



August 7, 2020
For Immediate Release

News Release

Circa Reports Sales and Operating results for the Second Quarter Ended June 30, 2020 and Grant of Stock Options

Calgary, AB – Circa Enterprises Inc. (CTO-TSXV) (the "Company" or "Circa"), a manufacturer of equipment for the telecommunication, electrical utility, and construction industries, reports results of operations for the second quarter ended June 30, 2020 and the granting of stock options.

SECOND QUARTER ENDED JUNE 30, 2020

Summary of second quarter operating results:

- Q2 2020 sales of \$7.2 million, a decrease of \$1.9 million or 20.6% from Q2 2019 sales of \$9.1 million
- Profit for the period from continuing operations for Q2 2020 of \$671,000, or \$0.07 per share compared to profit from continuing operations of \$386,000, or \$0.04 per share for Q2 2019
- Q2 2020 EBITDA of \$1.5 million, an increase of \$0.4 million compared to Q2 2019 EBITDA of \$1.1 million (see below for explanation and calculation of EBITDA)
- Q2 2020 EBITDAaL of \$1.2 million, an increase of \$0.4 million compared to EBITDAaL of \$0.8 million for Q2 2019 (see below for explanation and calculation of EBITDAaL)
- Working capital of \$7.8 million

Summary of year-to date operating results:

- Consolidated sales of \$14.4 million for the six months ended June 30, 2020, a decrease of 10.0% compared to sales of \$15.9 million for the six months ended June 30, 2019
- Profit for the period from operations for the six months ended June 30, 2020 of \$817,000, being \$0.08 per share compared to profit for the period from operations of \$505,000, or \$0.05 per share for the same period in 2019
- EBITDA of \$2.1 million for the six months ended June 30, 2020 compared to EBITDA of \$1.7 million for the six months ended June 30, 2019 (see below for explanation and calculation of EBITDA)
- EBITDAaL of \$1.6 million for the six months ended June 30, 2020 compared to EBITDAaL of \$1.2 million for the six months ended June 30, 2019 (see below for explanation and calculation of EBITDAaL)

EBITDA is earnings before interest, taxes, depreciation and amortization. EBITDAaL is earnings before interest, taxes, depreciation and amortization and is adjusted for cash lease payments and therefore comparative to pre-IFRS 16 EBIDTA. EBITDA and EBITDAaL are a non-IFRS financial measures and do not have any standardized meaning prescribed by International Financial Reporting Standards and, therefore, may not be comparable to similar measures presented by other issuers. Management believes that EBITDA and EBITDAaL are useful supplemental measures, which provides an indication of the results generated by Circa's primary business activities prior to consideration of how those activities are financed, amortized or taxed. Readers are cautioned, however, that EBITDA and EBITDAaL should not be construed as an alternative to comprehensive income determined in accordance with IFRS as an indicator of the Company's financial performance. EBITDA and EBITDAaL are calculated by the Company as follows:

	(unaudited) Six months 30 June 2020	(unaudited) Six months 30 June 2019	(unaudited) Three months 30 June 2020	(unaudited) Three months 30 June 2019
	\$000's	\$000's	\$000's	\$000's
Profit for the period from operations	817	505	671	386
Income taxes	394	301	326	223
Interest	65	87	33	53
Depreciation and amortization	851	799	427	410
EBITDA	2,127	1,692	1,457	1,072
Cash lease payments	(481)	(460)	(228)	(224)
EBITDAaL	1,646	1,232	1,229	848

Sales for the second quarter of 2020 were \$7.2 million -- a \$1.9 million or 20.6% decrease over the same three month period in 2019. The decrease was largely due to a slowdown in economic activity caused by the COVID-19 pandemic, which significantly impacted the Telecom segment. Metals segment sales increased over the prior year as a result of a large project and a quick recovery in activity in the quarter.

Sales in the Telecom segment decreased \$2.3 million as the Company saw a reduction in orders across the Telecom product lines. The Guardian product line sales were down due to lower activity caused by the COVID-19 pandemic combined with a lack of large project sales which were prevalent in the second quarter of the prior year. Sales in the cable and connectivity line were off due to weakness in the local Calgary economy which was exacerbated by the economic slowdown. In the Circa Metals segment, sales increased \$0.5 million due to strong metering product sales and the delivery of a large Hydel project in the quarter. This increase in sales was realized despite a large decline in the month of April due to the shutdown of construction activity in Ontario and Quebec.

The Company posted after tax profit of \$817,000 in the second quarter of 2020 compared to \$505,000 in the second quarter of 2019. This earnings increase was partially due to funding from the Canada Emergency Wage Subsidy introduced by the federal government to assist business for reduced sales resulting from the

COVID-19 pandemic. This funding is included in other income. Without the subsidy, the Company's operating profit declined to \$412,000 in the quarter compared to \$669,000 in the same three month period in 2019.

The Company took significant steps to reduce its spending in anticipation of lower activity from the impact of the COVID-19 pandemic on the economy. This included cutting discretionary spending, which resulted in lower selling, general and administrative expenses.

Cory Tamagi, Circa's President and Chief Executive Officer, stated:

"In the early stages of the COVID-19 pandemic, there was considerable uncertainty in the business outlook, supply chain and forecast sales. Circa acted quickly with the formation of a special committee to monitor and respond to the developments. The Company has imposed a number of operational changes, cost reduction measures and took steps to ensure availability of products.

Aside from the operational challenges, the largest impact of COVID-19 pandemic on the business has been a reduction of orders in the Telecom segment from the contraction of the global economy. The Metals segment also experienced a sales decline early in the quarter from the shutdown of construction activity in Ontario and Quebec, but sales rebounded strongly in May and June.

Management is expecting the Company's sales will improve through the second half of 2020 as businesses continue to reopen and the worldwide government lockdown measures are eased. The Company continues to closely monitor developments, government policy and is in contact with its customers and suppliers to ensure it can supply products and services when the economy recovers.

I would like to recognize the efforts of Circa's employees and contractors throughout this unusual period. The adaptability, dedication and commitment of our team in order to continue to operate the business has been greatly appreciated."

CIRCA ENTERPRISES INC.
Condensed Interim Statement of Comprehensive Income

Unaudited

\$000's	Six months ended 30 Jun 2020	Six months ended 30 Jun 2019	Three months ended 30 Jun 2020	Three months ended 30 Jun 2019
Sales	14,351	15,940	7,236	9,111
Freight	359	347	192	186
Net sales	13,992	15,593	7,044	8,925
Cost of sales	9,592	10,937	4,824	6,322
Gross profit	4,400	4,656	2,220	2,603
Selling, general and administrative expenses	3,742	3,763	1,808	1,934
Operating profit	658	893	412	669
Other income	618	-	618	(7)
Finance costs	(65)	(87)	(33)	(53)
Profit before tax	1,211	806	997	609
Income tax expense	394	301	326	223
Profit for the period from operations attributable to shareholders of the Company	817	505	671	386
Other comprehensive loss				
Exchange differences on translating foreign operations, net of tax	-	(103)	-	(18)
Total comprehensive income for the period attributable to shareholders of the Company	817	402	671	368
Earnings per share (in \$'s)				
Basic and diluted	0.08	0.05	0.07	0.04

GRANT OF STOCK OPTIONS

The Company announced today that it has granted a total of 275,000 stock options to directors, officers and employees of the Company pursuant to the Company's stock option plan. Of these stock options, 190,000 were granted to directors and officers of Circa. The stock options are exercisable for a period of five years at an exercise price per share equal to the closing price of the common shares of the Corporation on the TSX Venture Exchange as at the close of trading on August 11, 2020. One third of these options will vest on the anniversary from the date of the grant over the next three years.

Circa Enterprises Inc. is a public company with operations in Alberta and Ontario. The outstanding common shares of Circa Enterprises Inc. are listed and trade on the TSX Venture Exchange under the trading symbol CTO. Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

The Company's quarterly financial statements and related management's discussion and analysis have been filed with certain securities regulatory authorities in Canada and may be accessed electronically through the SEDAR website at www.sedar.com.

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