



Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three and six months ended June 30, 2024 and 2023

**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 six months ended June 30, 2024, have not been reviewed by the Company's external auditors.

ENTERPRISE GROUP, INC.

Condensed Interim Consolidated Statements of Financial Position

	June 30, 2024 (unaudited)	December 31, 2023 (audited)
Assets		
Cash and cash equivalents (note 3)	\$ 10,393,650	\$ 3,786,383
Trade and other receivables (note 3)	5,363,473	6,717,934
Unbilled revenue	564,422	742,166
Inventories	312,565	286,654
Deposits and prepaid expenses	1,350,571	1,325,948
	17,984,681	12,859,085
Property, plant and equipment (note 4)	64,097,424	55,532,641
Goodwill	351,910	351,910
Intangible assets	71,036	96,107
Deferred tax assets (note 5)	5,444,221	3,967,001
	69,964,591	59,947,659
Total assets	\$ 87,949,272	\$ 72,806,744
Liabilities		
Trade and other payables (note 3)	\$ 2,497,310	\$ 2,346,091
Current portion of loans and borrowings (note 6)	1,818,232	1,352,278
	4,315,542	3,698,369
Long term portion of loans and borrowings (note 6)		
Bank loan facility	17,747,883	17,649,700
Leases	4,475,553	3,008,102
Mortgages	3,589,478	3,688,448
Deferred tax liabilities (note 5)	5,444,221	3,967,001
Total liabilities	35,572,677	32,011,620
Equity		
Share capital (note 7)	71,910,584	65,320,978
Warrants	839,299	-
Contributed surplus	20,241,965	20,157,336
Deficit	(40,615,253)	(44,683,190)
Total equity	52,376,595	40,795,124
Total equity and liabilities	\$ 87,949,272	\$ 72,806,744

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 (Loss) and Comprehensive Income (Loss)

	Three months June 30, 2024	Three months June 30, 2023	Six months June 30, 2024	Six months June 30, 2023
Revenue	\$ 7,707,282	\$ 5,459,855	\$ 20,033,570	\$ 15,468,187
Direct expenses	(4,388,946)	(3,780,303)	(9,818,889)	(8,689,340)
Gross margin	3,318,336	1,679,552	10,214,681	6,778,847
General and administrative expenses	(666,642)	(563,676)	(1,225,134)	(1,270,289)
Depreciation of property, plant and equipment (note 4)	(1,283,092)	(1,079,559)	(2,541,418)	(2,080,968)
Depreciation of right-of-use assets (note 4)	(393,052)	(118,227)	(726,888)	(234,333)
Share-based payments (note 8)	(70,741)	(94,202)	(118,007)	(223,356)
Amortization of intangible assets	(12,536)	(12,536)	(25,072)	(25,251)
(Loss) gain on sale of property, plant and equipment (note 4)	(96,170)	66,168	(93,155)	144,924
Income (loss) before financing and taxes	796,103	(122,480)	5,485,007	3,089,574
Finance expense	(719,680)	(403,256)	(1,417,070)	(813,975)
Income (loss) before income tax	76,423	(525,736)	4,067,937	2,275,599
Income tax expense (note 5)	-	-	-	-
Net income (loss) and comprehensive income (loss)	\$ 76,423	\$ (525,736)	\$ 4,067,937	\$ 2,275,599
Income (loss) per share (note 9)				
Basic earnings (loss) per share	\$ 0.00	\$ (0.01)	\$ 0.07	\$ 0.05
Diluted earnings (loss) per share	\$ 0.00	\$ (0.01)	\$ 0.07	\$ 0.05

ENTERPRISE GROUP, INC.

Condensed Interim Consolidated Statements of Cash Flows

	Six months June 30, 2024	Six months June 30, 2023
Cash flows from operating activities:		
Net income	\$ 4,067,937	\$ 2,275,599
Adjustments for:		
Depreciation of property, plant and equipment	2,541,418	2,080,968
Depreciation of right-of-use assets	726,888	234,333
Amortization of intangible assets	25,072	25,251
Loss (gain) on sale of property, plant and equipment	105,902	(130,635)
Share based payments	118,007	223,356
Finance expense	1,417,070	813,975
Change in non-cash working capital (note 11)	1,632,890	2,994,631
Net cash provided by operating activities	\$ 10,635,184	\$ 8,517,478
Cash flows from financing activities:		
Net proceeds (repayment) of bank loan facility	14,235	(1,486,477)
Interest and borrowing costs paid on loans and borrowings	(1,323,321)	(736,792)
Repayment of lease liabilities	(959,753)	(531,409)
Repayment of mortgage facilities	(100,336)	(55,906)
Issuance of common shares (note 8)	6,999,197	-
Share issuance costs	(689,886)	-
Share buyback and cancellation (note 7)	-	(508,784)
Stock options exercised	122,512	-
Warrants exercised	963,704	-
Net cash provided (used) in financing activities	\$ 5,026,352	\$ (3,319,368)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(9,685,061)	(6,200,563)
Proceeds on sale of property, plant and equipment	630,792	468,107
Net cash used in investing activities	\$ (9,054,269)	\$ (5,732,456)
Change in cash and cash equivalents	\$ 6,607,267	\$ (534,346)
Cash and cash equivalents, beginning of period	\$ 3,786,383	\$ 1,061,698
Cash and cash equivalents, end of period	\$ 10,393,650	\$ 527,352

ENTERPRISE GROUP, INC.

Condensed Interim Consolidated Statements of Changes in Equity

	Number of common shares	Share capital	Warrants	Contributed surplus	Deficit	Total
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	(1,271,000)	(1,671,614)	-	1,162,830	-	(508,784)
Share-based payments	-	-	-	223,356	-	223,356
Net income	-	-	-	-	2,275,599	2,275,599
Balance as at June 30, 2023	49,694,874	\$65,330,842	-	\$20,022,857	\$(48,577,495)	\$36,776,204
Balance as at December 31, 2023	49,687,374	\$65,320,978	\$ -	\$20,157,336	\$(44,683,190)	\$40,795,124
Issuance of commons shares (note 8)	8,234,350	6,113,181	886,016	-	-	6,999,197
Share issue costs, net of tax (note 8)	-	(861,474)	171,588	-	-	(689,886)
Warrants exercised	1,014,425	1,182,009	(218,305)	-	-	963,704
Stock options exercised	272,250	155,890	-	(33,378)	-	122,512
Share-based payments	-	-	-	118,007	-	118,007
Net income	-	-	-	-	4,067,937	4,067,937
Balance as at June 30, 2024	59,208,399	\$71,910,584	\$839,299	\$20,241,965	\$(40,615,253)	\$52,376,595

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

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, a consolidator of energy services (including specialized equipment rental to the energy/resource sector), emphasizes technologies that mitigate, reduce, or eliminate CO2 and Green House Gas (GHG) emissions for small local and Tier One resource clients. 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 June 30, 2024, and 2023, are comprised of the Company and its wholly owned subsidiaries. These consolidated financial statements were authorized for issue by the Board of Directors on August 7, 2024.

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 2023 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, 2023.

3. Financial instruments and risk management

(a) 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 June 30, 2024, and as at December 31, 2023.

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

	June 30, 2024	December 31, 2023
<u>Financial assets</u>		
Cash and cash equivalents	\$ 10,393,650	\$ 3,786,383
Trade and other receivables	\$ 5,363,473	\$ 6,717,934
Deposits	\$ 305,013	\$ 853,231
<u>Financial liabilities</u>		
Trade and other payables	\$ 2,497,310	\$ 2,346,091
Loans and borrowings	\$ 27,631,146	\$ 25,698,528

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.

(b) 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.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

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 June 30, 2024, of \$nil (December 31, 2023 - \$nil).

At June 30, 2024, \$1,691,000 or 32% of trade receivables was from two customers compared to \$3,112,000, or 46% from two customers as at December 31, 2023.

	June 30, 2024	December 31, 2023
Current (less than 90 days)	\$ 5,213,222	\$ 6,686,413
Past due (more than 90 days)	150,251	31,521
Total	\$ 5,363,473	\$ 6,717,934

(c) 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 June 30, 2024, the Company generated 32% of revenue from two customers (2023 - 42% from three customers). For the six months ended June 30, 2024, the Company generated 48% of revenue from two customers (2023 - 28% from two customers). No other customers comprise more than 10% of revenues.

The following are undiscounted contractual maturities of financial liabilities, including estimated interest at June 30, 2024, and December 31, 2023:

June 30, 2024	Carrying amount	Contractual cash flows	Due within one year	Two-five years	More than five years
Trade and other payables	\$ 2,497,310	\$ 2,497,310	\$ 2,497,310	\$ -	-
Loans and borrowings	27,631,146	32,835,931	4,371,957	26,611,733	1,852,241
	\$ 30,128,456	\$ 35,333,241	\$ 6,869,267	\$ 26,611,733	\$ 1,852,241
December 31, 2023	Carrying amount	Contractual cash flows	Due within one year	Two-five years	More than five years
Trade and other payables	\$ 2,346,091	\$ 2,346,091	\$ 2,346,091	\$ -	-
Loans and borrowings	25,698,528	31,789,597	3,835,733	26,018,741	1,935,123
	\$ 28,044,619	\$ 34,135,688	\$ 6,181,824	\$ 26,018,741	\$ 1,935,123

(d) 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 June 30, 2024, to impact the Company's annual interest expense by approximately \$38,000 (December 31, 2023 - \$39,000). 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.

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 June 30, 2024, the Company has met these objectives.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

	June 30, 2024	December 31, 2023
Bank loan facility	\$ 17,747,883	\$ 17,649,700
Current portion of loans and borrowings	1,818,232	1,352,278
Long term loans and borrowings	8,065,031	6,696,550
Net funded debt	27,631,146	25,698,528
Shareholders' equity	52,376,595	40,795,124
Total capital	\$ 80,007,741	\$ 66,493,652

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 June 30, 2024, the Company is in compliance with the required covenants.

4. Property, plant and equipment

Cost	Balance at				Balance at June 30, 2024
	December 31, 2023	Additions	Disposals	Reclass	
Land	\$ 6,770,000	\$ -	\$ -	\$ -	\$ 6,770,000
Buildings	1,516,912	52,344	-	-	1,569,256
Leasehold improvements	291,325	3,837	-	-	295,162
Computers and communication equipment	300,677	18,824	-	1,301	320,802
Small equipment	2,247,701	206,218	(759)	385,952	2,839,112
Light automotive equipment	588,645	338,675	-	(338,675)	588,645
Heavy automotive, construction and portable rental equipment	78,247,990	5,753,464	(1,257,267)	695,175	83,439,362
Right-of-use assets	7,564,410	2,423,098	(111,559)	338,675	10,214,624
Property, plant and equipment under construction	1,462,540	3,773,323	-	(1,082,428)	4,153,435
	\$ 98,990,200	\$ 12,569,783	\$ (1,369,585)	\$ -	\$ 110,190,398

Cost	Accumulated depreciation			Carrying amounts		
	Balance at December 31, 2023	Depreciation for the year	Disposals	Balance at June 30, 2024	Balance at December 31, 2023	Balance at June 30, 2024
	Land	\$ -	\$ -	\$ -	\$ -	\$ 6,770,000
Buildings	136,628	10,795	-	147,423	1,380,284	1,421,833
Leasehold improvements	260,619	7,504	-	268,123	30,706	27,039
Computers and communication equipment	258,530	15,055	-	273,585	42,147	47,217
Small equipment	1,038,473	339,407	(759)	1,377,121	1,209,228	1,461,991
Light automotive equipment	482,359	23,192	-	505,551	106,286	83,094
Heavy automotive, construction and portable rental equipment	38,946,414	2,145,465	(569,774)	40,522,105	39,301,576	42,917,257
Right-of-use assets	2,334,536	726,888	(62,358)	2,999,066	5,229,874	7,215,558
Property, plant and equipment under construction	-	-	-	-	1,462,540	4,153,435
	\$ 43,457,559	\$ 3,268,306	\$ (632,891)	\$ 46,092,974	\$ 55,532,641	\$ 64,097,424

Included in the carrying amount of \$64,097,424 is \$1,033,179 (2023 - \$1,462,540) of heavy automotive, construction and portable rental equipment under construction, and \$3,120,256 of building costs for the construction of new facility in Fort St. John. All items under construction are 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	June 30, 2024	December 31, 2023
Buildings and premises,	\$ 879,740	\$ 1,211,259
Small equipment	28,180	31,328
Light automotive equipment	3,637,504	2,477,772
Heavy automotive, construction and portable rental equipment	2,670,134	1,509,515
	\$ 7,215,558	\$ 5,229,874

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

For the three months ended June 30, 2024, rent expense for short-term leases and leases of low-value assets was \$152,328 (2023 - \$213,358). Rent expense for short-term leases and leases of low-value assets expensed for the six months ended June 30, 2024, was \$325,800 (2023 - \$372,543). At June 30, 2024, the Company was committed to short term leases and the total commitment at that date was \$190,772 (2023 - \$136,857).

For the six months ended June 30, 2024, the Company sold property, plant and equipment with a net book value of \$736,694 and received proceeds of \$630,792 (2023 - net book value of \$332,573 and proceeds of \$468,107). The gain on sale of property, plant and equipment of \$93,155 included sales related costs of \$12,748 (2023 - loss on sale of \$144,924 including sales related costs of \$9,389).

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:

Year ended June 30,	2024	2023
Income before tax	\$ 4,067,937	\$ 2,275,598
Statutory income tax rate	23.00 %	23.00 %
Expected income tax expense	935,625	523,388
Non-deductible items	32,826	54,666
Change in unrecognized temporary differences	(1,039,251)	(556,846)
Change in tax rates and rate differences	70,800	-
Other	-	(21,208)
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.

	June 30, 2024	December 31, 2023
Current portion of loans and borrowings		
Current portion of lease liabilities	\$ 1,604,993	\$ 1,147,474
Current portion of mortgage facilities	213,239	204,804
Total current portion of loans and borrowings	1,818,232	1,352,278
Non-current portion of loans and borrowings		
Bank loan facility	17,747,883	17,649,700
Lease liabilities	4,475,553	3,008,102
Mortgage facilities	3,589,478	3,688,448
Total non-current portion loans and borrowings	25,812,914	24,346,250
Total loans and borrowings	\$ 27,631,146	\$ 25,698,528

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 and six months ended June 30, 2024, the Company did not repurchase or cancel shares (2023 - 1,271,000 shares at a cost of \$508,784). Shares can be 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, 2023, with a termination date of August 29, 2024, or such earlier time as the bid is completed or terminated at the option of the Company.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

8. Share-based payments

(a) Stock option program

The Company has a stock option plan to purchase common shares over a period ranging from one to three 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 June 30, 2024	Number	Weighted average exercise price	Weighted average remaining contractual life (months)
Stock options, beginning of year	5,100,000	\$ 0.45	18
Exercised	(272,250)	\$ 0.45	18
Issued	900,000	\$ 1.16	35
Stock options, end of period	5,727,750	\$ 0.56	21
Exercisable stock options, June 30, 2024	2,444,417	\$ 0.56	21

During the six months ended June 30, 2024, 272,250 options were exercised at a weighted average exercise price of \$0.45 per option, resulting in net proceeds of \$122,512.

On March 8, 2024, the Company issued 900,000 options. The weighted average fair value of the options granted was \$0.39 estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	2024
Fair value at grant date	\$0.39
Share price	\$1.17
Exercise price	\$1.16
Expected term	36 months
Risk-free interest	4.06%
Expected dividends	nil
Volatility	42%

The options vest equally over a three year period.

(b) Share purchase warrants

Outstanding share purchase warrants June 30, 2024	Number	Weighted average exercise price	Weighted average remaining contractual life (months)
Warrants, beginning of year	-	\$ -	-
Issued - common share issuance	4,117,175	\$ 0.95	21
Exercised	(1,014,425)	\$ 0.95	21
Warrants, outstanding, end of period	3,102,750	\$ 0.95	21
Exercisable warrants, June 30, 2024	3,102,750	\$ 0.95	21

Outstanding broker options and warrants June 30, 2024	Number	Weighted average exercise price	Weighted average remaining contractual life (months)
Broker options and warrants, beginning of year	-	\$ -	-
Issued - broker options, common share issuance	494,061	\$ 0.89	21
Issued - broker warrants, common share issuance	247,031	\$ 0.95	21
Broker options and warrants, outstanding, end of period	741,092	\$ 0.91	21
Exercisable broker options and warrants, June 30, 2024	741,092	\$ 0.91	21

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

During the six months ended June 30, 2024, 1,014,425 warrants were exercised at a weighted average exercise price of \$0.95 per warrant resulting in net proceeds of \$963,704.

9. Earnings (loss) 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:

Six months ended June 30,	Three months June 30, 2024	Three months June 30, 2023	Six months June 30, 2024	Six months June 30, 2023
Weighted average common shares outstanding - basic	58,500,384	49,997,885	54,968,069	50,370,228
Effect of stock options	5,205,587	-	5,180,587	-
Weighted average common shares - diluted	63,705,971	49,997,885	60,148,656	50,370,228
Net (loss) income and comprehensive (loss) income	\$76,423	\$(525,736)	\$4,067,937	\$2,275,599
Basic earnings (loss) per share	\$ 0.00	\$(0.01)	\$0.07	\$0.05
Diluted earnings (loss) per share	\$ 0.00	\$(0.01)	\$0.07	\$0.05

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, Chief Executive Officer, as compensation for serving in his role as director and officer for the Company.

Six months ended June 30,	2024	2023
Management and consulting fees	\$447,702	\$388,878

11. Supplemental cash flow information

Six months June 30,	2024	2023
(a) Changes in non-cash working capital:		
Trade and other receivables	\$ 1,354,461	\$ 3,715,261
Unbilled revenue	177,744	(120,654)
Inventories	(25,911)	96,362
Deposits and prepaid expenses	(24,623)	(684,876)
Trade and other payables	151,219	(11,462)
	\$ 1,632,890	\$ 2,994,631
(b) Other non-cash transactions:		
Purchases under lease liabilities	\$ 2,761,773	\$ 365,223
Amortization of prepaid borrowing costs	\$ 44,079	\$ 41,042

(c) Cash taxes paid

Cash taxes paid for the year ended June 30, 2024, was \$nil (2023 - \$nil).

12. Post-reporting date events

Effective August 1, 2024, the Company extended its existing bank loan facility. The term was extended for one year to September 30, 2026, with an option to extend for an additional year. All other terms and conditions of the facility remain the same.