



Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2022 and 2021

**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 months ended March 31, 2022, have not been reviewed by the Company's external auditors.

ENTERPRISE GROUP, INC.

Condensed Interim Consolidated Statements of Financial Position

	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Assets		
Cash and cash equivalents (note 3)	\$ 1,191,949	\$ 876,543
Trade and other receivables (note 3)	6,396,348	5,133,070
Unbilled revenue	475,700	581,792
Inventories	321,651	296,229
Deposits and prepaid expenses	286,839	265,694
Assets held for sale (note 4 and 11)	559,210	-
	9,231,697	7,153,328
Property, plant and equipment (note 4)		
	40,786,918	40,947,466
Goodwill	351,910	351,910
Intangible assets	186,107	201,121
Deferred tax assets	2,667,353	2,493,132
	43,992,288	43,993,629
Total assets	\$ 53,223,985	\$ 51,146,957
Liabilities		
Trade and other payables (note 3)	\$ 2,482,648	\$ 1,632,764
Current portion of loans and borrowings (note 6)	1,276,353	1,225,143
	3,759,001	2,857,907
Long term portion of loans and borrowings (note 6)		
Bank loan facility	10,844,457	11,161,438
Leases	189,500	353,776
Mortgages	2,021,168	2,058,762
Deferred tax liabilities	2,667,353	2,493,132
Total liabilities	19,481,479	18,925,015
Equity		
Share capital (note 7)	67,478,130	68,172,183
Contributed surplus	17,714,917	17,178,348
Deficit	(51,450,541)	(53,128,589)
Total equity	33,742,506	32,221,942
Total equity and liabilities	\$ 53,223,985	\$ 51,146,957

Approved on behalf of the Board:

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

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

Condensed Interim Consolidated Statements of Income and Comprehensive Income

	Three months March 31, 2022	Three months March 31, 2021
Revenue	\$ 7,629,418	\$ 5,859,287
Direct expenses	(4,107,596)	(3,132,898)
Gross margin	3,521,822	2,726,389
General and administrative expenses	(491,961)	(333,590)
Depreciation of property, plant and equipment (note 4)	(969,004)	(1,335,743)
Depreciation of right-of-use assets (note 4)	(173,859)	(186,237)
Amortization of intangible assets	(15,014)	(15,478)
Gain (loss) on sale of property, plant and equipment (note 4)	171,100	(540,693)
Income before financing and taxes	2,043,084	314,648
Finance expense	(365,036)	(221,009)
Income before income tax	1,678,048	93,639
Income tax expense (note 5)	-	-
Net income and comprehensive income	\$ 1,678,048	\$ 93,639
Income per share (note 9)		
Basic earnings per share	\$ 0.04	\$ 0.00
Diluted earnings per share	\$ 0.03	\$ 0.00

ENTERPRISE GROUP, INC.

Condensed Interim Consolidated Statements of Cash Flows

	Three months March 31, 2022	Three months March 31, 2021
Cash flows from operating activities:		
Net income	\$ 1,678,048	\$ 93,639
Adjustments for:		
Depreciation of property, plant and equipment	969,004	1,335,743
Depreciation of right-of-use assets	173,859	186,237
Amortization of intangible assets	15,014	15,478
(Gain) loss on sale of property, plant and equipment	(168,036)	481,425
Finance expense	365,036	221,009
Change in non-cash working capital (note 11)	(353,869)	(944,030)
Net cash provided by operating activities	\$ 2,679,056	\$ 1,389,501
Cash flows from financing activities:		
Net (repayment) proceeds from bank loan facility	(349,079)	261,164
Interest and borrowing costs paid on loans and borrowings	(328,658)	(188,654)
Repayment of lease liabilities	(219,768)	(238,793)
Repayment of mortgage facilities	(37,599)	(36,191)
Repayment of term loans	-	(44,318)
Share buyback and cancellation (note 7)	(157,484)	(94,289)
Net cash used in financing activities	\$ (1,092,588)	\$ (341,081)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,681,366)	(1,331,445)
Proceeds on sale of property, plant and equipment	410,304	663,912
Net cash used in investing activities	\$ (1,271,062)	\$ (667,533)
Change in cash and cash equivalents	\$ 315,406	\$ 380,887
Cash and cash equivalents, beginning of period	\$ 876,543	\$ 783,617
Cash and cash equivalents, end of period	\$ 1,191,949	\$ 1,164,504

Condensed Interim Consolidated Statements of Changes in Equity

	Number of common shares	Share capital	Contributed surplus	Deficit	Total
Balance as at December 31, 2020	49,428,374	\$70,990,991	\$14,768,508	\$(50,752,771)	\$35,006,728
Common shares repurchased and cancelled (note 7)	(468,000)	(672,160)	577,871	-	(94,289)
Net income	-	-	-	93,639	93,639
Balance as at March 31, 2021	48,960,374	\$70,318,831	\$15,346,379	\$(50,659,133)	\$35,006,078
Balance as at December 31, 2021	47,883,874	\$68,172,183	\$17,178,348	\$(53,128,589)	\$32,221,942
Common shares repurchased and cancelled (note 7)	(487,500)	(694,053)	536,569	-	(157,484)
Net income	-	-	-	1,678,048	1,678,048
Balance as at March 31, 2022	47,396,374	\$67,478,130	\$17,714,917	\$(51,450,541)	\$33,742,506

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 consolidated financial statements of the Company as at March 31, 2022, and December 31, 2021, are comprised of the Company and its wholly owned subsidiaries. These consolidated financial statements were authorized for issue by the Board of Directors on May 11, 2022.

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 2021 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, 2021.

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. To mitigate these risks, the Company utilized certain Canadian Government assistance programs designed to assist businesses during COVID-19 including the Canadian Emergency Wage Subsidy program (CEWS) and the Canadian Emergency Rent Subsidy program (CERS). 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. The CEWS and CERS programs ended in October 2021. The Company continues to monitor changes to all government programs and will alter its cost structure accordingly if required.

(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 as at March 31, 2022, and as at December 31, 2021.

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

	March 31, 2022	December 31, 2021
Financial assets		
Cash and cash equivalents	\$ 1,191,949	\$ 876,543
Trade and other receivables	\$ 6,396,348	\$ 5,133,070
Deposits	\$ 82,142	\$ 125,399
Financial liabilities		
Trade and other payables	\$ 2,482,648	\$ 1,632,764
Loans and borrowings	\$ 14,331,478	\$ 14,799,119

Notes to Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

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 March 31, 2022, of \$nil (December 31, 2021 - \$nil).

At March 31, 2022, \$2,593,000 or 41% of trade receivables was from three customers compared to \$2,663,000 or 52% from three customers as at December 31, 2021.

As at March 31, 2022, an accrual of \$nil (2021 - \$112,288) and \$nil (2021 - \$16,345) is included in total receivables for the Canadian Emergency Wage Subsidy program and for the Canadian Emergency Rent Subsidy program respectively. The subsidies are accrued when the Company is reasonably assured the grant conditions are met and recorded to offset the related salary and wage expenses. The CEWS and CERS programs ended in October 2021.

	March 31, 2022	December 31, 2021
Current (less than 90 days)	\$ 6,107,976	\$ 5,120,288
Past due (more than 90 days)	288,372	12,782
Total	\$ 6,396,348	\$ 5,133,070

(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 March 31, 2022, the Company generated 39% of revenue from three customers (2021 - 30% from two 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 more volatile 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 March 31, 2022, and December 31, 2021:

March 31, 2022	Carrying amount	Contractual cash flows	Due within one year	Two-five years	More than five years
Trade and other payables	\$ 2,482,648	\$ 2,482,648	\$ 2,482,648	\$ -	\$ -
Loans and borrowings	14,331,478	18,169,181	2,501,625	13,891,956	1,775,600
	\$ 16,814,126	\$ 20,651,829	\$ 4,984,273	\$ 13,891,956	\$ 1,775,600

Notes to Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

December 31, 2021	Carrying amount	Contractual cash flows	Due within one year	Two-five years	More than five years
Trade and other payables	\$ 1,632,764	\$ 1,632,764	\$ 1,632,764	\$ -	\$ -
Loans and borrowings	14,799,119	19,070,604	2,494,585	14,742,382	1,833,637
	\$ 16,431,883	\$ 20,703,368	\$ 4,127,349	\$ 14,742,382	\$ 1,833,637

(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 March 31, 2022, to impact the Company's annual interest expense by approximately \$22,000 (December 31, 2021 - \$22,000). 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 March 31, 2022, and March 31, 2021, the Company has met these objectives.

	March 31, 2022	December 31, 2021
Bank loan facility	\$ 10,844,457	\$ 11,161,438
Current portion of loans and borrowings	1,276,353	1,225,143
Long term loans and borrowings	2,210,668	2,412,538
Net funded debt	14,331,478	14,799,119
Shareholders' equity	33,742,506	32,221,942
Total capital	\$ 48,073,984	\$ 47,021,061

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

The bank loan facility is subject to financial covenants based on forecasted revenue, EBITDA, and tangible net worth. As at March 31, 2022, the Company is compliance with the required covenants.

4. Property, plant and equipment

Cost	Balance at December 31, 2021	Additions	Disposals	Reclass	Balance at March 31, 2022
Land	\$ 4,679,210	\$ -	\$ -	\$ (559,210)	\$ 4,120,000
Buildings	1,507,493	-	-	-	1,507,493
Leasehold improvements	251,057	22,073	-	-	273,130
Computers and communication equipment	254,394	13,769	-	-	268,163
Small equipment	1,042,700	54,673	(15,100)	-	1,082,273
Light automotive equipment	779,211	-	-	-	779,211
Heavy automotive, construction and portable rental equipment	64,297,550	667,437	(524,261)	-	64,440,726
Right-of-use assets	2,726,717	102,428	-	-	2,829,145
Property, plant and equipment under construction	598,800	923,414	-	-	1,522,214
	\$ 76,137,132	\$ 1,783,794	\$ (539,361)	\$ (559,210)	\$ 76,822,355

Notes to Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

	Accumulated depreciation				Carrying amounts		
	Balance at December 31, 2021	Depreciation for the year	Disposals	Reclass	Balance at March 31, 2022	Balance at December 31, 2021	Balance at March 31, 2022
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,679,210	\$ 4,120,000
Buildings	93,350	5,298	-	-	98,648	1,414,143	1,408,845
Leasehold improvements	218,050	5,813	-	-	223,863	33,007	49,267
Computers and communication equipment	217,779	5,320	-	-	223,099	36,615	45,064
Small equipment	580,980	45,279	(6,292)	-	619,967	461,720	462,306
Light automotive equipment	580,910	6,473	-	-	587,383	198,301	191,828
Heavy automotive, construction and portable rental equipment	32,095,239	900,821	(290,800)	-	32,705,260	32,202,311	31,735,466
Right-of-use assets	1,403,358	173,859	-	-	1,577,217	1,323,359	1,251,928
Property, plant and equipment under construction	-	-	-	-	-	598,800	1,522,214
	\$ 35,189,666	\$ 1,142,863	\$ (297,092)	\$ -	\$ 36,035,437	\$ 40,947,466	\$ 40,786,918

Included in the carrying amount of \$40,786,918 is \$1,522,214 (2021 - \$598,800) of heavy automotive, construction and portable rental equipment under construction, which is not being depreciated as they are not yet available for use.

The carrying amounts of right-of-use assets were as follows:

	March 31, 2022	December 31, 2021
Right-of-use assets		
Buildings and premises	\$ 455,250	\$ 507,534
Small equipment	12,284	13,911
Light automotive equipment	784,394	801,914
	\$ 1,251,928	\$ 1,323,359

For the three months ended March 31, 2022, rent expense for short-term leases and leases of low-value assets was \$158,311 (2021 - \$141,320). At March 31, 2022, the Company was committed to short term leases and the total commitment at that date was \$332,327 (2021 - \$414,355).

For the three months ended March 31, 2022, the Company sold property, plant and equipment with a net book value of \$242,269 and received proceeds of \$410,304 (2021 - net book value of \$1,145,337 and proceeds of \$663,912). The gain on sale of equipment of \$171,100 included sales related costs of \$3,065 (2021 - loss on sale of \$540,693 and costs of \$59,268).

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:

(a)

Three months ended March 31,	2022	2021
Income before income tax	\$ 1,678,048	\$ 93,639
Expected tax rate	23.03 %	23.00 %
Current income tax expense	386,440	21,537
Decrease resulting from		
Non-deductible items	1,763	656
Change in tax rates and rate differences	-	6,848
Change in unrecognized temporary differences	(388,204)	(28,240)
Other	1	(801)
Income tax expense	\$ -	\$ -

Notes to Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

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.

As at March 31,	2022	2021
Current portion of loans and borrowings		
Current portion of vendor take-back loans	\$ 304,893	\$ 302,079
Current portion of lease liabilities	817,727	770,745
Current portion of mortgage facilities	153,733	152,319
Total current portion of loans and borrowings	1,276,353	1,225,143
Non-current portion of loans and borrowings		
Bank loan facility	10,844,457	11,161,438
Lease liabilities	189,500	353,776
Mortgage facilities	2,021,168	2,058,762
Total non-current portion loans and borrowings	13,055,125	13,573,976
Total loans and borrowings	\$ 14,331,478	\$ 14,799,119

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 period ended March 31, 2022, the Company repurchased and cancelled a total of 487,500 shares at a cost of \$157,484 (2021 - 468,000 shares at a cost of \$94,289). 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 30, 2021, with a termination date of August 29, 2022, or such earlier time as the bid is completed or terminated at the option of the Company.

8. Share-based payments

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		Weighted average	Weighted average
March 31, 2022	Number	exercise price	remaining contractual life (months)
Stock options, beginning of year	4,881,000	\$ 0.18	6
Stock options, end of period	4,881,000	\$ 0.18	3
Exercisable stock options, March 31, 2022	4,881,000	\$ 0.18	3

9. Earnings per share

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

	2022	2021
Weighted average common shares outstanding - basic	47,661,163	49,342,941
Effect of stock options	4,881,000	5,025,000
Weighted average common shares - diluted	52,542,163	54,367,941
Net income and comprehensive income	\$1,678,048	\$93,639
Basic earnings per share	\$0.04	\$0.00
Diluted earnings per share	\$0.03	\$0.00

10. Related party transactions

The Company has entered into a transaction in the normal course of business with a corporation controlled by an officer and director of the Company. This transaction was 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.

Three months ended March 31,	2022	2021
Management and consulting fees	\$185,197	\$123,449

11. Supplemental cash flow information

Three months March 31,	2022	2021
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(a) Changes in non-cash working capital:

Trade and other receivables	\$(1,263,278)	\$(1,359,977)
Unbilled revenue	106,092	(241,944)
Inventories	(25,422)	(30,567)
Deposits and prepaid expenses	(21,145)	(108,084)
Trade and other payables	849,884	796,542
	\$ (353,869)	\$ (944,030)

(b) Other non-cash transactions:

Purchases under lease liabilities	\$ 102,485	\$ 115,306
Amortization of prepaid borrowing costs	\$ 33,518	\$ 18,716

(c) Cash taxes paid

Cash taxes paid for the period ended March 31, 2022, was \$nil (2021 - \$nil).

The Company utilized the Canadian Emergency Wage Subsidy Program (CEWS), and the Canadian Emergency Rent Subsidy (CERS). Under these programs the Company was eligible for or received: CEWS of \$nil (2021 - \$763,976), CERS of \$nil (2021 - \$163,440).

The Company utilized the Canadian Emergency Wage Subsidy Program as intended, keeping employees working and on payroll during the COVID-19 pandemic. The CEWS and CERS programs ended in October 2021. The Company continues to monitor changes to all government programs and will alter its cost structure accordingly if required. Utilizing the CEWS and CERS programs, the Company recorded \$nil (2021 - \$800,516) against direct costs, and \$nil (2021 - \$927,415) against EBITDA for the three months ended March 31, 2022.

12. Post-reporting date events

On May 5, 2022, Enterprise closed a sale of a property in Pouce Coupe, British Columbia. The sale proceeds were \$530,000 and the carrying cost was \$559,510.