRISE
GROUP, INC.

Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three and nine months ended September 30, 2020 and 2019

National Instrument 51-102
Continuous Disclosure Obligations
Notice

Pursuant to Part 4.3 (3) of National Instrument 51-102, these unaudited condensed interim consolidated financial statements of Enterprise Group, Inc. for the three and nine months ended September 30, 2020, have not been reviewed by the Company's external auditors.

Condensed Interim Consolidated Statements of Financial Position

		September 30, 2020 (unaudited)		December 31, 2019 (audited)
Assets				
Cash and cash equivalents (note 3)	**$**	**2,643,898**	$	969,051
Trade and other receivables (note 3)		**3,260,997**		5,290,872
Unbilled revenue		**251,055**		420,391
Inventories		**181,964**		196,572
Deposits and prepaid expenses		**237,803**		182,540
		6,575,717		7,059,426
Property, plant and equipment (note 4)		**44,917,204**		48,299,173
Intangible assets		**25,740**		93,860
Deferred tax assets		**2,344,943**		2,838,249
		47,287,887		51,231,282
Total assets	**$**	**53,863,604**	$	58,290,708
Liabilities				
Trade and other payables (note 3)	**$**	**988,654**	$	1,799,106
Income taxes payable		**233,453**		116,227
Current portion of loans and borrowings (note 6)		**704,764**		10,123,063
		1,926,871		12,038,396
Long term portion of loans and borrowings (note 6)				
Bank loan facility		**9,602,823**		-
Leases		**482,085**		786,967
Mortgages		**2,301,140**		2,362,856
Deferred tax liabilities		**2,344,943**		2,838,249
Total liabilities		**16,657,862**		18,026,468
Equity				
Share capital (note 7)		**71,493,675**		73,213,572
Contributed surplus		**14,327,074**		12,769,729
Deficit		**(48,615,007)**		(45,719,061)
Total equity		**37,205,742**		40,264,240
Total equity and liabilities	**$**	**53,863,604**	$	58,290,708

Approved on behalf of the Board:

(Signed) "Leonard D. Jaroszuk" Leonard D. Jaroszuk Director

(Signed) "John Pinsent" John Pinsent, FCPA, FCA, ICD.D. Director

	Three months September 30, 2020	Three months September 30, 2019	**Nine months September 30, 2020**	Nine months September 30, 2019
Revenue	**$ 2,505,840**	$ 3,830,847	**$ 11,636,960**	$ 14,172,541
Direct expenses	**(2,153,619)**	(3,478,804)	**(8,229,387)**	(10,684,228)
Gross margin	**352,221**	352,043	**3,407,573**	3,488,313
General and administrative expenses	**(340,796)**	(535,231)	**(1,105,857)**	(1,641,078)
Depreciation of property, plant and equipment (note 4)	**(1,291,809)**	(1,491,543)	**(3,915,859)**	(4,462,685)
Share-based payments	**-**	(349,195)	**(11,613)**	(399,954)
Amortization of intangible assets	**(23,483)**	(22,266)	**(70,270)**	(60,374)
(Loss) gain on sale of property, plant and equipment	**(136,675)**	(45,477)	**(180,777)**	(129,600)
Loss before financing and taxes	**(1,440,542)**	(2,091,669)	**(1,876,803)**	(3,205,378)
Finance expense	**(230,697)**	(205,885)	**(788,651)**	(633,253)
Loss before income tax	**(1,671,239)**	(2,297,554)	**(2,665,454)**	(3,838,631)
Income tax recovery (expense) (note 5)	**115,562**	-	**(230,492)**	-
Net loss and comprehensive loss	**$ (1,555,677)**	$ (2,297,554)	**$ (2,895,946)**	$ (3,838,631)
Loss per share (note 9)				
Basic and diluted loss per share	**$ (0.03)**	$ (0.04)	**$ (0.06)**	$ (0.07)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

	Nine months September 30, 2020	Nine months September 30, 2019
Cash flows from operating activities:		
Net loss	**$ (2,895,946)**	$ (3,838,631)
Adjustments for:		
Depreciation of property, plant and equipment	**3,915,859**	4,462,685
Amortization of intangible assets	**70,270**	60,374
Loss on sale of property, plant and equipment	**163,592**	114,474
Share-based payments	**11,613**	399,954
Finance expense	**788,651**	633,253
Change in non-cash working capital (note 11)	**1,504,954**	2,082,565
Net cash provided by operating activities	**3,558,993**	3,914,674
Cash flows from financing activities:		
Net proceeds from bank loan facility	**170,967**	664,227
Proceeds from mortgage facilities	**60,000**	363,090
Interest and borrowing costs paid on loans and borrowings	**(786,386)**	(640,026)
Repayment of lease liabilities	**(824,854)**	(903,676)
Repayment of mortgage facilities	**(107,950)**	(67,277)
Share buyback and cancellation	**(174,165)**	(455,456)
Net cash used by financing activities	**(1,662,388)**	(1,039,118)
Cash flows from investing activities:		
Purchase of intangible assets	**(2,150)**	(35,887)
Purchase of property, plant and equipment	**(1,004,163)**	(3,357,164)
Proceeds on sale of property, plant and equipment	**784,555**	413,090
Net cash used by investing activities	**(221,758)**	(2,979,961)
Change in cash and cash equivalents	**1,674,847**	(104,405)
Cash and cash equivalents, beginning of period	**969,051**	869,912
Cash and cash equivalents, end of period	**$ 2,643,898**	$ 765,507

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

	Number of common shares	Share capital	Contributed surplus	Deficit	Total
Balance as at December 31, 2018	55,147,374	$79,204,845	$7,099,031	$(40,683,356)	$45,620,520
Common shares repurchased and cancelled (note 7)	(2,674,000)	(3,840,504)	3,385,049	-	(455,455)
Share-based payments	-	-	399,954	-	399,954
Net loss	-	-	-	(3,838,631)	(3,838,631)
Balance as at September 30, 2019	52,473,374	$75,364,341	$10,884,034	$(44,521,987)	$41,726,388
Balance as at December 31, 2019	50,975,874	$73,213,572	$12,769,729	$(45,719,061)	$40,264,240
Common shares repurchased and cancelled (note 7)	(1,197,500)	(1,719,897)	1,545,732	-	(174,165)
Share-based payments	-	-	11,613	-	11,613
Net loss	-	-	-	(2,895,946)	(2,895,946)
Balance as at September 30, 2020	**49,778,374**	**$71,493,675**	**$14,327,074**	**$(48,615,007)**	**$37,205,742**

1. Reporting entity

Enterprise Group, Inc. ("Enterprise" or the "Company") is a public company incorporated under the Alberta Business Corporations Act and its shares are listed on the Toronto Stock Exchange under the symbol "E". Enterprise is a consolidator of businesses providing services to the utility, energy and construction industries. The Company has a fleet of trucks and heavy equipment to provide rental services for heavy equipment, flameless heating units and oilfield site service infrastructure throughout Western Canada. Enterprise's head office is located at #2, 64 Riel Drive, St. Albert, Alberta, T8N 4A4.

The financial statements of the Company as at September 30, 2020, and December 31, 2019, are comprised of the Company and its wholly owned subsidiaries. The consolidated financial statements were authorized for issue by the Board of Directors on November 10, 2020.

2. Significant accounting policies

The unaudited condensed interim consolidated financial statements are prepared by management and reported in Canadian dollars, in accordance with International Accounting Standard "IAS" 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's 2019 Audited Consolidated Financial Statements and the notes thereto.

The unaudited condensed interim consolidated financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in the Company's Audited Consolidated Financial Statements for the fiscal year ended December 31, 2019.

3. Financial instruments and risk management

(a) Pandemics and health risks

The Company is exposed to risks relating to public health emergencies and infectious diseases, including the COVID-19 pandemic, and related government responses, which has had a negative impact on global financial conditions and could have a material and adverse effect on the Company's business, financial condition and results of operations. The Company cannot accurately predict the impact COVID-19 will have on its ability to execute its business plans in response to government public health efforts to contain COVID-19 and to obtain financing or third parties' ability to meet their contractual obligations with the Company. In the event that the prevalence of COVID-19 continues to increase (or fears in respect of COVID-19 continue to increase), governments may increase regulations and restrictions regarding the flow of labour, products and travel bans which could impact the Company's ability to carry out its ongoing business plan.

(b) Fair value of financial instruments

The carrying value of trade and other receivables, deposits and trade and other payables approximate fair value because of the near term to maturity of these instruments. The fair value of loans and borrowings is a level 2 measurement and are based on discounted future cash flows using the rates that reflect observable current market rates for similar instruments with similar terms and conditions. The estimated fair value approximates the carrying value at September 30, 2020.

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

	September 30, 2020	December 31, 2019
Financial assets		
Cash and cash equivalents	**$ 2,643,898**	$ 969,051
Trade and other receivables	**$ 3,260,997**	$ 5,290,872
Deposits	**$ 93,225**	$ 72,554
Financial liabilities		
Trade and other payables	**$ 988,654**	$ 1,799,106
Loans and borrowings	**$ 13,090,812**	$ 13,272,886

Financial risk management

The Company's activities expose it to a variety of financial risks such as credit risk, liquidity risk and market risk. The Board of Directors oversees management's establishment and execution of the Company's risk management framework.

(c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk through cash and cash equivalents and trade and other receivables. The Company manages the credit risk associated with its cash and cash equivalents by holding its funds in financial institutions with high credit ratings. Credit risk for trade and other receivables are managed through established credit monitoring activities.

The Company has trade receivables from customers in the oil and gas industry, as well as customers in the utilities/infrastructure construction industry. Credit risk is mitigated due to significant customers being large industry leaders, following a program of credit evaluation and limiting the amount of customer credit where deemed necessary. The Company monitors trade receivables against an expected credit loss model to assess reasonability of impairment over accounts receivable. Individual invoices within trade receivables are written off when there is no reasonable expectation of collecting payment. The Company has recorded a provision for doubtful accounts at September 30, 2020, of $489,384 (December 31, 2019 - $43,569).

At September 30, 2020, $815,000 or 25% of trade receivables was from three customers compared to $1,225,000 or 23% from two customers as at December 31, 2019. As at September 30, 2020 an accrual of $596,137 is included in total receivables for the Canadian Emergency Wage Subsidy program. The grants are accrued when the Company is reasonably assured the grant conditions are met and recorded to offset the related salary and wage expenses.

	September 30, 2020	December 31, 2019
Current (less than 90 days)	**$ 2,650,285**	$ 4,502,472
Past due (more than 90 days)	**610,712**	788,400
Total	**$ 3,260,997**	$ 5,290,872

Included in trade receivables past due (more than 90 days) is $188,520 in receivables collected subsequent to September 30, 2020.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations. On an ongoing basis the Company manages liquidity risk by maintaining adequate cash and cash equivalents balances and appropriately utilizing available lines of credit. For the three months ended September 30, 2020, the Company generated 52% of revenue from three customers (2019 - 27% from two customers). For the period ended September 30, 2020, the Company generated 21% of revenue from two customers (2019 - 23% from three customers). No other customers comprise more than 10% of revenues.

The outbreak of COVID - 19 pandemic has negatively impacted economic conditions around the world. The decrease in oil demand, combined with other macro-economic factors, has resulted in significantly lower oil and liquids prices further driving economic uncertainty. Natural gas prices have also been volatile but in recent months the forward pricing curve has been strengthening. The Company's site infrastructure customers are substantially all natural gas and liquid producers.

During this period of uncertainty, the Company is committed to maintain its strong balance sheet and financial liquidity. The Company believes it has enough liquidity through cash flow and borrowing capacity on its credit facility to execute its business plan. The company's priority is to continue to spend sufficient maintenance capital to keep its equipment fleet modern and meet specific customer demands.

The following are undiscounted contractual maturities of financial liabilities, including estimated interest at September 30, 2020, and December 31, 2019:

September 30, 2020	**Carrying amount**	**Contractual cash flows**	**Due within one year**	**Two-five years**	**More than five years**
Trade and other payables	$ 988,654	$ 988,654	$ 988,654	$ -	$ -
Loans and borrowings	13,090,812	15,293,927	837,083	12,333,021	2,123,823
	$ 14,079,466	**$ 16,282,581**	**$ 1,825,737**	**$ 12,333,021**	**$ 2,123,823**

December 31, 2019	Carrying amount	Contractual cash flows	Due within one year	Two-five years	More than five years
Trade and other payables	$ 1,799,106	$ 1,799,106	$ 1,799,106	$ -	$ -
Loans and borrowings	13,272,886	16,185,401	10,949,514	2,570,385	2,665,502
	$ 15,071,992	$ 17,984,507	$ 12,748,620	$ 2,570,385	$ 2,665,502

(e) Market risk

Market risk is the risk of changes in market prices, such as interest rates, which will affect the Company’s income or the value of its financial instruments. Management has assessed the effect of a 1% interest rate increase or decrease in the prime lending rate at September 30, 2020, to impact the Company’s annual interest expense by approximately $121,000 (December 31, 2019 - $120,000). The Company has not entered into any derivative agreements to mitigate this risk.

Capital management

The primary objective of capital management is to ensure the Company has sufficient capital to support its business and maximize shareholder value. The Company manages its capital in proportion to the risk of the underlying assets and makes adjustments in light of changes in economic conditions and risks. The Company’s strategy remains unchanged from prior periods. Management considers its capital structure to include funded debt and adjusted capital of the Company. Adjusted capital comprises all components of equity (share capital, contributed surplus, and deficit). Included in funded debt is the bank loan facility which requires the Company to maintain certain financial covenants as defined below. The Company’s objectives when managing capital are to finance its operations and growth strategies and to provide an adequate return to its shareholders. In order to maintain or adjust the capital structure, the Company may issue new shares, or sell assets to reduce debt. As at September 30, 2020, the Company has met these objectives.

	September 30, 2020	December 31, 2019
Bank loan	**$ 9,602,823**	$ -
Current portion of long term debt	**704,764**	10,123,063
Long term debt	**2,783,225**	3,149,823
Net funded debt	**13,090,812**	13,272,886
Shareholders' equity	**37,205,742**	40,264,240
Total capital	**$ 50,296,554**	$ 53,537,126

During the third quarter of 2020, the Company extended the bank loan facility with a term of one year and an option to renew for a second year.

Included in net funded debt is the bank loan facility which requires the Company to maintain certain financial covenants.

"Fixed Charge Coverage Ratio" - EBITDA less unfinanced capital expenditures, less taxes paid divided by fixed charges.

"Senior Leverage Ratio" - the result of the amount of Senior Funded Debt of the Company and its subsidiaries on a consolidated basis, to the trailing twelve month EBITDA for the 12 month period ended as of such date.

The Company's covenants are as follows:

	September 30, 2020	**Required**	December 31, 2019	Required
Fixed charge coverage ratio	**2.17**	> 1.25	2.33	> 1.25
Senior leverage ratio	**3.41**	< 4.00	5.08	< 6.25
Annual net capital expenditure (recovery)	**N/A**	< $1,750,000	Waived	< $1,125,000

The minimum covenants are noted in the table above. The Company monitors these requirements on an ongoing basis and reports on its compliance to its lender on a monthly basis. As at September 30, 2020, the Company is in compliance with all covenants.

4. Property, plant and equipment

Cost	Balance at December 31, 2019	Additions	Disposals	Reclassified	Balance at September 30, 2020
Land	$ 4,679,210	$ -	$ -	$ -	**$ 4,679,210**
Buildings	1,492,993	-	-	14,500	**1,507,493**
Leasehold improvements	245,120	-	-	-	**245,120**
Computers and communication equipment	390,414	5,067	-	-	**395,481**
Small equipment	876,560	26,507	(299,242)	1,894	**605,719**
Light automotive equipment	1,709,665	-	(546,723)	-	**1,162,942**
Heavy automotive, construction and portable rental equipment	65,697,828	746,548	(1,052,697)	232,329	**65,624,008**
Right-of-use assets	1,879,271	477,174	(559,203)	-	**1,797,242**
Property, plant and equipment under construction	568,523	226,040	-	(248,723)	**545,840**
	$ 77,539,584	**$ 1,481,336**	**$ (2,457,865)**	**$ -**	**$ 76,563,055**

	Accumulated depreciation					Carrying amounts	
	Balance at December 31, 2019	Depreciation for the year	Disposals	Reclass	Balance at September 30, 2020	Balance at December 31, 2019	Balance at September 30, 2020
Land	$ -	$ -	$ -	$ -	**$ -**	$ 4,679,210	**$ 4,679,210**
Buildings	41,306	15,852	-	9,081	**66,239**	1,451,687	**1,441,254**
Leasehold improvements	207,562	6,836	-	-	**214,398**	37,558	**30,722**
Computers and communication equipment	382,799	2,563	-	-	**385,362**	7,615	**10,119**
Small equipment	725,043	10,937	(298,469)	-	**437,511**	151,517	**168,208**
Light automotive equipment	1,082,862	63,955	(336,157)	632	**811,292**	626,803	**351,650**
Heavy automotive, construction and portable rental equipment	26,011,905	3,448,676	(464,329)	(9,713)	**28,986,539**	39,685,923	**36,637,469**
Right-of-use assets	788,934	367,040	(411,464)	-	**744,510**	1,090,337	**1,052,732**
Property, plant and equipment under construction	-	-	-	-	**-**	568,523	**545,840**
	$ 29,240,411	**$ 3,915,859**	**$ (1,510,419)**	**$ -**	**$ 31,645,851**	**$ 48,299,173**	**$ 44,917,204**

Included in the carrying amount of $44,917,204 is $544,651 (2019 - $567,334) of heavy automotive, construction and portable rental equipment under construction and $1,189 (2019 - $1,189) of computers and equipment, which is not being depreciated as they are not yet available for use.

The carrying amounts of right-of-use assets as at September 30, 2020, were as follows:

Right-of-use assets	**September 30, 2020**	December 31, 2019,
Buildings and premises	**$ 483,298**	$ 561,362
Small equipment	**22,046**	26,927
Light automotive equipment	**547,388**	502,048
	$ 1,052,732	$ 1,090,337

Rent expense for short-term leases and leases of low-value assets expensed for the three months ended September 30, 2020, was $120,127. For the period ended September 30, 2020, rent expense for short-term leases and leases of low-value assets was $469,275. At September 30, 2020, the Company was committed to short term leases and the total commitment at that date was $2,209.

5. Income tax

The actual income tax provision differs from the expected amount calculated by applying the Canadian combined provincial and federal income tax rates to income before tax. These differences result from the following:

Nine months ended September 30,	**2020**	2019
Income before income tax	**$ (2,665,454)**	$ (3,838,631)
Expected tax rate	**24.47 %**	27.00 %
Current income tax expense	**(652,237)**	(1,036,430)
Non-deductible items	**4,035**	8,711
Deferred income tax recovery	**811,483**	1,032,800
Change in tax rates and rate differences	**67,211**	(5,081)
Income tax expense	**$ 230,492**	$ -

6. Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortized cost.

	September 30, 2020	December 31, 2019
Current portion of loans and borrowings		
Bank loan facility	**$ -**	$ 9,394,228
Current portion of lease liabilities	**559,319**	601,417
Current portion of mortgage facilities	**145,445**	127,418
Total current portion of loans and borrowings	**704,764**	10,123,063
Non-current portion of loans and borrowings		
Bank loan facility	**9,602,823**	-
Lease liabilities	**482,085**	786,967
Mortgage facilities	**2,301,140**	2,362,856
Total non-current portion loans and borrowings	**12,386,048**	3,149,823
Total loans and borrowings	**$ 13,090,812**	$ 13,272,886

(a) Bank loan facility

During the quarter, the Company amended its bank loan facility. The term was extended for one year with an option to extend for a second year. The senior leverage ratio was changed to: September 30, 2020 - 4.00; December 31, 2020 - 4.00; March 31, 2021 - 3.75; and 3.50 thereafter. The interest rate remains unchanged at prime plus 3.0%. However if the senior leverage ratio is not met, the interest rate increases to prime plus 4.0% for the subsequent period. There was no change to the fixed charge coverage ratio. The maximum net capital expenditure limit was increased to $1,750,000 per fiscal year.

7. Share capital

Authorized:

Unlimited Common shares
Unlimited Preferred shares, issuable in series, terms to be set at issuance

Normal course issuer bid

During the fiscal period ended September 30, 2020, the Company repurchased and cancelled a total of 1,197,500 shares at a cost of $174,165 (2019 - 2,674,000 shares at a cost of $455,455). The shares were purchased in the open market in accordance with the normal course issuer bid approved by the TSX. The Company renewed its bid on August 24, 2020, with a termination date of August 23, 2021, or such earlier time as the bid is completed or terminated at the option of the Company.

8. Share-based payments

(a) Stock option program (equity-settled)

The Company has a stock option plan to purchase common shares over a period ranging from one to five years from the date the option is granted at prices approximating market prices on the day prior to the date of grant.

Outstanding stock options September 30, 2020	**Number**	**Weighted average exercise price**	**Weighted average remaining contractual life (months)**
Stock options, beginning of year	5,500,000	$ 0.18	26
Expired	(965,000)	$ 0.18	-
Issued	490,000	$ 0.15	7
Stock options, September 30, 2020	**5,025,000**	**$ 0.18**	**16**
Exercisable stock options, September 30, 2020	**5,025,000**	**$ 0.18**	**16**

9. Loss per share

The loss available to common shareholders and weighted average number of common shares outstanding for comparative basic and diluted loss per share are:

	Three months September 30, 2020	Three months September 30, 2019	**Nine months September 30, 2020**	Nine months September 30, 2019
Weighted average common shares outstanding - basic and diluted	**50,215,281**	54,730,643	**50,380,471**	54,891,778
Net loss and comprehensive loss	**$(1,555,677)**	$(2,297,554)	**$(2,895,946)**	$(3,838,631)
Basic and diluted loss per share from comprehensive income	**$(0.03)**	$(0.04)	**$(0.06)**	$(0.07)

10. Related party transactions

The Company has entered into various transactions in the normal course of business with a corporation controlled by an officer and director of the Company. These transactions were recorded at the exchange amount established and agreed to by the parties. Management and consulting fees were paid to a company controlled by Leonard Jaroszuk, President and Chief Executive Officer, as compensation for serving his role as officer for the Company. (2019 - Leonard Jaroszuk and Desmond O'Kell)

Nine months ended September 30,	**2020**	2019
Management and consulting fees	**$ 493,790**	$ 740,964

11. Supplemental cash flow information

Nine months September 30,		2020		2019
(a) Changes in non-cash working capital:				
Trade and other receivables	**$**	**2,029,875**	$	1,245,655
Unbilled revenue		**169,336**		371,408
Inventories		**14,608**		21,768
Deposits and prepaid expenses		**(15,639)**		(89,205)
Trade and other payables		**(810,452)**		532,939
Income taxes payable		**117,226**		-
	$	**1,504,954**	$	2,082,565
(b) Other non-cash transactions:				
Right-of-use assets added	**$**	**-**	$	1,367,828
Equipment purchased under finance leases	**$**	**478,574**	$	541,245
Amortization of prepaid borrowing costs	**$**	**92,157**	$	112,925

(c) Cash taxes paid

Cash taxes paid for the period ended September 30, 2020, was $113,265 (2019 - $197,362).

12. Post-reporting date events

On October 1, 2020, Enterprise acquired an additional $1,700,000 of natural gas power generation assets. The assets were acquired by way of a share purchase and included the assumption of $410,000 of equipment leases. The purchase price was satisfied through a combination of $1,100,000 cash and $600,000 vendor take-back financing, which will be paid on the first and second anniversary dates.