

PRESS RELEASE

Sportscene continues to expand in the 3rd quarter and announces the payment of a dividend

Montreal, July 18, 2019 — **SPORTSCENE GROUP INC.** ("Sportscene" or "the Company"; TSXV: SPS.A) announces its results for the third quarter and the first nine months of fiscal 2019. The repositioning of the **La Cage – Brasserie sportive** banner and investments in the expansion of the Company's business continue to support solid sales growth in the third quarter ended May 26, 2019.

Financial performance

For the 13 weeks ended May 26, 2019

Total restaurant sales⁽¹⁾ reached an all-time high of \$38.6 million, representing a 10.1% increase over the third quarter of fiscal 2018.

Sportscene's consolidated revenues reached \$31.6 million, an increase of 14.1% reflecting the growth in average same-restaurant sales⁽²⁾, the acquisition of Moishes and the inauguration of a new corporate Cage at the beginning of the quarter. Revenues from the distribution of Moishes and La Cage branded products in grocery stores also contributed to the growth.

Consolidated adjusted EBITDA⁽³⁾ reached \$3.5 million, up slightly from \$3.4 million in the same quarter of 2018. The increase in profitability from the corporate Cages network and subsidiaries was offset by significant investments made in the opening of a corporate Cage and the launch of the new À Domicile banner. The increase in amortization and financial expenses resulting from major capital investments made in recent months thus weighed on net income, which totaled \$1.1 million, or \$0.13 per share⁽⁴⁾, compared to \$1.5 million, or \$0.17 per share in the third quarter of 2018.

For the first nine months of fiscal 2019

Total restaurant sales⁽¹⁾ reached \$108.4 million, also an all-time high, representing an 8.8% increase over the first nine months of fiscal 2018.

Sportscene's consolidated revenues reached \$89.1 million, an increase of 13.6%, and consolidated adjusted EBITDA⁽³⁾ reached \$9.0 million, up 7.2% over the same period in 2018, reflecting the same factors that supported growth and profitability in the third quarter. Net income totaled \$2.7 million, or \$0.32 per share⁽⁴⁾, down slightly from \$2.8 million, or \$0.32 per share in the third quarter of 2018.

Since the beginning of fiscal 2019, the Company has invested \$11.6 million mainly in business combinations and capital expenditures.

"We are pleased to note that our efforts to reposition and enhance the La Cage – Brasserie Sportive banner's offering over the past three years continue to support revenue growth. Driven by our customers' enthusiasm for our quality and local offering, we have embarked since the beginning of 2019 on a new investment phase based on the expansion of our network, the development of our brand portfolio and the growth of our grocery distribution activities," commented Jean Bédard, President and Chief Executive Officer.

"In addition, recent initiatives to optimize our operations have allowed us to maintain our operating profitability and generate significant cash flows, allowing us to once again pay a dividend to our shareholders," added Mr. Bédard. "We believe that these initiatives have not yet delivered their full potential and we are confident that they should contribute to further improving profitability in the coming quarters."

Declaration of a dividend of \$0.15 per share

On July 18, 2019, the Board of Directors of Sportscene Group approved the payment of a dividend of \$0.15 per Class A share, which will be paid on August 21, 2019 to shareholders of record on August 2, 2019. The Company had suspended its dividend in recent months due to the significant investments made since the beginning of the current fiscal year. Today, the Board of Directors' decision is based on the steady progress of our financial results, our solid financial position and available liquidity.

Key developments since the beginning of fiscal 2019

The optimization and expansion of the La Cage banner remain on the agenda with the priority of upgrading the restaurant offering based essentially on fresh and local products. To this end, during the second quarter, La Cage – Brasserie Sportive obtained the *Aliments du Québec* certification.

A new corporate Cage, inaugurated in Gatineau at the beginning of the third quarter, was an immediate success and exceeds the Company's expectations.

Sportscene continues to focus on customer retention initiatives and the use of new technologies to continually optimize its offering and operations. The Club Cage program continues to be a great success with customers and now has more than 255,000 members.

The integration of Moishes, acquired in the second quarter, is progressing very well. In addition to the famous steakhouse, this transaction included the trademarks and distribution activities of Moishes products sold in Canadian supermarkets.

The Company continues to focus on developing the distribution network for its brands. About fifteen new *Aliments du Québec* certified products will be available in grocery stores under the La Cage brand as of August 2019.

The new À Domicile banner developed by the Company and inaugurated in Laval in January 2019 is in the optimization phase and is gradually gaining favour with its 18 to 35-year-old target clientele.

Profile

Sportscene Group Inc. is a pioneer and a leader in the ambiance restaurant niche in Quebec. Since 1984, it has been operating the restaurant chain **La Cage – Brasserie sportive** (« La Cage »), which differentiates itself by its sporting ambiance and food offering made from fresh, local products. Enjoying a strong brand image, the La Cage banner is present throughout the Province and comprises 43 outlets at the date hereof. Sportscene is diversifying its restaurant activities through its partnership with the breakfast restaurants **L'Avenue**, the operation of the **Moishes** steakhouse, the new concept **À Domicile**, the Asian cuisine restaurants **P.F. Chang's** and the development of its catering business at special events, thus becoming a significant player in Quebec's restaurant industry. Besides its restaurant operations, Sportscene is active in the sale of La Cage and Moishes branded products in grocery stores.

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Source: Sportscene Group Inc.
Contacts: Jean Bédard, Chairman of the Board, President and Chief Executive Officer
François-Xavier Pilon, Vice-President, Finance
450-641-3011

Non-IFRS measures

The following measures used by the Company are not measures consistent with International Financial Reporting Standards ("IFRS"):

- (1) Total restaurant sales correspond to the aggregate sales achieved by all restaurants operating under the Company's various banners, whether they are corporate units, joint ventures or franchises.
- (2) Average same-restaurant sales isolate the impact of restaurant openings and closures to assess the actual trend in restaurant sales.
- (3) Consolidated adjusted EBITDA corresponds to "Earnings before financial expenses, amortization, net income of joint ventures", from which other (gains) losses are excluded, and to which the Company's share of earnings before financial expenses, amortization and income taxes of joint ventures is added.
- (4) Earnings per share reflects the retroactive application of the two-for-one stock split effective February 8, 2019.

For further information regarding the results and financial position of Sportscene Group Inc., refer to the management report as well as the interim condensed consolidated financial statements and accompanying notes for the 13 and 39-week periods ended May 26, 2019, which are available on SEDAR.

Neither 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.

Reconciliation of Non-IFRS Financial Measures

	13 weeks ended		39 weeks ended	
(in thousands of \$)	May 26, 2019	May 27, 2018	May 26, 2019	May 27, 2018
Restaurant revenues – La Cage	21,894	19,949	60,372	54,268
Restaurant revenues – Other banners	3,453	1,680	8,538	4,880
Sales generated by franchises and joint ventures	13,277	13,441	39,478	40,470
Total restaurant sales	38,624	35,070	108,388	99,618

Income before financial expenses, amortization, net income of joint ventures and income taxes	3,055	3,065	7,926	7,293
Other (gains) losses	(42)	(24)	(171)	74
Earnings before financial expenses, amortization and income taxes of joint ventures	440	369	1,256	1,038
Consolidated adjusted EBITDA	3,453	3,410	9,011	8,405

Interim Condensed Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars, except for earnings per share and number of outstanding shares)

(unaudited)

	13 weeks ended		39 weeks ended	
	May 26, 2019	May 27, 2018	May 26, 2019	May 27, 2018
Revenues	\$ 31,553	\$ 27,642	\$ 89,091	\$ 78,424
Cost of sales	9,772	8,000	27,993	24,277
Selling and administrative expenses, excluding amortization	18,768	16,601	53,343	46,780
Other (gains) losses	(42)	(24)	(171)	74
Earnings before financial expenses, amortization, net income of joint ventures and income tax	3,055	3,065	7,926	7,293
Amortization	1,496	1,170	4,355	3,702
Financial expenses	344	220	829	637
Net income of joint ventures	(205)	(188)	(682)	(512)
Income before income tax expenses	1,420	1,863	3,424	3,466
Income tax expenses	324	365	756	709
Net income and comprehensive income	1,096	1,498	2,668	2,757
Net income and comprehensive income attributable to:				
The Company's shareholders	1,097	1,465	2,736	2,756
Non-controlling interests	(1)	33	(68)	1
Net income and comprehensive income	1,096	1,498	2,668	2,757
Earnings per share (in dollars):				
Basic	0.13	0.17	0.32	0.32
Diluted	0.13	0.17	0.32	0.32
Weighted average number of outstanding Class A shares (in thousands):				
Basic ⁽¹⁾	8,548	8,526	8,541	8,446
Diluted ⁽¹⁾	8,685	8,562	8,678	8,482

⁽¹⁾ The weighted average number of Class A shares (basic and dilutive) reflects the retrospective application of the two-for-one stock split effected on February 8, 2019.