



Condensed Interim Consolidated Financial Statements
(Unaudited)
For the three months ended March 31, 2023 and 2022

**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, 2023, have not been reviewed by the Company's external auditors.

ENTERPRISE GROUP, INC.

Condensed Interim Consolidated Statements of Financial Position

	March 31, 2023 (unaudited)	December 31, 2022 (audited)
Assets		
Cash and cash equivalents (note 3)	\$ 1,545,991	\$ 1,061,698
Trade and other receivables (note 3)	7,736,189	7,456,605
Unbilled revenue	786,594	592,954
Inventories	307,454	327,160
Deposits and prepaid expenses	716,983	549,873
	11,093,211	9,988,290
Property, plant and equipment (note 4)	43,580,101	41,823,259
Goodwill	351,910	351,910
Intangible assets	133,715	146,430
Deferred tax assets	3,518,428	3,061,778
	47,584,154	45,383,377
Total assets	\$ 58,677,365	\$ 55,371,667
Liabilities		
Trade and other payables (note 3)	\$ 3,205,099	\$ 2,014,509
Current portion of loans and borrowings (note 6)	568,518	605,198
	3,773,617	2,619,707
Long term portion of loans and borrowings (note 6)		
Bank loan facility	11,668,712	12,712,083
Leases	635,560	532,270
Mortgages	1,630,740	1,659,796
Deferred tax liabilities	3,518,428	3,061,778
Total liabilities	21,227,057	20,585,634
Equity		
Share capital (note 7)	66,089,710	67,002,456
Contributed surplus	19,412,357	18,636,671
Deficit	(48,051,759)	(50,853,094)
Total equity	37,450,308	34,786,033
Total equity and liabilities	\$ 58,677,365	\$ 55,371,667

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, 2023	Three months March 31, 2022
Revenue	\$ 10,008,332	\$ 7,629,418
Direct expenses	(4,909,034)	(4,107,596)
Gross margin	5,099,298	3,521,822
General and administrative expenses	(706,613)	(491,961)
Depreciation of property, plant and equipment (note 4)	(1,001,409)	(969,004)
Depreciation of right-of-use assets (note 4)	(116,106)	(173,859)
Share-based payments (note 8)	(129,155)	-
Amortization of intangible assets	(12,715)	(15,014)
Gain on sale of property, plant and equipment (note 4)	78,756	171,100
Income before financing and taxes	3,212,056	2,043,084
Finance expense	(410,721)	(365,036)
Income before income tax	2,801,335	1,678,048
Income tax expense (note 5)	-	-
Net income and comprehensive income	\$ 2,801,335	\$ 1,678,048
Income per share (note 9)		
Basic earnings per share	\$ 0.06	\$ 0.04
Diluted earnings per share	\$ 0.06	\$ 0.03

ENTERPRISE GROUP, INC.

Condensed Interim Consolidated Statements of Cash Flows

	Three months March 31, 2023	Three months March 31, 2022
Cash flows from operating activities:		
Net income	\$ 2,801,335	\$ 1,678,048
Adjustments for:		
Depreciation of property, plant and equipment	1,001,409	969,004
Depreciation of right-of-use assets	116,106	173,859
Amortization of intangible assets	12,715	15,014
Gain on sale of property, plant and equipment	(75,695)	(168,036)
Share based payments	129,155	-
Finance expense	410,721	365,036
Change in non-cash working capital (note 11)	569,962	(353,869)
Net cash provided by operating activities	\$ 4,965,708	\$ 2,679,056
Cash flows from financing activities:		
Net repayment of bank loan facility	(1,083,574)	(349,079)
Interest and borrowing costs paid on loans and borrowings	(369,679)	(328,658)
Repayment of lease liabilities	(308,780)	(219,768)
Repayment of mortgage facilities	(19,727)	(37,599)
Share buyback and cancellation (note 7)	(266,215)	(157,484)
Net cash used in financing activities	\$ (2,047,975)	\$ (1,092,588)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(2,616,545)	(1,681,366)
Proceeds on sale of property, plant and equipment	183,105	410,304
Net cash used in investing activities	\$ (2,433,440)	\$ (1,271,062)
Change in cash and cash equivalents	\$ 484,293	\$ 315,406
Cash and cash equivalents, beginning of period	\$ 1,061,698	\$ 876,543
Cash and cash equivalents, end of period	\$ 1,545,991	\$ 1,191,949

Condensed Interim Consolidated Statements of Changes in Equity

	Number of common shares	Share capital	Contributed surplus	Deficit	Total
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
Balance as at December 31, 2022	50,965,874	\$67,002,456	\$18,636,671	\$(50,853,094)	\$34,786,033
Common shares repurchased and cancelled (note 7)	(694,000)	(912,746)	646,531	-	(266,215)
Share-based payments	-	-	129,155	-	129,155
Net income	-	-	-	2,801,335	2,801,335
Balance as at March 31, 2023	50,271,874	\$66,089,710	\$19,412,357	\$(48,051,759)	\$37,450,308

Notes to Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

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". The Company's shares are also listed on the OTCQB Venture Market under the symbol "ETOLF". 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, 2023, and 2022, 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 9, 2023.

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 2022 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, 2022.

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, and related government responses, which may have 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. In the event of a public health emergency, governments may increase regulations and restrictions regarding the flow of labour, products, and travel which could impact the Company's ability to carry out its ongoing business plan. The Company cannot accurately predict the impact pandemic events will have on its ability to obtain financing or the ability of third parties' to meet their contractual obligations with the Company. Pandemic and health risks are managed through ongoing monitoring of government regulations and mandates and applying for government assistance where appropriate.

(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, 2023, and as at December 31, 2022.

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

	March 31, 2023	December 31, 2022
<u>Financial assets</u>		
Cash and cash equivalents	\$ 1,545,991	\$ 1,061,698
Trade and other receivables	\$ 7,736,189	\$ 7,456,605
Deposits	\$ 336,516	\$ 315,059
<u>Financial liabilities</u>		
Trade and other payables	\$ 3,205,099	\$ 2,014,509
Loans and borrowings	\$ 14,503,530	\$ 15,509,347

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.

Notes to Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

(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, 2023, of \$nil (December 31, 2022 - \$nil).

At March 31, 2023, \$3,050,000 or 39% of trade receivables was from three customers compared to \$3,147,000, or 42% from three customers as at December 31, 2022.

	March 31, 2023	December 31, 2022
Current (less than 90 days)	\$ 7,601,807	\$ 7,412,207
Past due (more than 90 days)	134,382	44,398
Total	\$ 7,736,189	\$ 7,456,605

(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 period ended March 31, 2023, the Company generated 37% of revenue from three customers (2022 - 39% from three customers). No other customers comprise more than 10% of revenues.

The following are undiscounted contractual maturities of financial liabilities, including estimated interest at March 31, 2023, and December 31, 2022:

March 31, 2023	Carrying amount	Contractual cash flows	Due within one year	Two-five years	More than five years
Trade and other payables	\$ 3,205,099	\$ 3,205,099	\$ 3,205,099	\$ -	\$ -
Loans and borrowings	14,503,530	17,694,312	1,756,463	13,909,063	2,028,786
	\$ 17,708,629	\$ 20,899,411	\$ 4,961,562	\$ 13,909,063	\$ 2,028,786
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December 31, 2022	Carrying amount	Contractual cash flows	Due within one year	Two-five years	More than five years
Trade and other payables	\$ 2,014,509	\$ 2,014,509	\$ 2,014,509	\$ -	\$ -
Loans and borrowings	15,509,347	19,638,276	2,087,038	15,460,669	2,090,569
	\$ 17,523,856	\$ 21,652,785	\$ 4,101,547	\$ 15,460,669	\$ 2,090,569

(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, 2023, to impact the Company's annual interest expense by approximately \$18,000 (December 31, 2022 - \$18,000). The majority of the Company's debt is at fixed interest rates and changes in market prices do not have a significant impact. The Company has not entered into any derivative agreements to mitigate this risk.

Notes to Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

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, 2023, the Company has met these objectives.

	March 31, 2023	December 31, 2022
Bank loan facility	\$ 11,668,712	\$ 12,712,083
Current portion of loans and borrowings	568,518	605,198
Long term loans and borrowings	2,266,300	2,192,066
Net funded debt	14,503,530	15,509,347
Shareholders' equity	37,450,308	34,786,033
Total capital	\$ 51,953,838	\$ 50,295,380

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, 2023, the Company is compliance with the required covenants.

4. Property, plant and equipment

Cost	Balance at				Balance at March 31, 2023
	December 31, 2022	Additions	Disposals	Reclass	
Land	\$ 4,120,000	\$ -	\$ -	\$ -	\$ 4,120,000
Buildings	1,516,912	-	-	-	1,516,912
Leasehold improvements	291,325	-	-	-	291,325
Computers and communication equipment	270,197	21,447	-	-	291,644
Small equipment	1,359,548	52,012	-	165,193	1,576,753
Light automotive equipment	703,995	-	-	-	703,995
Heavy automotive, construction and portable rental equipment	67,285,800	2,027,386	(6,494)	1,038,094	70,344,786
Right-of-use assets	3,518,521	367,618	(175,950)	-	3,710,189
Property, plant and equipment under construction	1,791,434	513,305	(2,060)	(1,203,287)	1,099,392
	\$ 80,857,732	\$ 2,981,768	\$ (184,504)	\$ -	\$ 83,654,996

Cost	Accumulated depreciation			Carrying amounts		
	Balance at December 31, 2022	Depreciation for the year	Disposals	Balance at March 31, 2023	Balance at December 31, 2022	Balance at March 31, 2023
Land	\$ -	\$ -	\$ -	\$ -	\$ 4,120,000	\$ 4,120,000
Buildings	115,556	5,201	-	120,757	1,401,356	1,396,155
Leasehold improvements	242,465	4,544	-	247,009	48,860	44,316
Computers and communication equipment	239,290	5,964	-	245,254	30,907	46,390
Small equipment	710,470	61,559	-	772,029	649,078	804,724
Light automotive equipment	540,278	2,653	-	542,931	163,717	161,064
Heavy automotive, construction and portable rental equipment	35,231,184	921,488	(5,695)	36,146,977	32,054,616	34,197,809
Right-of-use assets	1,955,230	116,106	(71,398)	1,999,938	1,563,291	1,710,251
Property, plant and equipment under construction	-	-	-	-	1,791,434	1,099,392
	\$ 39,034,473	\$ 1,117,515	\$ (77,093)	\$ 40,074,895	\$ 41,823,259	\$ 43,580,101

Notes to Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

Included in the carrying amount of \$43,580,101 is \$1,099,392 (2022 - \$1,791,434) 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:

Right-of-use assets	March 31, 2023	December 31, 2022
Buildings and premises	\$ 354,540	\$ 189,814
Small equipment	17,426	18,781
Light automotive equipment	1,338,285	1,354,696
	\$ 1,710,251	\$ 1,563,291

Rent expense for short-term leases and leases of low-value assets expensed for the three months ended March 31, 2023, was \$159,185 (2022 - \$158,311). At March 31, 2023, the Company was committed to short term leases and the total commitment at that date was \$82,685 (2022 - \$332,327).

For the three month ended March 31, 2023, the Company sold property, plant and equipment with a net book value of \$107,411 and received proceeds of \$183,105 (2022 - net book value of \$424,269 and proceeds of \$410,304). The gain on sale of property, plant and equipment of \$78,756 included sales related costs of \$3,061 (2022 - gain on sale of \$171,100 including sales related costs of \$3,064).

5. Income tax

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

Years ended March 31,	2023	2022
Income before tax	\$ 2,801,335	\$ 1,678,048
Statutory income tax rate	23.00 %	23.03 %
Expected income tax expense (recovery)	644,307	386,440
Non-deductible items	33,373	1,763
Change in unrecognized temporary differences	(659,528)	(388,204)
Change in tax rates and rate differences	(18,152)	-
Other	-	1
Changes in estimates related to prior years	-	-
Income tax expense	\$ -	\$ -

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.

	March 31, 2023	December 31, 2022
Current portion of loans and borrowings		
Current portion of lease liabilities	\$ 444,351	\$ 491,198
Current portion of mortgage facilities	124,167	114,000
Total current portion of loans and borrowings	568,518	605,198
Non-current portion of loans and borrowings		
Bank loan facility	11,668,712	12,712,083
Lease liabilities	635,560	532,270
Mortgage facilities	1,630,740	1,659,796
Total non-current portion loans and borrowings	13,935,012	14,904,149
Total loans and borrowings	\$ 14,503,530	\$ 15,509,347

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 three months ended March 31, 2023, the Company repurchased and cancelled a total of 694,000 shares at a cost of \$266,215 (2022 - 1,799,000 shares at a cost of \$714,614). 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 26, 2022, with a termination date of August 29, 2023, 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 March 31, 2023	Number	Weighted average exercise price	Weighted average remaining contractual life (months)
Stock options, beginning of year	5,100,000	\$ 0.45	35
Stock options, end of period	5,100,000	\$ 0.45	32
Exercisable stock options, March 31, 2023	566,667	\$ 0.45	32

9. Earnings per share

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

	2023	2022
Weighted average common shares outstanding - basic	50,746,707	47,661,163
Effect of stock options	-	4,881,000
Weighted average common shares - diluted	50,746,707	52,542,163
Net income and comprehensive income	\$2,801,335	\$1,678,048
Basic earnings per share	\$0.06	\$0.04
Diluted earnings per share	\$0.06	\$0.03

10. Related party transactions

The Company has entered into 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 in his role as a director and officer for the Company.

Three months ended March 31,	2023	2022
Management and consulting fees	\$194,404	\$185,197

11. Supplemental cash flow information

Three months March 31,	2023	2022
(a) Changes in non-cash working capital:		
Trade and other receivables	\$ (279,584)	\$(1,263,278)
Unbilled revenue	(193,640)	106,092
Inventories	19,706	(25,422)
Deposits and prepaid expenses	(167,110)	(21,145)
Trade and other payables	1,190,590	849,884
	\$ 569,962	\$ (353,869)
(b) Other non-cash transactions:		
Purchases under lease liabilities	\$ 365,223	\$ 102,485
Amortization of prepaid borrowing costs	\$ 41,042	\$ 33,518

(c) Cash taxes paid

Cash taxes paid for the period ended March 31, 2023, was \$nil (2022 - \$nil).