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For Immediate Release

News Release

Circa Reports Sales and Operating results for the First Quarter Ended March 31, 2019 and the impact of the adoption of IFRS 16

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 quarter ended March 31, 2019 and explains the impact of “IFRS 16 Leases” on the comparative period.

Adoption of IFRS 16

During the quarter, the Company adopted “IFRS 16 Leases” the new accounting standard for the recognition, measurement, presentation and disclosure of leases. Circa adopted the new standard as of January 1, 2019 using the full retrospective transition method as management is of the opinion that it provides more useful, comparative information to the financial statement reader. Quarterly financial information for the prior year has been restated in the condensed consolidated financial statements accordingly. The main impacts of the implementation are:

- No change to profit from continuing operations, basic or fully diluted earnings per share
- \$234,000 increase to Q1 2018 EBITDA
- \$1,524,000 increase to Property, plant and equipment at December 31, 2018
- \$29,000 increase to Deferred taxes asset at December 31, 2018
- \$762,000 increase to Current portion of lease and \$875,000 increase to Lease liabilities at December 31, 2018
- \$84,000 decrease to Retained earnings at December 31, 2018

IFRS 16 Leases (effective for 2019 annual period with early adoption permitted) replaces IAS 17 Leases. The standard introduces new requirements for accounting for lease agreements. It introduces a single lessee accounting model that requires a lessee to recognize most leases as assets and liabilities in the statement of financial position.

Circa has adopted the standard as of January 1, 2019 using the full retrospective transition method. The Company uses the exemptions provided by the standard not to book short-term leases (lease term of 12 months or less) and leases for which the underlying asset is of low value to the statement of financial position. The leases that Circa recognizes in the statement of financial position include its operating premises in Calgary, Alberta and Vaughan, Ontario. The new standard impacts the consolidated financial statements and key figures such as earnings per share, net debt, return on assets and free cash flow.

First Quarter 2019 Operating Results

Summary of first quarter operating results:

- Q1 2019 consolidated sales of \$6.8 million, a decrease of \$0.5 million or 6% from Q1 2018 sales of \$7.3 million
- Q1 2019 profit from continuing operations of \$119,000, a decrease of \$211,000 over Q1 2018 profit from continuing operations of \$330,000
- Earnings per share of \$0.01 in Q1 2019 compared to earnings per share of \$0.03 for Q1 2018
- Q1 2019 EBITDA of \$620,000, a decrease of \$290,000 compared to EBITDA of \$78,000 for Q1 2018 (see below for explanation and calculation of EBITDA)
- Q1 2019 Adjusted EBITDA of \$384,000, a decrease of \$292,000 compared to EBITDA of \$676,000 for Q1 2018 (see below for explanation and calculation of Adjusted EBITDA)
- Working capital of \$7.6 million

EBITDA is earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is earnings before interest, taxes, depreciation and amortization and is adjusted for cash lease payments and therefore comparative to pre-IFRS 16 EBITDA. EBITDA and Adjusted EBITDA 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 Adjusted EBITDA 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 Adjusted EBITDA 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 Adjusted EBITDA are calculated by the Company as follows:

<i>\$000's</i>	Three months 31 Mar 2019	Three months 31 Mar 2018
Earnings for the period from continuing operations	119	330
Income taxes	78	89
Interest	34	45
Depreciation and amortization	389	446
EBITDA	620	910
Lease payments	(236)	(234)
Adjusted EBITDA	384	676

Consolidated sales for the first quarter of 2019 were \$6.8 million -- a \$0.5 million or 6% decrease over the same three month period in 2018. Sales in the Telecom segment declined \$0.4 million as the Company saw a reduction in orders on its legacy surge protection line due to decreased demand for copper-based infrastructure products as well as delays in some larger project-related work in the Guardian line. Sales in the Circa Metals segment were off slightly or \$0.1 million due to lower custom metal sales and a lower OEM activity. Intensified competition in certain regions in the Hydel line compared to the same period in 2018 also hampered Q1 sales.

As a result of the lower first quarter sales compared the previous year, the Company posted lower after tax profit of \$119,000 in the first quarter of 2019 compared to profit of \$330,000 in the first quarter of the 2018. This earnings decrease was due to the lower sales although the gross margins in both segments improved over the last half of 2018, which was hampered by steel tariffs and higher input costs. The Company raised prices in 2019 in order to offset the decline in margins in 2018 – the price increases have largely been accepted by customers, which restored margins to previous levels. The Company also incurred higher selling, general and administrative expenses as a result of increased sales personnel and distribution reps as well as greater engineering resources. These expanded internal and external resources are expected to generate higher sales through expanded markets and being able to better respond to customer quotations, product enhancements and growing demands.

Grant Reeves, Circa's President and Chief Executive Officer, stated:

"Circa reported weaker sales than last year primarily due to the timing of large Guardian projects and to a lesser extent, channel disruptions. The Company is on pace with its key 2019 strategic initiatives to drive sales growth and strengthen our cost effectiveness. Our focus is on completing several large infrastructure projects, enhancing our product development pipeline, acquiring new equipment for the Metal's segment and the relocation and consolidation of our Telecom facilities and HQ.

The implementation of our price increases restored margins to historical levels. The Company accomplished several important goals in the 1Q, including the award, design and build of Public Assistance and

Safety Communications packages for the Eglinton Crosstown LRT Project in Toronto, Ontario, the addition of a new senior leadership role in Telecom and the adoption of IFRS 16 for leases.”

CIRCA ENTERPRISES INC.
Condensed Consolidated Statement of Comprehensive Income

Unaudited

\$000's	Three months ended 31 March 2019	Three months ended 31 March 2018 (restated for IFRS 16)
Sales	6,829	7,298
Freight	161	186
Net sales	6,668	7,112
Cost of sales	4,615	4,897
Gross profit	2,053	2,215
Selling, general and administrative expenses	1,829	1,752
Operating profit	224	463
Other income	7	1
Finance costs	(34)	(45)
Profit before tax	197	419
Income tax expense	78	89
Profit for the period from operations attributable to shareholders of the Company	119	330
Other comprehensive (loss) income		
Exchange differences on translating foreign operations, net of tax	(85)	72
Total comprehensive income for the period attributable to shareholders of the Company	34	402
Earnings per share (in \$'s)		
Basic and diluted	0.01	0.03

Circa Enterprises Inc. is a public company with operations in Alberta, Ontario and Florida. 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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