



November 5, 2020  
*For Immediate Release*

## *News Release*

### *Circa Reports Sales and Operating results for the Third Quarter Ended September 30, 2020*

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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 third quarter ended September 30, 2020.

#### Summary of third quarter operating results:

- Q3 2020 sales of \$8.3 million, an increase of \$0.8 million or 9.5% from Q3 2019 sales of \$7.5 million
- Profit for the period from continuing operations for Q3 2020 of \$554,000, or \$0.05 per share compared to profit from continuing operations of \$157,000, or \$0.02 per share for Q3 2019
- Q3 2020 EBITDA of \$1.1 million, an increase of \$0.4 million compared to Q3 2019 EBITDA of \$0.7 million (see below for explanation and calculation of EBITDA)
- Q3 2020 EBITDAaL of \$0.8 million, an increase of \$0.4 million compared to EBITDAaL of \$0.4 million for Q3 2019 (see below for explanation and calculation of EBITDAaL)
- The Company fully paid down its operating bank line in the quarter

#### Summary of year-to date operating results:

- Consolidated sales of \$22.6 million for the nine months ended September 30, 2020, a decrease of 3.7% compared to sales of \$23.5 million for the nine months ended September 30, 2019
- Profit for the period from operations for the nine months ended September 30, 2020 of \$1.4 million, being \$0.14 per share compared to profit for the period from operations of \$0.7 million, or \$0.07 per share for the same period in 2019
- EBITDA of \$3.2 million for the nine months ended September 30, 2020 compared to EBITDA of \$2.4 million for the nine months ended September 30, 2019
- EBITDAaL of \$2.5 million for the nine months ended September 30, 2020 compared to EBITDAaL of \$1.7 million for the nine months ended September 30, 2019

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 EBITDA prior to the adoption of IFRS 16. 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:

<i>Unaudited</i>	<b>Nine months 30 Sep 2020 \$000's</b>	Nine months 30 Sep 2019 \$000's	<b>Three months 30 Sep 2020 \$000's</b>	Three months 30 Sep 2019 \$000's
Profit for the period from operations	<b>1,371</b>	662	<b>554</b>	157
Income taxes	<b>467</b>	353	<b>73</b>	52
Interest	<b>89</b>	139	<b>24</b>	52
Depreciation and amortization	<b>1,268</b>	1,224	<b>417</b>	425
<b>EBITDA</b>	<b>3,195</b>	2,378	<b>1,068</b>	686
Cash lease payments	<b>(724)</b>	(714)	<b>(243)</b>	(254)
<b>EBITDAaL</b>	<b>2,471</b>	1,664	<b>825</b>	432

Sales for the third quarter of 2020 were \$8.3 million -- a \$0.8 million or 9.5% increase over the same three month period in 2019. The increase was due to higher sales in the Metals segment, which were partially offset by a decrease in Telecom segment sales.

Circa Metals' segment sales increased \$1.2 million in Q3 2020 compared to the same quarter in 2019 due to strong sales of Hydrel metering products and custom metal sales. Sales in the Telecom segment decreased \$0.4 million as the Company saw a reduction in orders across the Telecom product lines. Guardian product line sales were down due to lower activity caused by the COVID-19 pandemic and the lack of large project sales. Sales in the cable and connectivity line saw a reduction due to weakness in the local economy which was exacerbated by the economic slowdown from the pandemic. The surge protection product line saw a slight decline in the quarter and continued the downward trend away from copper-based products.

The Company posted after tax profit of \$554,000 in the third quarter of 2020 compared to \$157,000 in the same quarter of 2019. This earnings improvement is a result of the higher Metals sales, favourable product mix and strong margins. The Metals segment has driven a marked improvement in efficiency in its labour utilization compared to the prior year, resulting in higher productivity and lower cost of sales.

Circa posted higher selling, general and administrative expenses in Q3 2020 compared to Q3 2019. This increase was due to transaction costs of the Teletics acquisition, higher sales commissions in the Metals segment

and increased spending on engineering resources in order to develop new products and respond to customer needs. A reduction in discretionary spending due to austerity measures partially offset these increases.

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

"We are pleased to report solid sales and earnings for the third quarter of 2020, led by strong activity in our Metals segment. Sales in the segment have increased over the prior year in several regions and we have been able to manufacture and deliver on the high demand despite the challenges posed by the global pandemic.

The Telecom segment generated increased sales over the second quarter of 2020 as businesses slowly reopened and government lockdown measures related to the global pandemic were eased. However, sales compared to the prior year were down in the quarter and compared to the prior year. The market for both Guardian and cable products continued to lag behind expectations and prior year as economic conditions and the inability to return to work has resulted in project delays.

Circa's manufacturing facilities have continued to operate throughout the year and we have taken numerous steps to ensure the uninterrupted supply of products to our customers. Our dedicated labour force has been able to continue to manufacture at a high rate under the safety protocols implemented in our facilities.

Management is optimistic the Company's sales will continue to trend towards normal levels over the next several quarters. The recovery in the worldwide economy, opening of borders, easing of physical distancing and movement of people and goods now appears to be slower than originally anticipated with second-wave cases surging in multiple countries. Circa continues to work with its customers, suppliers and other stakeholders and will continue to operate as effectively as possible within the parameters allowed."

**CIRCA ENTERPRISES INC.**  
**Condensed Interim Statement of Comprehensive Income**

*Unaudited*

\$000's	Nine months ended 30 Sep 2020	Nine months ended 30 Sep 2019	Three months ended 30 Sep 2020	Three months ended 30 Sep 2019
<b>Sales</b>	<b>22,612</b>	23,484	<b>8,261</b>	7,544
Freight	571	521	212	174
<b>Net sales</b>	<b>22,041</b>	22,963	<b>8,049</b>	7,370
Cost of sales	15,060	16,272	5,468	5,335
<b>Gross profit</b>	<b>6,981</b>	6,691	<b>2,581</b>	2,035
Selling, general and administrative expenses	5,628	5,532	1,886	1,769
<b>Operating profit</b>	<b>1,353</b>	1,159	<b>695</b>	266
Other income (loss)	574	(5)	(44)	(5)
Interest	(89)	(139)	(24)	(52)
<b>Profit before tax</b>	<b>1,838</b>	1,015	<b>627</b>	209
Income tax expense	467	353	73	52
<b>Profit for the period from operations attributable to shareholders of the Company</b>	<b>1,371</b>	662	<b>554</b>	157
<b>Other comprehensive (loss) income</b>				
Exchange differences on translating foreign operations, net of tax	-	(71)	-	32
<b>Total comprehensive income for the period attributable to shareholders of the Company</b>	<b>1,371</b>	591	<b>554</b>	189
<b>Earnings per share (in \$'s)</b>				
Basic	<b>0.14</b>	0.07	<b>0.05</b>	0.02
Diluted	<b>0.13</b>	0.06	<b>0.05</b>	0.02

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](http://www.sedar.com).

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