

PRESS RELEASE

Sportscene Group reports its fourth quarter and annual results for fiscal 2020

Montreal, November 26, 2020 — Sportscene Group Inc. ("Sportscene" or "the Company"; TSX-V: SPS.A) today announced its financial results for the fourth quarter ended August 30, 2020, during which it partially resumed its restaurant activities, and for fiscal 2020.

"Thanks to the support and creativity of our employees, we were able to operate most of our restaurants across the province during much of the fourth quarter and expand our off-premise dining options. We are also pleased to see that many of our establishments saw encouraging traffic during the quarter in spite of the sanitary measures," said Jean Bédard, President and CEO of Sportscene Group.

"The growth experienced in the first half of fiscal 2020 and the significant increase in revenues from our retail activities throughout the year, allowed us to limit the impact of the COVID-19 pandemic on our results. While profitability was down significantly from last year, the diversification of our activities and the quick implementation of cash preservation measures allowed us to end the fiscal year with the necessary liquidity and lending capacity to help us face the sanitary crisis by preserving the financial health of the Company," concluded Mr. Bédard.

Financial performance for the fourth quarter ended August 30, 2020

Sportscene's consolidated revenues fell 39.9% to \$20.1 million in the fourth quarter resulting from the slowdown in restaurant, franchising and other activities caused by the COVID-19 pandemic. Although dining rooms were allowed to reopen at the end of June, activities resumed gradually, both in terms of the number of restaurants reopening and hours of operation. With limited seating capacity imposed by the government and the implementation of rigorous sanitary measures, Sportscene was able to ensure a safe environment for its employees and customers. Although customers responded well and traffic improved accordingly, revenues from restaurant activities remained strongly impacted by the pandemic. In contrast, revenues generated by retail activities were up 152.7% following efforts to broaden the range of products offered and the expansion of the distribution network.

Consolidated adjusted EBITDA⁽¹⁾ for the fourth quarter stood at \$3.0 million, representing a reduction of 13.2%. Excluding the impact of the adoption of IFRS-16, consolidated adjusted EBITDA⁽¹⁾ was down by 44.4%, entirely on the basis of the performance of restaurant and franchising activities. The Company was able to rely on the Canadian Emergency Wage Subsidy ("CEWS") to mitigate the effect of the revenue loss, but still had to contend with high fixed occupancy costs. Despite growing revenues from retail activities, adjusted EBITDA⁽¹⁾ from this segment remained stable due to the significant investments needed to grow these activities.

Sportscene ended the fourth quarter of fiscal 2020 with net income of \$0.7 million (\$0.09 per share), compared to net income of \$1.2 million (\$0.14 per share) for the same quarter last year.

Financial performance for fiscal 2020

Despite strong revenues from restaurant activities in the first half of the year, cumulative consolidated revenues for the fiscal year ended August 30, 2020, were down by 10.4% from the previous fiscal year, and amounted to \$109.9 million. The majority of the decrease resulted from the pandemic-related slowdown in restaurant, franchising and other activities. On the other hand, revenues generated by retail activities were up 150.3%, following efforts to broaden the range of products offered and expand the distribution network.

Consolidated adjusted EBITDA⁽¹⁾ for fiscal 2020 was \$10.4 million, representing a reduction of 16.4%. Excluding the effect of the adoption of IFRS-16, consolidated adjusted EBITDA⁽¹⁾ was down 52.2%, entirely due to a lower level of activity in restaurant, franchising and other activities resulting from the COVID-19 pandemic, which was somewhat offset by the contribution of the CEWS. Adjusted EBITDA⁽¹⁾ from retail activities grew by 39.4% due to an increase in sales, the impact of which was mitigated by the substantial investments required to grow this segment.

Sportscene ended fiscal 2020 with a net loss of \$4.40 million (\$0.45 per share), compared to net income of \$3.9 million (\$0.46 per share) for the previous fiscal year.

Renegotiated financing agreements

To ensure ongoing access to credit, the Company negotiated an amendment to its financing agreements with its financial institution. The Company was granted an easing of its financial and restrictive covenants, but will be required to meet a minimum EBITDA⁽¹⁾ in each quarter of fiscal 2021. The amendment also contains various limitations regarding dividend distribution, share buy-backs and investments in fixed assets by the Company or its affiliates during the next fiscal year. As at August 30, 2020, the Company had \$8.4 million in available borrowing capacity on its revolving credit facility.

Outlook

Second wave: required closure of dining rooms in restaurants located in maximum alert zones

Subsequent to the fiscal year-end, the Government of Quebec announced the closure of dining rooms in restaurants located in the maximum alert zones (red zones) from October 1, 2020, until further notice. Although the Company has restaurants in many regions of the province and alert levels vary by region, Sportscene has been severely affected by this decision, along with its partners, suppliers and employees. As of the date hereof, most restaurants only offer off-premise dining services, including delivery, take-out, ready-to-cook boxes and ready-to-eat meals. Various government assistance programs have nevertheless been announced in recent weeks and the Company has taken steps to access them.

Mitigation and diversification measures

The recent developments affecting the restaurant industry and the population as a whole have 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 optimize its network and operations based on the permitted occupancy rate of its restaurants and to adjust expenses to preserve its cash. Subject to the duration of the outbreak and the additional measures that may be put in place, Sportscene's primary objective is to provide a safe environment for its customers and employees and to adapt its operational structure to the level of traffic in its establishments.

During the last few months, the Company has been able to maintain some level of activity and revenues by diversifying its activities, allowing it to mitigate the impact of the COVID-19 pandemic on its 2020 financial results. It will therefore continue to devote significant efforts to promoting its *La Cage - Chez vous* home-catering offer and to grow its retail activities.

Disclaimer

This press release contains forward-looking statements relating to the Company. Statements based on management's current expectations involve 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 differ 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 or 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.

About Sportscene Group

Sportscene Group Inc. is a pioneer and leader in the ambiance restaurant niche in Quebec. Since 1984, it has been operating the **La Cage – Brasserie Sportive** ("La Cage") restaurant chain, differentiated by its sporting ambiance and food made from fresh, local products. The La Cage banner enjoys a strong brand image and is present throughout the province, currently with 38 outlets. Sportscene is diversifying its restaurant activities, notably through its operation of **Moishes** steakhouse, breakfast restaurant **L'Avenue**, Asian cuisine restaurant **P.F. Chang's** and 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, ready-to-eat meals and ready-to-cook boxes.

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Non-IFRS measures

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

- (1) 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 the share of earnings before financial expenses, amortization and income tax of joint ventures is added. The Company adopted IFRS 16, Leases, on August 26, 2020, and, in accordance with the specific transitory dispositions of the standard, has not restated the comparative figures for fiscal 2019. For more information, the reader is referred to the section on changes to the accounting standards in the accompanying Management's Discussion and Analysis.

For further information regarding the results and financial position of Sports scene Group Inc., refer to the annual management report as well as the consolidated financial statements and accompanying notes for the fiscal year ended August 30, 2020, which are available on SEDAR.

Reconciliation of Non-IFRS Financial Measures

(in thousands of \$, except for percentages)

	Fourth quarter ended		Fiscal year ended	
	August 30, 2020	August 25, 2019	August 30, 2020	August 25, 2019
Earnings before financial expenses, amortization, net income of joint ventures and income taxes	3,453	3,268	5,564	11,194
Other losses (gains)	(699)	(101)	4,053	(272)
Earnings before financial expenses, amortization and income taxes of joint ventures	<u>222</u>	<u>262</u>	<u>786</u>	<u>1,518</u>
Consolidated adjusted EBITDA	2,976	3,429	10,403	12,440
Impact of IFRS 16	<u>(1,070)</u>	-	<u>(4,451)</u>	-
Consolidated adjusted EBITDA, excluding the impact of IFRS 16	1,906	3,429	5,952	12,440

**Consolidated Statements of Comprehensive Income for the Fiscal Years Ended
August 30, 2020 and August 25, 2019**

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

	August 30, 2020	August 25, 2019
	\$	\$
Revenues	109,848	122,593
Cost of sales	48,372	39,281
Selling and administrative expenses, excluding amortization	51,859	72,390
Other losses (gains) ⁽¹⁾	4,053	(272)
Earnings before financial expenses, amortization, net income of joint ventures and income tax	5,564	11,194
Amortization	9,469	5,909
Financial expenses	2,122	1,172
Net loss (income) of joint ventures	(136)	(796)
	11,455	6,285
(Loss) income before income tax expense	(5,891)	4,909
Income tax (recovery) expense	(1,851)	1,026
Net and comprehensive (loss) income	(4,040)	3,883
Net and comprehensive (loss) income attributable to:		
The Company's shareholders	(3,863)	3,957
Non-controlling interests	(177)	(74)
Net and comprehensive (loss) income	(4,040)	3,883
Earnings per share (in dollars):		
Basic	(0.45)	0.46
Diluted	(0.45)	0.45
Weighted average number of outstanding Class A shares (in thousands) :		
Basic ⁽²⁾	8,548	8,543
Diluted ⁽²⁾	8,548	8,732

⁽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 9 accompanying the audited 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 effected on February 8, 2019.