

PRESS RELEASE

Sportscene Group Reports Third Quarter Results

Montreal, August 27, 2020 — Sportscene Group Inc. (“Sportscene” or “the Company”; TSX-V: SPS.A) today announced its financial results for the third quarter ended May 24, 2020, which has seen its share of challenges related to the COVID-19 pandemic.

“Although our third quarter results were affected by COVID-19, I am proud of the work accomplished by our employees, franchisees and partners during these unprecedented times. Their creativity and ability to adapt never cease to impress me and it is in large part thanks to their collective efforts that we have been able to continue serving a portion of our clientele during this major confinement period, notably through **La Cage – Chez vous** with an enhanced offering of meals for delivery, takeout and ready-to-cook. In addition, retail sales of La Cage and Moishes products continue to grow with the roll-out in several new grocery stores,” said Jean Bédard, President and CEO of Sportscene Group.

“Since mid-June, we have gradually reopened most of our establishments across the province and we are encouraged by the traffic and the positive response from our customers. I am proud of our restaurant teams who have been able to implement the best sanitary protocols while preserving our dining experience. The investments we have made in modernizing our network over the past few years, our cutting-edge technology and our redesigned menus featuring a local offering provide us with an important differentiation factor and enable us to adapt more easily to the new context in which restaurants have to operate. Our extensive presence across the province also positions us well to potentially benefit from the wave of tourism experienced in certain regions this summer,” added Mr. Bédard.

Financial Performance for the Quarter Ended May 24, 2020

For the third quarter of fiscal 2020, Sportscene's consolidated adjusted EBITDA⁽²⁾ posted a loss of \$1.6 million, mainly due to a 77.0% decrease in total restaurant sales⁽¹⁾. This performance is entirely attributable to the effects of the COVID-19 pandemic, which resulted in the complete closure of the network's dine-in operations as of March 25, 2020, three weeks after the beginning of the quarter. For the remainder of the period, only about fifteen restaurants offering delivery, takeout and ready-to-eat meals remained opened. As for grocery sales of La Cage and Moishes branded products, they experienced significant growth in revenues and profitability, thanks to the roll-out in several grocery stores and the addition of new products.

Sportscene ended the third quarter of fiscal 2020 with a net loss of \$7.1 million (or \$0.83 per share) mainly due to the impairment and write-off of some long-term assets, compared to a net income of \$1.1 million (or \$0.13 per share) for the same period of the previous fiscal year.

Financial Performance for the First Nine Months of the Fiscal Year

On a cumulative basis, consolidated adjusted EBITDA⁽²⁾ stood at \$7.4 million, a decrease of \$1.6 million compared to the same period last year. Consolidated revenues increased by \$0.6 million to reach \$89.7 million. This revenue growth, despite a decline in restaurant operations in the third quarter as previously explained, is due to the good performance of the restaurant segment during the first two quarters as well as the retail activities' expansion of La Cage and Moishes branded products. It should be noted that the latter became the property of Sportscene in the second quarter of last year.

Sportscene thus ended the first three quarters of fiscal 2020 with a cumulative net loss of \$4.7 million (or \$0.54 per share) stemming mainly from the impairment charge taken in the third quarter, compared with a net income of \$2.7 million (or \$0.32 per share) for the equivalent period last year.

Renegotiated financing agreements

In order to ensure the continuity of its access to credit, the Company obtained from its financial institution an amendment to its financing agreements after the end of the third quarter. The Company was granted an easing of its financial and restrictive covenants, but will be required to respect a minimum EBITDA for each of the next five quarters. The amended agreement also contains various limitations regarding the distribution of dividends, the repurchase of share capital, as well as investments in fixed assets.

Industry Challenges

After successfully repositioning the **La Cage – Brasserie Sportive** banner, the Company undertook to develop new expansion avenues, continued to enhance and optimize its main banner, and completed the modernization of most of its restaurants. These measures have supported the significant growth in Sportscene's sales and profitability for several years now. Over the past few months, management has devoted its efforts to adapting to new consumer habits by developing various avenues to enable its customers to enjoy La Cage's classics outside the dining rooms, whether through delivery, takeout, cooking kits or ready-to-eat meals. As a result, in addition to expanding La Cage's presence in several grocery stores, the new www.lacagechezvous.com online platform was recently launched.

Recent developments affecting the restaurant industry and the population as a whole had, and will continue to have, an impact on the Company's operations in the short and medium term. Although the duration of the pandemic and its longer-term effect on the economy are still difficult to predict, the Company is currently working to ensure the optimization of its network and operations based on the permitted occupancy rate of its restaurants and to adjust its expenditures to preserve its cash. Based on the duration of this outbreak and the additional measures that may be put in place, Sportscene's primary objective is to ensure a safe environment for its customers and employees and to adjust its operational structure in line with the level of traffic in its establishments. Significant efforts are also devoted to promoting the La Cage - Chez vous home-catering offer.

"The pandemic has brought about profound changes in our industry and in consumer habits. The industry must adapt, innovate, develop new niches and invest more in order to reach and serve customers in a safe and enjoyable manner. We must operate with high fixed costs and an increase in operating expenses that are not aligned with our limited accommodation capacity due to the required social distancing measures. The industry must therefore adapt, but also work with lessors and government authorities to obtain concessions and adjustments to aid programs that reflect our new reality," concluded Mr. Bédard.

Disclaimer

This press release contains forward-looking statements relating to the Company. Statements based on management's current expectations contain known and unknown inherent risks and uncertainties, including risks associated with public health issues such as those resulting from the COVID-19 pandemic. Actual results may vary from expectations. The reader is cautioned not to place undue reliance on forward-looking information. The Company does not undertake any obligation to update or revise any forward-looking statements as a result of new information, future events and other changes, except if required by applicable laws.

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.

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 37 outlets at the date hereof. Sportscene is diversifying its restaurant activities through its operation of the **Moishes** steakhouse, of a breakfast restaurant **L'Avenue**, of an Asian cuisine restaurant **P.F. Chang's** and of its catering business for 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 and of ready-to-eat meals.

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 sales made by all restaurants operating under the Company's various banners whether corporate, joint venture or franchised.
- (2) Consolidated adjusted EBITDA corresponds to "Earnings before financial expenses, amortization, share of net income of joint ventures and income tax", from which other losses (gains) are excluded and to which is added the share of earnings before financial expenses, amortization and income tax of joint ventures.

Reconciliation of Non-IFRS Financial Measures

(in thousands of \$)
(unaudited)

	13-Week Periods Ended		39-Week Periods Ended	
	May 24, 2020	May 26, 2019	May 24, 2020	May 26, 2019
Restaurant revenues – La Cage ⁽¹⁾	6,642	21,894	53,062	60,372
Restaurant revenues – Other banners ⁽¹⁾	590	3,453	5,959	8,538
Sales generated by franchises and joint ventures	1,652	13,277	26,854	39,478
Total restaurant sales	8,884	38,624	85,875	108,388
Earnings before financial expenses, amortization, net income of joint ventures and income taxes	(6,631)	3,055	2,111	7,926
Other losses (gains)	5,062	(42)	4,752	(171)
Earnings before financial expenses, amortization and income taxes of joint ventures ⁽²⁾	(42)	440	564	1,256
Consolidated adjusted EBITDA	(1,611)	3,453	7,427	9,011
Impact of IFRS 16	(1,060)	-	(3,381)	-
Consolidated adjusted EBITDA, excluding the impact of IFRS 16⁽³⁾	(2,671)	3,453	4,046	9,011

(1) Restaurant revenue figures are disclosed in Note 5 "Revenues" accompanying the interim condensed consolidated financial statements.

(2) For further details, see Note 11 "Investments in joint ventures" accompanying the interim condensed consolidated financial statements.

(3) For comparative purposes with the financial information for fiscal year 2019, the figures presented excluding the impact of IFRS 16 have been calculated as if the Company was still applying IAS 17 for fiscal 2020 and that it had not adopted IFRS 16.

For further information regarding the results and financial position of Sportscene Group Inc., refer to the interim management report as well as the interim condensed consolidated financial statements and accompanying notes for the 13 and 39-week periods ended May 24, 2020, which are available on SEDAR.

Interim Condensed Consolidated Statements of Comprehensive Income

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

(unaudited)

	13-Week Periods Ended		39-Week Periods Ended	
	May 24, 2020	May 26, 2019	May 24, 2020	May 26, 2019
	\$	\$	\$	\$
Revenues	16,672	31,553	89,723	89,091
Cost of sales	9,623	9,772	36,441	27,993
Selling and administrative expenses, excluding amortization	8,618	18,768	46,419	53,343
Other losses (gains) ⁽¹⁾	5,062	(42)	4,752	(171)
Earnings before financial expenses, amortization, net income of joint ventures and income tax	(6,631)	3,055	2,111	7,926
Amortization	2,392	1,496	7,237	4,355
Financial expenses	503	344	1,551	829
Net loss (income) of joint ventures	204	(205)	(206)	(682)
	3,099	1,635	8,582	4,502
(Loss) income before income tax expenses	(9,730)	1,420	(6,471)	3,424
Income tax (recovery) expenses	(2,592)	324	(1,773)	756
Net and comprehensive (loss) income	(7,138)	1,096	(4,698)	2,668
Net and comprehensive (loss) income attributable to:				
The Company's shareholders	(7,082)	1,097	(4,638)	2,736
Non-controlling interests	(56)	(1)	(60)	(68)
Net and comprehensive (loss) income	(7,138)	1,096	(4,698)	2,668
Earnings per share (in dollars):				
Basic	(0.83)	0.13	(0.54)	0.32
Diluted	(0.83)	0.13	(0.54)	0.32
Weighted average number of outstanding Class A shares (in thousands):				
Basic ⁽²⁾	8,548	8,548	8,548	8,541
Diluted ⁽²⁾	8,548	8,685	8,548	8,678

⁽¹⁾ Other losses (gains) include gains on business combinations and gains/losses on the disposal, write-off and impairment of property, plant and equipment. For further details, see Note 7 accompanying the interim condensed consolidated financial statements.

⁽²⁾ The weighted average number of Class A shares (basic and dilutive) reflects the retrospective application of the two-for-one stock split as disclosed in Note 14 (a) accompanying the interim condensed consolidated financial statements.

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Source: Sportscene Group Inc.
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