Saputo

2 SECOND QUARTER

FISCAL 2021

Saputo Inc. (Saputo or the Company) is presenting the results for the second quarter of fiscal 2021, which ended on September 30, 2020.

- Revenues amounted to $3.702 billion, an increase of $36.6 million or 1.0%.
- Adjusted EBITDA* amounted to $370.5 million, a decrease of $23.9 million or 6.1%.
- Net earnings totalled $170.8 million and EPS** (basic and diluted) were $0.42, as compared to $174.9 million and $0.44.
- Adjusted net earnings excluding amortization of intangible assets related to business acquisitions* totalled $184.1 million, as compared to $198.3 million, and the corresponding EPS** (basic and diluted) were $0.45, as compared to $0.50.

(in millions of Canadian (CDN) dollars, except per share amounts)

(unaudited)	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2020	2019	**2020**	2019
Revenues	**3,702.2**	3,665.6	**7,093.0**	7,334.0
Adjusted EBITDA*	**370.5**	394.4	**737.0**	752.4
Net earnings	**170.8**	174.9	**312.7**	296.3
Adjusted net earnings excluding amortization of intangible assets related to business acquisitions*	**184.1**	198.3	**363.3**	378.0
Net earnings per share				
Basic	**0.42**	0.44	**0.76**	0.75
Diluted	**0.42**	0.44	**0.76**	0.75
Adjusted net earnings per share excluding amortization of intangible assets related to business acquisitions*				
Basic	**0.45**	0.50	**0.89**	0.96
Diluted	**0.45**	0.50	**0.88**	0.96

* See the "Non-IFRS Financial Measures" section of this Management's Discussion and Analysis for the reconciliations to IFRS measures.

HIGHLIGHTS

- The shift in consumer demand due to the COVID-19 pandemic impacted all the Company's sectors to varying degrees. Sales volumes in the foodservice market segment remained lower than historical levels, which impacted efficiencies particularly in the USA Sector and negatively affected adjusted EBITDA, but continued to show signs of recovery. The surge in retail market segment sales volumes experienced in the first quarter started to level off. Industrial market segment sales volumes improved in all sectors, with the exception of Europe. More specifically, compared to the same quarter last fiscal year:
  - The Canada Sector benefited from increased sales volumes in the retail market segment, which more than offset decreased sales volumes in the foodservice market segment.
  - In the USA Sector, lower sales volumes affected efficiencies and the absorption of fixed costs. USA Market Factors** positively impacted adjusted EBITDA by approximately $4 million.
  - The International Sector benefited from increased milk availability, mainly in Australia, and the contribution of the specialty cheese business purchased from Lion Dairy & Drinks Pty Ltd (Specialty Cheese Business Acquisition).
  - A decrease in international cheese and dairy ingredient market prices negatively affected adjusted EBITDA, despite higher export sales volumes.
- The Board of Directors approved a dividend of $0.175 per share payable on January 7, 2021, to common shareholders of record on December 23, 2020.

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* See the "Non-IFRS Financial Measures" section of this Management's Discussion and Analysis for the reconciliations to IFRS measures.

** Refer to the ''Glossary'' section of this Management's Discussion and Analysis.

Management's Discussion and Analysis

The goal of the management report is to analyze the results and the financial position of Saputo for the quarter ended September 30, 2020. The management report should be read while referring to Saputo's condensed interim consolidated financial statements and accompanying notes for the three and six-month periods ended September 30, 2020 and 2019. The Company's condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board. The accounting policies of the Company are in accordance with International Financial Reporting Standards (IFRS). All dollar amounts are in Canadian dollars, unless otherwise indicated. This report takes into account material elements between September 30, 2020, and November 5, 2020, the date on which this report was approved by the Company's Board of Directors. The information in this report is being presented as at September 30, 2020, unless otherwise specified. Additional information about the Company, including its Annual Report and Annual Information Form for the year ended March 31, 2020, can be obtained on SEDAR at www.sedar.com.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This report contains statements which are forward-looking statements within the meaning of applicable securities laws. These forward-looking statements include, among others, statements with respect to the Company's objectives, outlook, business projects, strategies, beliefs, plans, expectations, targets, commitments and goals, including the Company's ability to achieve these targets, commitments and goals, and statements other than historical facts. The words "may", "could", "should", "will", "would", "believe", "plan", "expect", "intend", "anticipate", "estimate", "foresee", "objective", "continue", "propose", "aim", "commit", "assume", "forecast", "predict", "seek", "project", "potential" or "target", or the negative of these terms or variations of them, the use of conditional or future tense or words and expressions of similar nature, are intended to identify forward-looking statements. All statements other than statements of historical fact included in this report may constitute forward-looking statements within the meaning of applicable securities laws.

By their nature, forward-looking statements are subject to a number of inherent risks and uncertainties. Actual results could differ materially from those stated, implied or projected in such forward-looking statements. As a result, the Company cannot guarantee that any forward-looking statements will materialize, and the Company warns readers that these forward-looking statements are not statements of historical fact or guarantees of future performance in any way. Assumptions, expectations and estimates made in the preparation of forward-looking statements and risks and uncertainties that could cause actual results to differ materially from current expectations are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including the "Risks and Uncertainties" section of the Management's Discussion and Analysis dated November 5, 2020, available on SEDAR under the Company's profile at www.sedar.com.

Such risks and uncertainties include the following: product liability; the COVID-19 pandemic; the availability of raw materials (including as a result of climate change or extreme weather) and related price variations, along with the ability for the Company to transfer those increases, if any, to its customers in competitive market conditions; the price fluctuation of its products in the countries in which it operates, as well as in international markets, which are based on supply and demand levels for dairy products; the increased competitive environment in the dairy industry; consolidation of clientele; supplier concentration; unanticipated business disruption; the economic environment; changes in environmental laws and regulations; cyber threats and other Information Technology-related risks relating to business disruptions, confidentiality, and data integrity; the Company's ability to identify, attract and retain qualified individuals; the failure to adequately integrate acquired businesses in a timely and efficient manner; changes in consumer trends. The Company's ability to achieve its environmental targets, commitments and goals is further subject to, among others, the Company's ability to access and implement all technology necessary to achieve its targets, commitments and goals, as well as the development and performance of technology and technological innovations and the future use and development of technology and associated expected future results, and environmental regulation.

Forward-looking statements are based on Management's current estimates, expectations and assumptions regarding, among other things, the projected revenues and expenses, the economic, industry, competitive and regulatory environments in which the Company operates or which could affect its activities, its ability to attract and retain customers and consumers, its environmental performance, its sustainability efforts, the effectiveness of its environmental and sustainability initiatives, the availability and cost of milk and other raw materials and energy supplies, its operating costs, the pricing of its finished products on the various markets in which it carries on business, and the effects of the COVID-19 pandemic. Management believes that these estimates, expectations and assumptions are reasonable as of the date hereof, and are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events, including the duration and severity of the COVID-19 pandemic, and are accordingly subject to changes after such date. Forward-looking statements are intended to provide shareholders with information regarding the Company, including its assessment of future financial plans, and may not be appropriate for other purposes. Undue importance should not be placed on forward-looking statements, and the information contained in such forward-looking statements should not be relied upon as of any other date.

All forward-looking statements included herein speak only as of the date hereof or as of the specific date of such forward-looking statements. Except as required under applicable securities legislation, Saputo does not undertake to update or revise forward-looking statements, whether written or verbal, that may be made from time to time by itself or on its behalf, whether as a result of new information, future events or otherwise. All forward-looking statements contained herein are expressly qualified by this cautionary statement.

CONSOLIDATED RESULTS

The Company reports its business under the Canada Sector, the USA Sector, the International Sector and the Europe Sector. The Canada Sector consists of the Dairy Division (Canada), the USA Sector consists of the Dairy Division (USA), the International Sector consists of the Dairy Division (Australia) and the Dairy Division (Argentina), and the Europe Sector consists of the Dairy Division (UK).

Consolidated revenues for the three-month period ended September 30, 2020, totalled $3.702 billion, an increase of $36.6 million or 1.0%, as compared to $3.666 billion for the same quarter last fiscal year. The shift in consumer demand for the Company's products on a global scale caused by the COVID-19 pandemic experienced in the first quarter of fiscal 2021 continued into the second quarter. Lower sales volumes in the foodservice market segment negatively impacted revenues, particularly in the USA Sector, and were partially offset by increased retail market segment sales volumes. With government-imposed lockdowns gradually easing throughout the quarter in the Company's export markets, revenues were positively impacted by higher sales volumes in the industrial market segment. However, revenues were negatively impacted by a decrease in international cheese and dairy ingredient market prices. The combined effect of the higher average block market price** and the lower average butter market price** increased revenues by approximately $43 million. Revenues were also positively impacted by higher domestic selling prices in the Canada Sector, which increased due to the higher cost of milk as raw material. The combined effect of the fluctuation of the Argentine peso and the Australian dollar versus the US dollar in the export markets had a positive impact on revenues. The inclusion of the Specialty Cheese Business Acquisition in the International Sector also increased revenues. Finally, the fluctuation of foreign currencies versus the Canadian dollar increased revenues by approximately $40 million.

For the six-month period ended September 30, 2020, revenues totalled $7.093 billion, a decrease of $241.0 million or 3.3%, as compared to $7.334 billion for the same period last fiscal year. The global shift in consumer demand caused by the COVID-19 pandemic negatively impacted sales volumes in the foodservice market segment, mostly in the USA Sector, although partially offset by increased sales volumes in the retail and industrial market segments. Moreover, sales were negatively impacted by government-imposed lockdowns in the Company's export markets and by a decrease in international cheese and dairy ingredient market prices. The combined effect of the higher average block market price and the lower average butter market price decreased revenues by approximately $37 million. These decreases in revenues were partially offset by higher domestic selling prices in the Canada Sector and the International Sector, which increased due to the higher cost of milk as raw material. In the International Sector, the devaluation of the Argentine peso and the Australian dollar versus the US dollar in the export markets had a positive impact on revenues. The inclusion of the Specialty Cheese Business Acquisition in the International Sector and the contribution of the activities of Dairy Crest Group plc (Dairy Crest Acquisition) in the Europe Sector for the full period, as compared to a 24-week contribution the same period last fiscal year, positively impacted revenues. Lastly, the fluctuation of foreign currencies versus the Canadian dollar increased revenues by approximately $17 million, mainly in the USA Sector and partially offset by the International Sector.

Consolidated adjusted EBITDA* for the three-month period ended September 30, 2020, totalled $370.5 million, a decrease of $23.9 million or 6.1%, as compared to $394.4 million for the same quarter last fiscal year. Lower sales volumes, as a result of the shift in consumer demand, negatively impacted efficiencies and the absorption of fixed costs, particularly in the USA Sector. In the International Sector, the negative impact of the unfavourable relation between international cheese and dairy ingredient market prices and the cost of milk as raw material was partially offset by improved operational efficiencies resulting from increased milk availability in Australia. The Canada Sector benefited from increased sales volumes in the retail market segment, which more than offset the decrease in foodservice market segment sales volumes related to the COVID-19 pandemic. USA Market Factors had a positive effect on adjusted EBITDA of approximately $4 million. The inclusion of the Specialty Cheese Business Acquisition also contributed positively to adjusted EBITDA. Lower administrative costs positively impacted adjusted EBITDA as part of the Company's ongoing ban on non-essential business travel, limitations placed on promotional activity and other initiatives in the context of the COVID-19 pandemic. The fluctuation of foreign currencies versus the Canadian dollar increased adjusted EBITDA by approximately $4 million.

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For the six-month period ended September 30, 2020, consolidated adjusted EBITDA totalled $737.0 million, a decrease of $15.4 million or 2.0%, as compared to $752.4 million for the corresponding period last fiscal year. Lower sales volumes, as a result of the shift in consumer demand, negatively impacted efficiencies and the absorption of fixed costs, particularly in the USA Sector. In the International Sector, the negative impacts of the unfavourable relation between international cheese and dairy ingredient market prices and the cost of milk as raw material, as well as lower export sales volumes, were partially offset by improved operational efficiencies resulting from increased milk availability in Australia. Increased sales volumes in the retail market segment in the Canada Sector, mainly in the fluid milk category, and in the Europe Sector, had a positive effect on adjusted EBITDA. USA Market Factors had a positive impact on adjusted EBITDA of approximately $27 million despite extreme dairy market volatility. The inclusion of the Specialty Cheese Business Acquisition and the contribution of the Dairy Crest Acquisition for the full period, as compared to a 24-week contribution the same period last fiscal year, also contributed positively to adjusted EBITDA. The ban on non-essential business travel, limitations placed on promotional activity and other initiatives in the context of the COVID-19 pandemic mitigated the negative impacts on adjusted EBITDA of higher operational costs, including those related to additional supplies of personal protective equipment for employees and unproductive labour. The fluctuation of foreign currencies versus the Canadian dollar had a negligible effect on adjusted EBITDA.

Depreciation and amortization for the three-month period ended September 30, 2020, totalled $125.7 million, an increase of $16.9 million, as compared to $108.8 million for the same quarter last fiscal year. For the six-month period ended September 30, 2020, depreciation and amortization expenses amounted to $251.7 million, an increase of $34.1 million, as compared to $217.6 million for the same period last fiscal year. These increases were mainly attributable to additional depreciation and amortization related to recent acquisitions and to additions to property, plant and equipment, which increased the depreciable base.

In the second quarter of fiscal 2021, the Company realized a **gain on disposal of assets** of $6.2 million ($4.6 million after tax) relating to the sale of a facility within the Canada Sector.

Impairment of intangible assets for the three and six-month periods ended September 30, 2020, totalled nil and $19.0 million, respectively. The charge was related to the Company's decision to retire the *COON* cheese brand name from its Australian brand portfolio as part of its commitment to share in the responsibility to eliminate racism in all its forms.

Inventory revaluation resulting from a business acquisition for the three and six-month period ended September 30, 2020, amounted to nil, as compared to $12.9 million and $40.1 million, respectively. These revaluations relating to the Dairy Crest Acquisition stemmed from added value attributed to the acquired inventory as part of the purchase price allocation and were fully amortized during fiscal 2020.

Acquisition and restructuring costs for the three and six-month periods ended September 30, 2020, amounted to nil as compared to $0.4 million and $22.8 million, respectively, and incurred mainly for the Dairy Crest Acquisition last fiscal year.

Financial charges for the three-month period ended September 30, 2020, totalled $22.8 million, a decrease of $11.7 million or 33.9%, as compared to $34.5 million for the same quarter last fiscal year. This includes a decrease in interest expense of $6.8 million, mainly attributable to a lower level of long-term debt and lower interest rates, and an increased gain on hyperinflation of $4.9 million derived from the indexation of non-monetary assets and liabilities. For the six-month period ended September 30, 2020, financial charges amounted to $47.9 million, a decrease of $15.1 million or 24.0%, as compared to $63.0 million for the same period last fiscal year. This includes a decrease in interest expense of $15.3 million, mainly attributable to a lower level of long-term debt and lower interest rates, with minimal impact from the gain on hyperinflation.

Income taxes for the three-month period ended September 30, 2020, totalled $57.4 million, reflecting an effective tax rate of 25.2%, as compared to 26.5% for the same quarter last fiscal year.

Income taxes for the six-month period ended September 30, 2020, totalled $111.9 million, reflecting an effective tax rate of 26.4% as compared to 27.5% for the same period last fiscal year. During the six-month period ended September 30, 2020, the Company recorded an impairment of intangible assets charge. Excluding this charge, the effective tax rate would have been 25.1%. Income taxes during the six-month period ended September 30, 2019, included the impact of the tax treatment of acquisition costs. Excluding these costs, the effective tax rate would have been 26.3%.

The effective tax rate varies and could increase or decrease based on the geographic mix of earnings across the various jurisdictions in which Saputo operates, the amount and source of taxable income, amendments to tax legislations and income tax rates, changes in assumptions, as well as estimates used for tax assets and liabilities by the Company and its affiliates.

Net earnings for the three-month period ended September 30, 2020, totalled $170.8 million, a decrease of $4.1 million or 2.3%, as compared to $174.9 million for the same quarter last fiscal year. For the six-month period ended September 30, 2020, net earnings totalled $312.7 million, an increase of $16.4 million or 5.5%, as compared to $296.3 million for the same period last fiscal year. The respective decrease and increase were mainly due to the aforementioned factors.

Adjusted net earnings excluding amortization of intangible assets related to business acquisitions* for the three-month period ended September 30, 2020, totalled $184.1 million, a decrease of $14.2 million or 7.2%, as compared to $198.3 million for the same quarter last fiscal year. For the six-month period ended September 30, 2020, adjusted net earnings excluding amortization of intangible assets related to business acquisitions totalled $363.3 million, a decrease of $14.7 million or 3.9%, as compared to $378.0 million for the same period last fiscal year. These decreases were due to the aforementioned factors.

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SELECTED QUARTERLY FINANCIAL INFORMATION

(in millions of CDN dollars, except per share amounts)

Fiscal years	**2021**		2020				2019	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	**3,702.2**	3,390.8	3,718.7	3,890.8	3,665.6	3,668.4	3,236.5	3,577.2
Adjusted EBITDA*	**370.5**	366.5	298.4	417.0	394.4	358.0	275.1	321.2
Net earnings	**170.8**	141.9	88.7	197.8	174.9	121.4	124.2	342.0
Gain on disposal of assets[1]	**(4.6)**	-	-	-	-	-	-	(167.8)
Impairment of intangible assets[1]	**-**	19.0	-	-	-	-	-	-
Inventory revaluation resulting from a business acquisition[1]	**-**	-	-	-	10.5	22.0	-	-
Acquisition and restructuring costs[1]	**-**	-	10.1	6.4	0.4	21.5	1.6	0.2
Adjusted net earnings*	**166.2**	160.9	98.8	204.2	185.8	164.9	125.8	174.4
Adjusted net earnings excluding amortization of intangible assets related to business acquisitions*	**184.1**	179.2	116.5	229.1	198.3	179.7	133.8	182.3
Per share								
Net earnings								
Basic	**0.42**	0.35	0.22	0.49	0.44	0.31	0.32	0.88
Diluted	**0.42**	0.35	0.22	0.48	0.44	0.31	0.32	0.87
Adjusted net earnings*								
Basic	**0.41**	0.39	0.24	0.50	0.47	0.42	0.32	0.45
Diluted	**0.40**	0.39	0.24	0.50	0.47	0.42	0.32	0.44
Adjusted net earnings per share excluding amortization of intangible assets related to business acquisitions*								
Basic	**0.45**	0.44	0.29	0.56	0.50	0.46	0.34	0.47
Diluted	**0.45**	0.44	0.28	0.56	0.50	0.46	0.34	0.47

* See the "Non-IFRS Financial Measures" section of this Management's Discussion and Analysis for the reconciliations to IFRS measures.
[1] Net of income taxes.

Selected factors positively (negatively) affecting financial performance

(in millions of CDN dollars)

Fiscal years	**2021**		2020			
	Q2	Q1	Q4	Q3	Q2	Q1
USA Market Factors*[,1]	**4**	23	(8)	14	10	(8)
Inventory write-down	**-**	-	(18)	-	-	-
Foreign currency exchange[1, 2]	**4**	(4)	(3)	(15)	(14)	(4)

* Refer to the ''Glossary'' section of this Management's Discussion and Analysis.
[1] As compared to same quarter last fiscal year.
[2] Foreign currency exchange includes effect on adjusted EBITDA of conversion of US dollars, Australian dollars, British pounds sterling and Argentine pesos to Canadian dollars.

OUTLOOK

Fiscal 2021 began amidst the COVID-19 pandemic which disrupted global economic conditions, financial markets (including pricing of commodities), supply chains and business productivity in unprecedented ways. With public authorities around the world imposing restrictions, including social distancing measures and temporary closures in the foodservice space, such as food court concessions, restaurants with table-top service, hotels and institutions, consumer demand for the Company's products was significantly impacted. However, as the first and second quarters progressed, economic indicators generally started rebounding, although, at the date of this report, governments are cautiously reviewing the easing and/or reinstating of restrictions as COVID-19 outbreaks persevere or reoccur across the globe. The overall economy continues to perform below pre-pandemic levels in the regions where Saputo operates and sells its products.

Although the dairy commodities market remains volatile, the Company expects this volatility to be more moderate during the second half of fiscal 2021 and into the start of fiscal 2022. In these unique global conditions, it remains impossible to predict whether or not this volatility, as well as the fluctuations in international cheese and ingredient market prices, will have a positive or negative impact on future financial performance.

Foodservice market segment sales will continue to be impacted as long as local restrictions remain in place and in flux. Saputo is focused on opportunities in more resilient areas of this channel and is working closely with customers to continue to develop innovative product offerings adapted to new consumer trends, such as take-out for in-home dining, which are expected to outlast the pandemic. The foodservice market segment volume recoveries, which started in the first quarter of fiscal 2021, may only still be temporary considering the country-specific evolution of the pandemic and accompanying local government restrictions.

Nonetheless, retail market segment sales continue to perform well, although the surge experienced in the previous quarter started to level off. Compared to pre-pandemic levels, consumer demand in the retail market segment has generally been higher. Through its strong portfolio of retail brands, the Company has captured opportunities arising from this increase and has an innovation pipeline to drive further progress.

A sustained return to historical financial performance is dependent on the recovery of volume in the foodservice and industrial market segments. With that top of mind, the Company continues to actively take measures to minimize efficiency losses through enhanced integrated production planning, overhead cost containment as well as the re-purposing of inventory to serve the retail market segment.

As an essential provider, Saputo experienced limited operational disruption thanks to the dedication of its employees and supply chain partners. The Company continues to respond to the COVID-19 pandemic based on the following key operational priorities:

- safeguarding the health and safety of employees;
- adapting commercial initiatives, production and supply chain to consumer demand;
- supporting customers with insights to adapt their offerings and address changing needs; and
- supporting communities through donations and financial support.

Saputo continues to prioritize employee well-being and safety through enhanced measures that complement the already robust protocols in each facility. The Company is also maintaining its commitment to no layoffs due to the COVID-19 pandemic until further notice. Additionally, Saputo has deployed well-being programs and continues to carry out initiatives to recognize employees and patron farmers for their hard work and dedication.

Since the onset of the pandemic, Saputo has focused on supporting communities through product donations to food banks. Financial and in-kind contributions are ongoing and have reached over $6.5 million to date.

The Company is confident that with the learnings acquired in the past seven months, it is well positioned to swiftly adapt its operations to new circumstances while staying on course with current and future strategic investments aimed at fueling growth. Saputo will continue to apply its disciplined and agile approach and remain focused on adjusting to ongoing changes, understanding the new normal, and leveraging its global network and the strength of its brands. This includes adapting manufacturing operations to local realities and changes in consumer demand, maximizing operational efficiencies, and maintaining the focus on supporting brand value, while honouring the Company's long-standing commitment to manufacture quality products.

The Company will continue its efforts to grow its specialty and value-added products' business, pursue further opportunities to increase customer and consumer loyalty as well as make disciplined investments in brand recognition initiatives. Recent examples include:

- repositioning the long-standing *Armstrong* brand in Canada through new packaging, new formats and flavours, combined with the Company's strong supply chain execution and customer service, which are core to its value proposition;
- introducing *Cathedral City*, the UK's number one retail cheese brand, to Canada and the USA. It will be available in over 6,000 stores by the end of calendar 2020; and
- solidifying *Clover* as the UK's number one dairy spread brand through ad campaigns highlighting the product as a natural offering with no artificial ingredients.

With the merger of its two USA divisions, now known as the Dairy Division (USA), Saputo is building the foundation of a more agile USA platform, aligned under a common strategy. Therefore, it intends to be in a position to more efficiently serve consumers and meet their, sometimes rapidly, evolving needs and expectations. Over time, this merger is expected to deliver synergies from all facets of the business.

The Company is pursuing efforts to capture further opportunities derived from the combination of all its operations in Australia under a single platform, and to leverage the vast portfolio of brands inherited through acquisitions. In both Argentina and Australia, Saputo is in a good position to realize operational efficiencies with increased milk availability and has outpaced national milk production growth rates through various arrangements, including toll manufacturing using third-party milk and organic growth with current suppliers.

Saputo has successfully integrated Australia's Specialty Cheese Business into its global Enterprise Resource Planning (ERP) platform and will continue with subsequent implementation phases within the Dairy Division (USA) and the Dairy Division (Australia). As the Company continues to execute its ERP deployment plan, it may re-plan activities based on the evolution of the COVID-19 pandemic and related restrictions.

Saputo is well positioned to grow organically through strategic capital investments in designated manufacturing facilities, as well as through new product development and the expansion of its export markets. It intends to seize acquisition opportunities, with the right strategic fit under the right conditions. Moreover, Saputo is committed to further diversifying its product portfolio by pursuing dairy alternative opportunities (previously referred to as plant-based), and remains very bullish about dairy products, standing behind the belief that there are multiple sustainable growth opportunities in the dairy space.

The Company intends to renew its MTN Program, which expires in January 2021. Saputo also intends to file a short form base shelf prospectus, which will provide the Company the flexibility to make offerings of various securities during the 25-month period that the base shelf prospectus is effective.

Furthermore, the Company is focused on delivering its Environmental, Social and Governance (ESG) objectives as part of the Saputo Promise. With a clear strategic direction, emphasis remains on the execution of its three-year plan, which began in fiscal 2020, and Saputo continues to deploy efforts to improve performance across each of its seven Pillars. In fiscal 2020, Saputo pledged to accelerate its global climate, water, and waste (including packaging) performance and announced clear targets and a formal commitment to allocate additional resources, including a three-year investment of $50 million. Various projects aimed at reducing the Company's annual energy consumption, CO_2 emissions, and water usage globally have now been identified and are being deployed despite the challenges caused by the COVID-19 pandemic.

Saputo is focused on managing through the current challenges to emerge an even stronger partner to its customers, and a stronger Company for its shareholders and other stakeholders. Saputo continues to see significant and sustainable growth prospects, while navigating the current environment. The Company continues to benefit from a solid financial position and capital structure, supplemented by a high level of cash generated by operations. Profitability enhancement and shareholder value creation remain the cornerstones of its objectives.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The intent of this section is to provide insight into the cash and capital management strategies of the Company and how they drive operational objectives, as well as to provide details on how the Company manages its liquidity risk to meet its financial obligations as they come due.

As the Company navigates through the evolution of the COVID-19 pandemic and the related uncertainties, it continues to focus on capital allocation priorities and cash flow generation. The Company's current capital allocation priorities are focused on investing wisely to support its business operations and its brands. Currently, the Company has no intention to repurchase common shares in the course of the fiscal year ending March 31, 2021.

The Company's cash and cash equivalents totalled $646.2 million as at September 30, 2020. In addition to these funds, the Company has unused credit facilities of US$1.000 billion under the North American bank credit facilities as at September 30, 2020. The Company believes it is well positioned to navigate current market conditions given its strong balance sheet.

The Company's liquidity needs are funded from cash generated by operations, unsecured bank credit facilities and unsecured senior notes. These funds are used principally for capital expenditures, dividends, debt repayments and business acquisitions, and are expected to be sufficient to meet the Company's liquidity requirements. The Company does not foresee any difficulty in securing financing beyond what is currently available through existing arrangements or equity offerings, when appropriate, to fund possible acquisitions and to refinance debt obligations.

The Company's cash flows are summarized in the following table:

(in millions of CDN dollars)

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2020	2019	**2020**	2019
Cash generated from operating activities	**438.9**	254.1	**815.6**	574.4
Net cash generated from operating activities	**374.9**	174.1	**710.9**	408.5
Cash (used) for investing activities	**(79.3)**	(95.6)	**(130.2)**	(1,933.3)
Cash (used) generated for financing activities	**(189.0)**	(20.3)	**(265.6)**	1,578.2
Increase in cash and cash equivalents	**106.6**	58.2	**315.1**	53.4

Net cash generated from operating activities for the three-month period ended September 30, 2020, amounted to $374.9 million, an increase of $200.8 million or 115.3%, in comparison to $174.1 million for the same quarter last fiscal year. This increase was related to changes in non-cash operating working capital items of $219.8 million, which were driven by the fluctuation in accounts receivable, inventories, as well as payables in line with the fluctuation of market prices. The increase was also due to favourable timing of accounts receivable collections and to respective decreases of $13.7 million in interest paid and of $2.3 million in income taxes paid and was partially offset by a decrease in adjusted EBITDA of $23.9 million.

For the six-month period ended September 30, 2020, net cash generated from operating activities amounted to $710.9 million, as compared to $408.5 million for the corresponding period last fiscal year. This increase of $302.4 million is due to an increase related to changes in non-cash operating working capital items of $251.6 million, which were driven by the fluctuation in accounts receivable, inventories, as well as payables in line with the fluctuation of market prices. The increase was also due to favourable timing of accounts receivable collections and to respective decreases of $22.9 million in interest paid and of $38.3 million in income taxes paid and was partially offset by a decrease in adjusted EBITDA of $15.4 million.

Investing activities for the three-month period ended September 30, 2020, were mainly comprised of $80.4 million disbursed for additions to property, plant and equipment, additions to intangible assets totalling $10.6 million related to the ERP initiative and proceeds from the disposal of assets in the amount of $11.7 million.

For the six-month period ended September 30, 2020, investing activities were mainly comprised of $144.8 million disbursed for additions to property, plant and equipment, additions to intangible assets totalling $24.8 million related to the ERP initiative and proceeds from the disposal of assets in the amount of $39.4 million.

Financing activities for the three-month period ended September 30, 2020, consisted mainly of repayments of $72.8 million of the 2-year tranche of the term loan facility incurred in connection with the Dairy Crest Acquisition and $48.6 million of revolving loan facilities for the Dairy Division (Australia). Also, the Company paid $19.3 million of lease liabilities and $51.2 million in dividends. An amount of $18.3 million was reinvested in common shares under the dividend reinvestment plan (DRIP). Finally, shares were issued as part of the stock option plan for $2.4 million.

Financing activities for the six-month period ended September 30, 2020, consisted mainly of the issuance, on June 16, 2020, of Series 7 medium term notes for an aggregate principal of $700.0 million. A portion of the net proceeds of the issuance were used to repay $426.0 million of the term loan facility incurred in connection with the Dairy Crest Acquisition and $206.0 million of revolving loan facilities for the Dairy Division (Australia), which included funds drawn in connection with the Specialty Cheese Business Acquisition. Additional long-term debt repayments occurred during the period in the amount of $121.4 million in connection with the Dairy Crest Acquisition and the Dairy Division (Australia) revolving loan facilities as discussed above. Also, the Company paid $38.1 million of lease liabilities and $51.2 million in dividends. An amount of $18.3 million was reinvested in common shares under the DRIP. Finally, shares were issued as part of the stock option plan for $4.6 million.

Liquidity

(in millions of CDN dollars, except ratio)

	September 30, 2020	March 31, 2020
Current assets	**4,197.2**	4,069.0
Current liabilities	**2,443.8**	2,493.5
Working capital*	**1,753.4**	1,575.5
Working capital ratio*	**1.72**	1.63

* Refer to the ''Glossary'' section of this Management's Discussion and Analysis.

The working capital ratio is an indication of the Company's ability to cover short-term liabilities with short-term assets, without having excess dormant assets. The increase in the working capital ratio is mainly due to higher cash and cash equivalents.

Capital Management

The Company's capital strategy requires a well-balanced financing structure in order to maintain the flexibility needed to implement growth initiatives, while allowing it to pursue disciplined capital investments and maximize shareholder value.

The Company targets a long-term leverage of approximately 2.25 times net debt to adjusted EBITDA**. From time to time, the Company may deviate from its long-term leverage target to pursue acquisitions and other strategic opportunities.

(in millions of CDN dollars, except ratio and number of shares and options)

	September 30, 2020	March 31, 2020
Long-term debt	**3,720.9**	3,542.3
Bank loans	**213.5**	528.5
Lease Liabilities	**482.4**	414.8
Cash and cash equivalents	**646.2**	319.4
Net debt*	**3,770.6**	4,166.2
Trailing twelve months adjusted EBITDA**	**1,452.4**	1,467.8
Net debt to adjusted EBITDA**	**2.60**	2.84
Number of common shares	**409,424,553**	408,638,373
Number of stock options	**24,826,329**	20,946,092

* Refer to the ''Glossary'' section of this Management's Discussion and Analysis.
** See the "Non-IFRS Financial Measures" section of this Management's Discussion and Analysis for the reconciliations to IFRS measures.

On June 16, 2020, the Company issued Series 7 medium term notes for an aggregate principal amount of $700.0 million due June 16, 2027, bearing interest at 2.24%. The net proceeds of the issuance were used during the quarter to repay (i) the $426.0 million 2-year tranche of the term loan facility incurred in connection with the Dairy Crest Acquisition and (ii) $206.0 million of the revolving loan facilities for the Dairy Division (Australia), which included funds drawn in connection with the Specialty Cheese Business Acquisition. The remaining net proceeds were used for general corporate purposes.

The Company implemented a DRIP, which became effective as of the dividend paid on July 9, 2020. The DRIP provides eligible shareholders with the opportunity to have all or a portion of their cash dividends automatically reinvested into additional common shares.

As at September 30, 2020, the Company had $646.2 million in cash and cash equivalents and available bank credit facilities of $2.258 billion, of which $213.5 million were drawn. See Notes 7 and 8 to the condensed interim consolidated financial statements for additional information related to bank loans and long-term debt.

Share capital authorized by the Company is comprised of an unlimited number of common shares. The common shares are voting and participating. As at October 31, 2020, 410,144,312 common shares and 24,607,558 stock options were outstanding.

CONTRACTUAL OBLIGATIONS

The Company manages and continually monitors its commitments and contractual obligations to ensure that these can be met with funding provided by operations and capital structure optimization.

The Company's contractual obligations consist of commitments to repay long-term debt, payments for leased premises, equipment and rolling stock, as well as purchase obligations for capital expenditures and service agreements to which the Company is committed.

(in millions of CDN dollars)

	September 30, 2020				March 31, 2020			
	Long-term debt	**Leases**	**Purchase obligations & other**	**Total**	Long-term debt	Leases	Purchase obligations & other	Total
Less than 1 year	**300.0**	**101.0**	**238.6**	**639.6**	-	96.4	196.5	292.9
1–2 years	**1,236.9**	**83.6**	**21.1**	**1,341.6**	718.8	84.8	20.4	824.0
2–3 years	**434.0**	**64.6**	**12.0**	**510.6**	1,336.4	62.3	16.2	1,414.9
3–4 years	**300.0**	**77.6**	**6.8**	**384.4**	737.1	46.4	6.5	790.0
4–5 years	**750.0**	**32.8**	**5.6**	**788.4**	400.0	59.2	6.0	465.2
More than 5 years	**700.0**	**292.2**	**5.2**	**997.4**	350.0	159.8	7.9	517.7
	3,720.9	**651.8**	**289.3**	**4,662.0**	3,542.3	508.9	253.5	4,304.7

Long-term debt

The Company’s long-term debt is described in Note 8 to the condensed interim consolidated financial statements.

In connection with the acquisition of the activities of Murray Goulburn Co-Operative Co. Limited (Murray Goulburn Acquisition), the Company entered into a credit agreement in April 2018 providing for a non-revolving term facility comprised of three tranches. A total of $1.272 billion was drawn, of which $838.3 million has been repaid. The credit facility bears interest at lenders’ prime rates plus a maximum of 1.00%, or bankers’ acceptance rates or the Australian Bank Bill Rate plus 0.80% up to a maximum of 2.00%, depending on the Company’s credit ratings and matures in April 2023.

In connection with the Dairy Crest Acquisition in April 2019, the Company entered into a credit agreement providing for a non-revolving term facility comprised of three tranches. A total of $2.030 billion was drawn, of which $1.094 billion has been repaid. The credit facility bears interest at lenders’ prime rates plus a maximum of 1.00% or LIBOR or bankers’ acceptance rates plus 0.80% up to a maximum of 2.00%, depending on the Company’s credit ratings and matures in April 2022.

The Company’s long-term debt also includes six series of unsecured senior notes outstanding under its medium term note program for a total of $2.350 billion, with annual interest rates varying from 1.94% to 3.60% and maturities ranging from June 2021 to June 2027.

FINANCIAL POSITION

The main financial position items as at September 30, 2020, varied as compared to the balances as at March 31, 2020, principally due to the strengthening of the Canadian dollar versus the US dollar.

The following table outlines the conversion rates of the respective local operations' financial position items in foreign currencies as at September 30, 2020, and March 31, 2020.

	As at September 30, 2020	As at March 31, 2020
US dollar / Canadian dollar[1]	**1.3319**	1.4062
Australian dollar / Canadian dollar[1]	**0.9539**	0.8621
Argentine peso / Canadian dollar[1]	**0.0175**	0.0219
British pound sterling / Canadian dollar[1]	**1.7206**	1.7462

[1] Based on Bank of Canada published information.

The fluctuation of the Canadian dollar versus the US dollar, the Argentine peso, the British pound sterling, and partially offset by the Australian dollar, resulted in lower values recorded for the financial position items of the foreign operations.

The net cash position (cash and cash equivalents less bank loans) increased from negative $209.1 million as at March 31, 2020, to positive $432.7 million as at September 30, 2020, mainly resulting from the increase in net cash generated from operating activities and a repayment of $206.0 million in revolving loan facilities for the Dairy Division (Australia) following the issuance of the Series 7 medium term notes. The change in foreign currency translation adjustments recorded in other comprehensive income (loss) varied mainly due to the fluctuation of foreign currencies versus the Canadian dollar.

ACCOUNTING STANDARDS

EFFECT OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED DURING THE PERIOD

Please refer to Note 3 to the Company's condensed interim consolidated financial statements for the period ended September 30, 2020, for more information regarding the effect of new accounting standards, interpretations and amendments adopted on or after April 1, 2020.

EFFECT OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET IMPLEMENTED

Please refer to Note 3 to the Company's condensed interim consolidated financial statements for the period ended September 30, 2020, for more information regarding the effect of new accounting standards, interpretations and amendments not yet implemented.

FOLLOW-UP ON CERTAIN SPECIFIC ITEMS OF THE ANALYSIS

For an analysis of guarantees, related-party transactions, critical accounting estimates and changes in accounting policies, risks and uncertainties, as well as a sensitivity analysis of interest rate and US currency fluctuations, the discussion provided in the Company's 2020 Annual Report can be consulted (pages 28 to 35 of the Management's Discussion and Analysis dated June 4, 2020).

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures. The Company's disclosure controls and procedures are designed to provide reasonable assurance that material information relating to the Company is made known to Management in a timely manner to allow the information required to be disclosed under securities legislation to be recorded, processed, summarized and reported within the time periods specified in securities legislation.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The CEO and the CFO are responsible for establishing and maintaining internal control over financial reporting. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company is taking a phased approach to its migration to a new ERP system, which is currently expected to be completed in fiscal 2023, subject to further re-planning, if necessary, based on the current context of the COVID-19 pandemic. The appropriate changes to internal controls over financial reporting in relation to divisions which have migrated to the new ERP system have been made to continue to maintain appropriate internal controls over financial reporting. Other than these changes, there were no changes to the Company's internal control over financial reporting that occurred during the period beginning on June 30, 2020, and ended on September 30, 2020, that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

INFORMATION BY SECTOR

CANADA SECTOR

(in millions of CDN dollars)

Fiscal years	2021		2020			
	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**1,063.8**	981.6	960.1	1,049.0	1,029.4	968.8
Adjusted EBITDA*	**117.0**	104.2	91.0	111.7	103.2	98.5

* See the "Non-IFRS Financial Measures" section of this Management's Discussion and Analysis for the reconciliations to IFRS measures.

The Canada Sector consists of the Dairy Division (Canada).

Revenues

Revenues for the Canada Sector totalled $1.064 billion for the three-month period ended September 30, 2020, an increase of $34.4 million or 3.3%, as compared to $1.029 billion for the same quarter last fiscal year. The shift in consumer demand related to the COVID-19 pandemic resulted in decreased sales volumes within the foodservice market segment, which were more than offset by increased sales volumes in the retail market segment. Higher selling prices in connection with the higher cost of milk as raw material also contributed positively to the increase in revenues.

For the six-month period ended September 30, 2020, revenues for the Canada Sector totalled $2.045 billion, an increase of $47.2 million or 2.4%, as compared to $1.998 billion for the same period last fiscal year. Revenues were positively impacted by higher sales volumes, mainly in the fluid milk category. The shift in consumer demand related to the COVID-19 pandemic resulted in decreased sales volumes within the foodservice market segment, which were more than offset by increased sales volumes in the retail market segment. Higher selling prices in connection with the higher cost of milk as raw material also contributed positively to the increase in revenues.

Adjusted EBITDA

Adjusted EBITDA for the Canada Sector totalled $117.0 million for the three-month period ended September 30, 2020, an increase of $13.8 million or 13.4%, as compared to $103.2 million for the same quarter last fiscal year. Adjusted EBITDA was positively impacted by higher sales volumes within the retail market segment, more than offsetting lower sales volumes in the foodservice market segment. Lower administrative costs positively impacted adjusted EBITDA as a result of the ongoing ban on non-essential business travel, limitations placed on promotional activity and other initiatives in the context of the COVID-19 pandemic.

For the six-month period ended September 30, 2020, adjusted EBITDA totalled $221.2 million, an increase of $19.5 million or 9.7%, as compared to $201.7 million for the same period last fiscal year. Adjusted EBITDA was positively impacted by higher sales volumes within the retail market segment, mainly in the fluid milk category, which more than offset lower sales volumes in the foodservice market segment. Also, lower administrative costs positively impacted adjusted EBITDA as a result of the ongoing ban on non-essential business travel, limitations placed on promotional activity and other initiatives in the context of the COVID-19 pandemic. The increase in adjusted EBITDA was partially offset by an unfavourable product category mix.

USA SECTOR

(in millions of CDN dollars)

Fiscal years	2021		2020			
	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**1,649.1**	1,416.7	1,694.8	1,848.7	1,792.4	1,757.7
Adjusted EBITDA*	**140.4**	162.2	94.3	172.1	175.4	173.6

* See the "Non-IFRS Financial Measures" section of this Management's Discussion and Analysis for the reconciliations to IFRS measures.

Selected factors positively (negatively) affecting financial performance

(in millions of CDN dollars)

Fiscal years	2021		2020			
	Q2	Q1	Q4	Q3	Q2	Q1
USA Market Factors*,1	**4**	23	(8)	14	10	(8)
Inventory write-down	**-**	-	(18)	-	-	-
US currency exchange[1]	**2**	5	1	-	1	6

* Refer to the ''Glossary'' section of this Management's Discussion and Analysis.
1 As compared to same quarter last fiscal year.

Other pertinent information

(in US dollars, except for average exchange rate)

Fiscal years	2021		2020			
	Q2	Q1	Q4	Q3	Q2	Q1
Block market price*						
Opening	**2.640**	1.330	1.910	1.958	1.858	1.645
Closing	**2.573**	2.640	1.330	1.910	1.958	1.858
Average	**2.249**	1.778	1.835	1.971	1.912	1.711
Butter market price*						
Opening	**1.765**	1.335	1.950	2.128	2.410	2.255
Closing	**1.510**	1.765	1.335	1.950	2.128	2.410
Average	**1.571**	1.500	1.799	2.043	2.284	2.330
Average whey market price*	**0.311**	0.356	0.353	0.326	0.352	0.370
Spread*	**0.141**	0.047	0.113	(0.018)	0.029	0.001[2]
US average exchange rate to Canadian dollar[1]	**1.333**	1.378	1.330	1.320	1.320	1.337

* Refer to the ''Glossary'' section of this Management's Discussion and Analysis.
1 Based on Bank of Canada published information.
2 Updated to conform to the current Spread definition.

The USA Sector consists of the Dairy Division (USA). During the quarter, the Company announced the merger into a single division of its two former USA divisions, the Cheese Division (USA) and the Dairy Foods Division (USA), now known as the Dairy Division (USA).

Revenues

Revenues for the USA Sector totalled $1.649 billion for the three-month period ended September 30, 2020, a decrease of $143.3 million or 8.0%, as compared to $1.792 billion for the same quarter last fiscal year. Revenues were negatively impacted by lower sales volumes in the foodservice and retail market segments, partially offset by higher sales volumes in the industrial market segment. The fluctuation of the average block market price and the lower average butter market price increased revenues by approximately $43 million. The fluctuation of the US dollar versus the Canadian dollar increased revenues by approximately $12 million.

For the six-month period ended September 30, 2020, revenues for the USA Sector totalled $3.066 billion, a decrease of $484.3 million or 13.6%, as compared to $3.550 billion for the same period last fiscal year. Revenues were negatively impacted by lower sales volumes in the foodservice and retail market segments, partially offset by higher sales volumes in the industrial market segment. The fluctuation of the average block market price and the lower average butter market price decreased revenues by approximately $37 million. The fluctuation of the US dollar versus the Canadian dollar increased revenues by approximately $72 million.

Adjusted EBITDA

Adjusted EBITDA for the USA Sector totalled $140.4 million for the three-month period ended September 30, 2020, a decrease of $35.0 million or 20.0%, as compared to $175.4 million for the same quarter last fiscal year. Adjusted EBITDA was negatively impacted by lower sales volumes as a result of the shift in consumer demand, which affected the Sector's efficiencies and the absorption of fixed costs. The relation between the average block market price and the cost of milk as raw material had a favourable impact on adjusted EBITDA. However, the fluctuation of the average block market price and the lower average butter market price had an unfavourable impact on both the realization of inventories and the absorption of fixed costs. Higher dairy ingredient market prices had a positive effect on adjusted EBITDA. The combined effect of these USA Market Factors positively impacted adjusted EBITDA by approximately $4 million. Also, lower administrative costs positively impacted adjusted EBITDA as a result of the ongoing ban on non-essential business travel, limitations placed on promotional activity and other initiatives in the context of the COVID-19 pandemic. Finally, the fluctuation of the US dollar versus the Canadian dollar had a positive impact on adjusted EBITDA of approximately $2 million.

For the six-month period ended September 30, 2020, adjusted EBITDA totalled $302.6 million, a decrease of $46.4 million or 13.3%, as compared to $349.0 million for the same period last fiscal year. Adjusted EBITDA was negatively impacted by lower sales volumes, which affected the Sector's efficiencies and the absorption of fixed costs. The relation between the average block market price and the cost of milk as raw material had a favourable impact on adjusted EBITDA. However, the fluctuation of the average block market price and the lower average butter market price had an unfavourable impact on both the realization of inventories and the absorption of fixed costs. Higher dairy ingredient market prices had a positive effect on adjusted EBITDA. The combined effect of these USA Market Factors positively impacted adjusted EBITDA by approximately $27 million. Also, lower administrative costs positively impacted adjusted EBITDA as a result of the ongoing ban on non-essential business travel, limitations placed on promotional activity and other initiatives in the context of the COVID-19 pandemic. The fluctuation of the US dollar versus the Canadian dollar had a positive impact on adjusted EBITDA of approximately $7 million.

INTERNATIONAL SECTOR

(in millions of CDN dollars)

Fiscal years	**2021**		2020			
	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**805.7**	781.6	832.4	797.0	657.0	790.3
Adjusted EBITDA*	**78.2**	59.8	66.5	98.5	80.2	59.7

* See the “Non-IFRS Financial Measures” section of this Management’s Discussion and Analysis for the reconciliations to IFRS measures.

Selected factors positively (negatively) affecting financial performance

(in millions of CDN dollars)

Fiscal years	**2021**		2020			
	Q2	Q1	Q4	Q3	Q2	Q1
Foreign currency exchange[1]	**(1)**	(9)	(5)	(14)	(16)	(10)

[1] As compared to same quarter last fiscal year.

The International Sector consists of the Dairy Division (Australia) and the Dairy Division (Argentina).

Revenues

Revenues for the International Sector totalled $805.7 million for the three-month period ended September 30, 2020, an increase of $148.7 million or 22.6%, as compared to $657.0 million for the same quarter last fiscal year. During the quarter, revenues increased in all market segments. Revenues were positively impacted by higher sales volumes, following the gradual easing of government-imposed lockdowns in the Company’s export markets throughout the quarter. Revenues were positively impacted by higher selling prices in the Dairy Division (Argentina), as a result of the hyperinflationary economy. The devaluation of the Argentine peso versus the US dollar in the export markets, partially offset by the strengthening of the Australian dollar versus the US dollar, also had a positive impact on revenues despite a decrease in international cheese and dairy ingredient market prices. Furthermore, the contribution of the Specialty Cheese Business Acquisition positively impacted revenues. The fluctuation of the functional currencies used in the International Sector versus the Canadian dollar had a positive impact on revenues of approximately $17 million.

For the six-month period ended September 30, 2020, revenues for the International Sector totalled $1.587 billion, an increase of $140.0 million or 9.7%, as compared to $1.447 billion for the same period last fiscal year. During the period, revenues increased in all market segments. Revenues were positively impacted by higher sales volumes and higher selling prices in the domestic retail market segment in the Dairy Division (Australia), as a result of the higher cost of milk as raw material, and in the Dairy Division (Argentina), as a result of the hyperinflationary economy. Additional revenues derived from the weakening of the Argentine peso and the Australian dollar versus the US dollar also had a positive impact on revenues despite a decrease in international cheese and dairy ingredient market prices. Moreover, the contribution of the Specialty Cheese Business Acquisition positively impacted revenues. Conversely, the fluctuation of the functional currencies used in the International Sector versus the Canadian dollar had a negative impact on revenues of approximately $67 million.

Adjusted EBITDA

Adjusted EBITDA for the International Sector totalled $78.2 million for the three-month period ended September 30, 2020, a decrease of $2.0 million or 2.5%, as compared to $80.2 million for the same quarter last fiscal year. Adjusted EBITDA was negatively impacted by the relation between international cheese and dairy ingredient market prices and the cost of milk as raw material. The decrease in adjusted EBITDA was partially offset by improved operational efficiencies, derived from increased milk availability in Australia, and higher sales volumes. The contribution of the Specialty Cheese Business Acquisition also increased adjusted EBITDA. The fluctuation of the functional currencies used in the International Sector versus the Canadian dollar had a negative impact on adjusted EBITDA of approximately $1 million.

For the six-month period ended September 30, 2020, adjusted EBITDA totalled $138.0 million, a decrease of $1.9 million or 1.4%, as compared to $139.9 million for the same period last fiscal year. Adjusted EBITDA was negatively impacted by the unfavourable relation between international cheese and dairy ingredient market prices and the cost of milk as raw material. This decrease was partially offset by improved operational efficiencies, derived from increased milk availability in Australia, and higher sales volumes. The contribution of the Specialty Cheese Business Acquisition also increased adjusted EBITDA. The fluctuation of the functional currencies used in the International Sector versus the Canadian dollar had a negative impact on adjusted EBITDA of approximately $10 million.

EUROPE SECTOR

(in millions of CDN dollars)

Fiscal years	**2021**		2020			
	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**183.6**	210.9	231.4	196.1	186.8	151.6
Adjusted EBITDA*	**34.9**	40.3	46.6	34.7	35.6	26.2

* See the "Non-IFRS Financial Measures" section of this Management's Discussion and Analysis for the reconciliations to IFRS measures.

The Europe Sector consists of the Dairy Division (UK).

Revenues

Revenues for the Europe Sector totalled $183.6 million for the three-month period ended September 30, 2020, a decrease of $3.2 million or 1.7%, as compared to $186.8 million for the same quarter last fiscal year. The surge in retail market segment sales volumes experienced in the first quarter started to level off. Also, lower sales volumes, mainly in the industrial market segment, as a result of the COVID-19 pandemic, negatively impacted revenues. The fluctuation of the British pound sterling versus the Canadian dollar increased revenues by approximately $11 million.

For the six-month period ended September 30, 2020, revenues for the Europe Sector totalled $394.5 million, an increase of $56.1 million or 16.6%, as compared to $338.4 million for the same period last fiscal year. Revenues increased due to the contribution of the Dairy Crest Acquisition for the full period, as compared to a 24-week contribution the same period last fiscal year. Revenues were also positively impacted by higher sales volumes in the retail market segment fueled by increased consumer demand related to the COVID-19 pandemic, although partially offset by lower sales volumes in the industrial market segment. The fluctuation of the British pound sterling versus the Canadian dollar increased revenues by approximately $12 million.

Adjusted EBITDA

Adjusted EBITDA for the Europe Sector totalled $34.9 million for the three-month period ended September 30, 2020, a decrease of $0.7 million or 2.0%, as compared to $35.6 million for the same quarter last fiscal year. Lower sales volumes, mainly in the industrial market segment, negatively impacted adjusted EBITDA. The fluctuation of the British pound sterling versus the Canadian dollar increased adjusted EBITDA by approximately $2 million.

For the six-month period ended September 30, 2020, adjusted EBITDA totalled $75.2 million, an increase of $13.4 million or 21.7%, as compared to $61.8 million for the same period last fiscal year. Adjusted EBITDA was positively impacted by higher sales volumes in the retail market segment fueled by increased consumer demand, partially offset by lower sales volumes in the industrial market segment. Adjusted EBITDA also increased due to the contribution of the Dairy Crest Acquisition for the full period, as compared to a 24-week contribution the same period last fiscal year. The fluctuation of the British pound sterling versus the Canadian dollar increased adjusted EBITDA by approximately $2 million.

NON-IFRS FINANCIAL MEASURES

The Company reports its financial results in accordance with IFRS. However, the Company uses the following non-IFRS financial measures to explain its financial performance:

- adjusted EDITDA;
- adjusted net earnings;
- adjusted net earnings per share;
- adjusted net earnings excluding amortization of intangible assets related to business acquisitions; and
- adjusted net earnings per share excluding amortization of intangible assets related to business acquisitions.

These non-IFRS financial measures have no standardized meaning under IFRS and are not likely to be comparable to similar measures presented by other issuers. Non-IFRS financial measures should not be viewed as a substitute for the related financial information prepared in accordance with IFRS. The components of each non-IFRS financial measure used by the Company for the three and six-month periods ended September 30, 2020, and 2019, are described below and are subject to change based on future transactions or where Management deems necessary to provide a better understanding and comparability of future results and activities of the Company.

Adjusted EBITDA

The Company believes that adjusted EBITDA provides investors with useful information because it is a common industry measure and it is also a key metric of the Company's operational and financial performance. The adjustments made to adjusted EBITDA, including the new impairment of intangible assets which is of an unusual nature, are not indicative of core business activities. The Company uses, and believes that investors and analysts also use, adjusted EBITDA to evaluate the performance of the business. Adjusted EBITDA is also a component in the determination of short-term incentive compensation for management.

Adjusted EBITDA for the three and six-month periods ended September 30, 2020, and 2019, is equivalent to earnings before interest, income taxes, depreciation, amortization, impairment of intangible assets, gain on disposal of assets, inventory revaluation resulting from a business acquisition, and acquisition and restructuring costs, as this financial measure is presented in the Company's condensed interim consolidated income statement and, with respect to the Company's reportable segments, in the notes to the financial statements.

The following table provides a reconciliation of earnings before income taxes to adjusted EBITDA.

(in millions of CDN dollars)

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2020	2019	**2020**	2019
Earnings before income taxes	**228.2**	237.8	**424.6**	408.9
Financial charges[1]	**22.8**	34.5	**47.9**	63.0
Inventory revaluation resulting from a business acquisition	**-**	12.9	**-**	40.1
Acquisition and restructuring costs	**-**	0.4	**-**	22.8
Impairment of intangible assets	**-**	-	**19.0**	-
Gain on disposal of assets	**(6.2)**	-	**(6.2)**	-
Depreciation and amortization	**125.7**	108.8	**251.7**	217.6
Adjusted EBITDA	**370.5**	394.4	**737.0**	752.4

[1] Includes gain on hyperinflation. Refer to Note 11 to the Company's condensed interim consolidated financial statements for the period ended September 30, 2020, for more information.

Adjusted net earnings and other non-IFRS financial measures used by the Company

Management believes that adjusted net earnings, adjusted net earnings excluding amortization of intangible assets related to business acquisitions, adjusted net earnings per share and adjusted net earnings per share excluding amortization of intangible assets related to business acquisitions provide useful information to investors because these financial measures provide precision with regards to the Company's ongoing operations. They also provide readers with a representation of the activities considered of relevance to the Company's financial performance and additional financial information that can be used to identify trends or additional disclosures about the way the Company operates, as well as comparability to the Company's prior year results. Management also believes that in the context of highly acquisitive companies, adjusted net earnings excluding amortization of intangible assets related to business acquisitions and adjusted net earnings per share excluding amortization of intangible assets related to business acquisitions (due to the application of various accounting policies in relation to the amortization of acquired intangible assets) are more effective measures to assess performance against its peer group.

The following table provides a reconciliation of net earnings and net earnings per share to adjusted net earnings and adjusted net earnings excluding amortization of intangible assets related to business acquisitions.

(in millions of CDN dollars, except per share amounts)

	For the three-month periods ended September 30					
	2020			2019		
		Per Share			Per Share	
	Total	**Basic**	**Diluted**	Total	Basic	Diluted
Net earnings	**170.8**	**0.42**	**0.42**	174.9	0.44	0.44
Impairment of intangible assets[1]	**-**	**-**	**-**	-	-	-
Gain on disposal of assets[1]	**(4.6)**	**(0.01)**	**(0.01)**	-	-	-
Inventory revaluation resulting from a business acquisition[1]	**-**	**-**	**-**	10.5	0.03	0.03
Acquisition and restructuring costs[1]	**-**	**-**	**-**	0.4	-	-
Adjusted net earnings	**166.2**	**0.41**	**0.40**	185.8	0.47	0.47
Amortization of intangible assets related to business acquisitions[1]	**17.9**	**0.04**	**0.04**	12.5	0.03	0.03
Adjusted net earnings excluding amortization of intangible assets related to business acquisitions	**184.1**	**0.45**	**0.45**	198.3	0.50	0.50

(in millions of CDN dollars, except per share amounts)

	For the six-month periods ended September 30					
	2020			2019		
		Per Share			Per Share	
	Total	**Basic**	**Diluted**	Total	Basic	Diluted
Net earnings	**312.7**	**0.76**	**0.76**	296.3	0.75	0.75
Impairment of intangible assets[1]	**19.0**	**0.05**	**0.05**	-	-	-
Gain on disposal of assets[1]	**(4.6)**	**(0.01)**	**(0.01)**	-	-	-
Inventory revaluation resulting from a business acquisition[1]	**-**	**-**	**-**	32.5	0.08	0.08
Acquisition and restructuring costs[1]	**-**	**-**	**-**	21.9	0.06	0.06
Adjusted net earnings	**327.1**	**0.80**	**0.80**	350.7	0.89	0.89
Amortization of intangible assets related to business acquisitions[1]	**36.2**	**0.09**	**0.09**	27.3	0.07	0.07
Adjusted net earnings excluding amortization of intangible assets related to business acquisitions	**363.3**	**0.89**	**0.88**	378.0	0.96	0.96

1 Net of income taxes

GLOSSARY

Adjusted EBITDA

"Adjusted EBITDA" means earnings before interest, income taxes, depreciation, amortization, impairment of intangible assets, gain on disposal of assets, inventory revaluation resulting from a business acquisition, and acquisition and restructuring costs.

Adjusted net earnings

"Adjusted net earnings" means net earnings prior to the inclusion of impairment of intangible assets, gain on disposal of assets, inventory revaluations resulting from a business acquisition, and acquisition and restructuring costs, net of applicable income taxes.

Adjusted net earnings excluding amortization of intangible assets related to business acquisitions

"Adjusted net earnings excluding amortization of intangible assets related to business acquisitions" means adjusted net earnings prior to the inclusion of amortization of intangible assets related to business acquisitions, net of applicable income taxes.

Adjusted net earnings per share

"Adjusted net earnings per share" (basic and diluted) means adjusted net earnings per basic and diluted common share.

Adjusted net earnings per share excluding amortization of intangible assets related to business acquisitions

"Adjusted net earnings per share excluding amortization of intangible assets related to business acquisitions" (basic and diluted) means adjusted net earnings per basic and diluted common share prior to the inclusion of amortization of intangible assets related to business acquisitions, net of applicable income taxes.

Average whey powder market price

"Average whey powder market price" means the average daily price for a pound of extra grade dry whey published on Daily Dairy Report.

Block market price

"Block market price" means the price per pound of a spot contract for cheddar cheese in 40-pound blocks traded on the Chicago Mercantile Exchange (CME) published in the Daily Dairy Report, used as the base price for cheese.

Butter market price

"Butter market price" means the price per pound of a spot contract for Grade AA Butter traded on the CME published in the Daily Dairy Report, used as the base price for butter.

EPS

"EPS" means net earnings per share.

Net debt

"Net debt" means long-term debt, lease liabilities, and bank loans, including the current portion thereof, net of cash and cash equivalents.

Net debt to adjusted EBITDA

"Net debt to adjusted EBITDA" means net debt divided by the Trailing twelve months adjusted EBITDA.

Spread

"Spread" means the difference between the average block market price and the average cost of the corresponding quantity of Class III milk in the USA market based on the milk prices published by the United States Department of Agriculture.

Trailing twelve months adjusted EBITDA

"Trailing twelve months adjusted EBITDA" is calculated by adding the actual adjusted EBITDA results for the six-months ended September 30, 2020, to the actual adjusted EBITDA results for the year ended March 31, 2020, and subtracting the actual adjusted EBITDA results for the six-months ended September 30, 2019.

USA Market Factors

"USA Market Factors" include, for the USA Sector, the average block market price and its effect on the absorption of fixed costs and on the realization of inventories, the effect of the relationship between the average block market price and the cost of milk as raw material, the market pricing impact related to sales of dairy ingredients, as well as the impact of the average butter market price related to dairy food products.

Working capital

"Working capital" means the Company’s current assets minus its current liabilities.

Working capital ratio

"Working capital ratio" means the Company’s current assets divided by its current liabilities.

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENTS

(in millions of CDN dollars, except per share amounts)
(unaudited)

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2020	2019	**2020**	2019
Revenues (Note 4)	**$ 3,702.2**	$ 3,665.6	**$ 7,093.0**	$ 7,334.0
Operating costs excluding depreciation and amortization (Note 5)	**3,331.7**	3,271.2	**6,356.0**	6,581.6
Earnings before interest, income taxes, depreciation, amortization, impairment of intangible assets, gain on disposal of assets, inventory revaluation resulting from a business acquisition, and acquisition and restructuring costs	**370.5**	394.4	**737.0**	752.4
Depreciation and amortization	**125.7**	108.8	**251.7**	217.6
Impairment of intangible assets (Note 15)	**-**	-	**19.0**	-
Gain on disposal of assets	**(6.2)**	-	**(6.2)**	-
Inventory revaluation resulting from a business acquisition (Note 14)	**-**	12.9	**-**	40.1
Acquisition and restructuring costs (Note 14)	**-**	0.4	**-**	22.8
Financial charges (Note 11)	**22.8**	34.5	**47.9**	63.0
Earnings before income taxes	**228.2**	237.8	**424.6**	408.9
Income taxes	**57.4**	62.9	**111.9**	112.6
Net earnings	**$ 170.8**	$ 174.9	**$ 312.7**	$ 296.3
Net earnings per share (Note 10)				
Basic	**$ 0.42**	$ 0.44	**$ 0.76**	$ 0.75
Diluted	**$ 0.42**	$ 0.44	**$ 0.76**	$ 0.75

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of CDN dollars)
(unaudited)

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2020	2019	**2020**	2019
Net earnings	**$ 170.8**	$ 174.9	**$ 312.7**	$ 296.3
Other comprehensive (loss) income:				
Items that may be reclassified to net earnings:				
Exchange differences arising from foreign currency translation	**(50.1)**	(43.4)	**(173.4)**	(211.6)
Inflation effect arising from the application of hyperinflation	**(1.7)**	(7.4)	**(4.2)**	(7.4)
Net unrealized gains (losses) on cash flow hedges (Note 12) (Net of income taxes of $1.7 and $13.8; 2019: $4.0 and $4.2)	**2.3**	(10.2)	**33.3**	(10.5)
Net reclassification of (losses) gains on cash flow hedges to net earnings (Net of income taxes of $0.7 and $3.2; 2019: $1.6 and $2.4)	**(0.5)**	4.0	**10.5**	5.9
	(50.0)	(57.0)	**(133.8)**	(223.6)
Items that will not be reclassified to net earnings:				
Net actuarial (loss) income (Note 13) (Net of income taxes of $1.9 and $31.9; 2019: $2.7 and $3.7)	**(7.4)**	16.1	**(130.7)**	20.8
	(7.4)	16.1	**(130.7)**	20.8
Other comprehensive (loss) income	**(57.4)**	(40.9)	**(264.5)**	(202.8)
Total comprehensive income (loss)	**$ 113.4**	$ 134.0	**$ 48.2**	$ 93.5

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in millions of CDN dollars, except common shares)
(unaudited)

For the six-month period ended September 30, 2020

	Share capital		Reserves					
	Common Shares	Amount	Foreign Currency Translation	Cash Flow Hedges	Stock Option Plan	Total Reserves	Retained Earnings	Total Equity
Balance, beginning of year	**408,638,373**	**$ 1,685.7**	**$ 667.9**	**$ (40.3)**	**$ 150.8**	**$ 778.4**	**$ 4,095.0**	**$ 6,559.1**
Net earnings	**-**	**-**	**-**	**-**	**-**	**-**	**312.7**	**312.7**
Other comprehensive (loss) income	**-**	**-**	**(177.6)**	**43.8**	**-**	**(133.8)**	**(130.7)**	**(264.5)**
Total comprehensive (loss) income								**48.2**
Dividends declared (Note 9)	**-**	**-**	**-**	**-**	**-**	**-**	**(141.1)**	**(141.1)**
Stock option plan (Note 9)	**-**	**-**	**-**	**-**	**10.8**	**10.8**	**-**	**10.8**
Shares issued under dividend reinvestment plan (Note 9)	**578,437**	**18.3**						**18.3**
Shares issued under stock option plan (Note 9)	**207,743**	**5.7**	**-**	**-**	**(1.0)**	**(1.0)**	**-**	**4.7**
Balance, end of period	**409,424,553**	**$ 1,709.7**	**$ 490.3**	**$ 3.5**	**$ 160.6**	**$ 654.4**	**$ 4,135.9**	**$ 6,500.0**

For the six-month period ended September 30, 2019

	Share capital		Reserves					
	Common Shares	Amount	Foreign Currency Translation	Cash Flow Hedges	Stock Option Plan	Total Reserves	Retained Earnings	Total Equity
Balance, beginning of year	390,198,386	$ 991.7	$ 582.1	$ (2.3)	$ 134.0	$ 713.8	$ 3,715.0	$ 5,420.5
Net earnings	-	-	-	-	-	-	296.3	296.3
Other comprehensive (loss) income	-	-	(219.0)	(4.6)	-	(223.6)	20.8	(202.8)
Total comprehensive (loss) income								93.5
Shares issued under Equity Offering – net of issuance costs (Note 9)	16,642,553	639.9	-	-	-	-	-	639.9
Dividends declared	-	-	-	-	-	-	(131.0)	(131.0)
Stock option plan (Note 9)	-	-	-	-	11.9	11.9	-	11.9
Shares issued under stock option plan (Note 9)	903,923	30.4	-	-	(4.1)	(4.1)	-	26.3
Balance, end of period	407,744,862	$ 1,662.0	$ 363.1	$ (6.9)	$ 141.8	$ 498.0	$ 3,901.1	$ 6,061.1

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of CDN dollars)
(unaudited)

As at	September 30, 2020	March 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	**$ 646.2**	$ 319.4
Receivables	**1,163.5**	1,371.8
Inventories	**2,299.3**	2,220.9
Income taxes receivable	**14.8**	50.3
Prepaid expenses and other assets	**73.4**	106.6
	4,197.2	4,069.0
Property, plant and equipment	**3,805.9**	3,850.0
Right-of-use assets (Note 6)	**494.4**	417.9
Goodwill	**3,172.3**	3,219.5
Intangible assets	**1,564.9**	1,640.7
Other assets (Note 13)	**372.9**	545.3
Deferred income taxes	**13.6**	50.7
Total assets	**$ 13,621.2**	$ 13,793.1
LIABILITIES		
Current liabilities		
Bank loans (Note 7)	**$ 213.5**	$ 528.5
Accounts payable and accrued liabilities	**1,725.1**	1,838.9
Dividends payable (Note 9)	**71.6**	-
Income taxes payable	**57.0**	51.4
Current portion of long-term debt (Note 8)	**300.0**	-
Current portion of lease liabilities (Note 6)	**76.6**	74.7
	2,443.8	2,493.5
Long-term debt (Note 8)	**3,420.9**	3,542.3
Lease liabilities (Note 6)	**405.8**	340.1
Other liabilities	**112.4**	98.5
Deferred income taxes	**738.3**	759.6
Total liabilities	**$ 7,121.2**	$ 7,234.0
EQUITY		
Share capital (Note 9)	**1,709.7**	1,685.7
Reserves	**654.4**	778.4
Retained earnings	**4,135.9**	4,095.0
Total equity	**$ 6,500.0**	$ 6,559.1
Total liabilities and equity	**$ 13,621.2**	$ 13,793.1

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of CDN dollars)
(unaudited)

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2020	2019	**2020**	2019
Cash flows related to the following activities:				
Operating				
Net earnings	**$ 170.8**	$ 174.9	**$ 312.7**	$ 296.3
Adjustments for:				
Stock-based compensation	**9.9**	9.4	**13.8**	15.2
Financial charges (Note 11)	**22.8**	34.5	**47.9**	63.0
Income tax expense	**57.4**	62.9	**111.9**	112.6
Depreciation and amortization	**125.7**	108.8	**251.7**	217.6
Impairment of intangible assets (Note 15)	**-**	-	**19.0**	-
(Gain) loss on disposal of property, plant and equipment	**(6.6)**	0.7	**(7.0)**	0.9
Inventory revaluation resulting from a business acquisition	**-**	12.9	**-**	40.1
Foreign exchange (gain) loss on debt	**3.5**	2.1	**1.8**	3.2
Share of joint venture earnings, net of dividends received	**2.7**	12.2	**2.8**	13.5
Difference between funding of employee plans and costs	**(2.4)**	0.4	**(1.6)**	1.0
Changes in non-cash operating working capital items	**55.1**	(164.7)	**62.6**	(189.0)
Cash generated from operating activities	**438.9**	254.1	**815.6**	574.4
Interest and other financial charges paid	**(20.7)**	(34.4)	**(49.2)**	(72.1)
Income taxes paid	**(43.3)**	(45.6)	**(55.5)**	(93.8)
Net cash generated from operating activities	**374.9**	174.1	**710.9**	408.5
Investing				
Business acquisitions, net of cash acquired	**-**	1.4	**-**	(1,692.6)
Additions to property, plant and equipment	**(80.4)**	(86.2)	**(144.8)**	(213.8)
Additions to intangible assets	**(10.6)**	(15.0)	**(24.8)**	(31.9)
Proceeds from disposal of assets	**11.7**	4.2	**39.4**	5.0
	(79.3)	(95.6)	**(130.2)**	(1,933.3)
Financing				
Bank loans	**0.5**	67.5	**(322.1)**	125.7
Proceeds from issuance of long-term debt (Note 8)	**-**	-	**700.0**	2,061.5
Repayment of long-term debt	**(121.4)**	(645.9)	**(558.8)**	(1,107.0)
Repayment of lease liabilities	**(19.3)**	(18.7)	**(38.1)**	(36.5)
Net proceeds from issuance of share capital	**2.4**	643.3	**4.6**	665.5
Payment of dividends (Note 9)	**(51.2)**	(66.5)	**(51.2)**	(131.0)
	(189.0)	(20.3)	**(265.6)**	1,578.2
Increase (decrease) in cash and cash equivalents	**106.6**	58.2	**315.1**	53.4
Cash and cash equivalents, beginning of period	**535.7**	113.6	**319.4**	112.7
Effect of inflation	**3.5**	5.5	**6.7**	12.9
Effect of exchange rate changes	**0.4**	(4.3)	**5.0**	(6.0)
Cash and cash equivalents, end of period	**$ 646.2**	$ 173.0	**$ 646.2**	$ 173.0

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts are in millions of CDN dollars, except information on options and shares)
(unaudited)

NOTE 1 CORPORATE INFORMATION

Saputo Inc. (the Company) is a publicly traded company incorporated and domiciled in Canada. The Company's shares are listed on the Toronto Stock Exchange under the symbol "SAP." The Company produces, markets and distributes a wide array of dairy products from Canada, the United States, Australia, Argentina and the United Kingdom. The address of the Company's head office is 6869 Metropolitain Blvd. East, Montréal, Québec, Canada, H1P 1X8. The condensed interim consolidated financial statements (financial statements) of the Company for the period ended September 30, 2020, comprise the financial results of the Company and its subsidiaries.

The financial statements for the period ended September 30, 2020, were authorized for issuance by the Board of Directors on November 5, 2020.

NOTE 2 BASIS OF PRESENTATION

The financial statements of the Company have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB). Accordingly, certain disclosure requirements that are necessary in the preparation of an annual report in compliance with International Financial Reporting Standards (IFRS) have been omitted or condensed.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation applied in these financial statements are the same as those applied by the Company in its audited annual consolidated financial statements as at and for the year ended March 31, 2020, except for the impact of the adoption of the new standards, interpretations and amendments and applicable standards, as described below.

These financial statements should be read in conjunction with the Company's audited annual consolidated financial statements as at March 31, 2020, and 2019, and for the years then ended.

ECONOMIC CONDITIONS AND UNCERTAINTIES

Current global economic conditions continue to be highly volatile due to the COVID-19 pandemic, which was declared in March 2020. The magnitude, duration and severity of the COVID-19 pandemic continue to be hard to predict and could affect the significant estimates and judgments used in the preparation of the consolidated financial statements.

EFFECT OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET IMPLEMENTED

The following standards, amendments to standards and interpretations were issued by the International Accounting Standards Board (IASB) and are applicable to the Company for its annual periods beginning on and after April 1, 2021, with an earlier application permitted:

IFRS 3, Reference to the Conceptual Framework

In May 2020, Reference to the Conceptual Framework, amendments to IFRS 3, *Business Combinations* was issued. This amendment adds a requirement that, for transactions and other events within the scope of IAS 37, *Provisions, contingent liabilities and contingent assets* or IFRIC 21, *Levies*, an acquirer applies IAS 37 or IFRIC 21 (instead of the *Conceptual Framework*) to identify the liabilities it has assumed in a business combination. Also, they add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

This amendment is applicable to the Company beginning April 1, 2022, on a prospective basis. The Company will apply this amendment to applicable future business combinations.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IAS 16, Property, Plant and Equipment: Proceeds Before Intended of Use
In May 2020, the IASB issued Property, Plant and Equipment: Proceeds before Intended Use, Amendments to IAS 16. This amendment prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related costs in profit or loss.

Management is currently assessing the impact of the adoption of this amendment on the Company's financial statements.

IAS 37, Onerous Contracts – Cost of Fulfilling a Contract
In May 2020, the IASB issued Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37), amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

Management is currently assessing the impact of the adoption of these amendments on the Company's financial statements.

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform, Phase 2
In August 2020, the IASB issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to help entities that are impacted with the Interbank offered rates (IBOR) reform with practical expedients, clarification over the implication of the reform on hedge accounting and the introduction of new disclosures about the risks arising from the IBOR reform.

Management is currently assessing the impact of the adoption of this amendment on the Company's financial statements.

EFFECT OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED DURING THE PERIOD

The following standards, amendments to existing standards and interpretations of standards were adopted by the Company on or after April 1, 2020:

IFRS 3, Business Combinations
In October 2018, the IASB issued an amendment to IFRS 3 to clarify the definition of a business, to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets.

The adoption of this amendment did not significantly impact the Company's financial statements.

IFRS 9, Financial Instruments, IFRS 7, Financial Instruments disclosure and IAS 39, Financial Instruments: Recognition and Measurement
In September 2019, the IASB issued amendments to IFRS 9, IAS 39, and IFRS 7 to address the implications of the IBOR reform for specific hedge accounting requirements, which require forward-looking analysis and additional disclosure requirements.

The adoption of this amendment did not significantly impact the Company's financial statements.

IAS 1, Presentation of Financial Statements
In January 2020, the IASB issued an amendment to clarify how to classify debt and other liabilities as current or non-current. The amendments help to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also include clarifying the classification requirements for debt an entity might settle by converting it into equity.

The early adoption of this amendment did not have a significant impact on the Company's financial statements.

IFRS 16, COVID-19 Related Rent Concessions
In May 2020, the IASB issued amendments to IFRS 16, which provide relief for lessees in accounting for rent concessions granted as a direct consequence of COVID-19. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.

The adoption of this amendment did not significantly impact the Company's financial statements.

NOTE 4 REVENUES

Revenues by market segment are as follows:

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2020	2019	**2020**	2019
Revenues				
Retail	**$ 1,872.5**	$ 1,770.9	**$ 3,753.0**	$ 3,477.1
Foodservice	**1,160.0**	1,318.0	**2,061.9**	2,650.5
Industrial	**669.7**	576.7	**1,278.1**	1,206.4
	$ 3,702.2	$ 3,665.6	**$ 7,093.0**	$ 7,334.0

NOTE 5 OPERATING COSTS EXCLUDING DEPRECIATION AND AMORTIZATION

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2020	2019	**2020**	2019
Changes in inventories of finished goods and work in process	**$ 3.2**	$ (76.0)	**$ (64.2)**	$ (58.1)
Raw materials and consumables used	**2,519.4**	2,534.5	**4,801.2**	5,019.1
Foreign exchange loss (gain)	**(10.2)**	4.9	**0.3**	7.2
Employee benefits expense	**468.3**	419.0	**920.4**	849.2
Selling costs	**158.1**	163.4	**306.5**	333.8
Other general and administrative costs	**192.9**	225.4	**391.8**	430.4
Total	**$ 3,331.7**	$ 3,271.2	**$ 6,356.0**	$ 6,581.6

NOTE 6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

In the second quarter of fiscal 2021, the Company entered into a lease agreement for a land and building in the Dairy Division (Canada) and recorded right-of-use assets of $73.6 million, with a corresponding lease liability of $58.5 million.

NOTE 7 BANK LOANS

The Company has available bank credit facilities providing for bank loans as follows:

		Available for use			Amount drawn	
Credit Facilities	Maturity	Canadian Currency Equivalent	Base Currency		**September 30, 2020**	March 31, 2020
North America-USA	November 2024[1]	399.6	300.0	USD	**$ -**	$ -
North America-Canada	November 2024[1]	932.3	700.0	USD	**-**	-
Canada	January 2021[2]	26.0	26.0	CAD	**25.0**	24.9
Australia	Yearly[3]	262.3	275.0	AUD	**51.3**	238.4
Australia	Yearly[3]	133.2	100.0	USD	**37.0**	128.5
Japan	Yearly[4]	100.8	8,000.0	JPY	**35.4**	24.8
United Kingdom	Yearly[5]	129.0	75.0	GBP	**-**	17.5
Argentina	Yearly[6]	153.2	115.0	USD	**14.7**	53.4
Argentina	Yearly[7]	121.3	6,930.0	ARS	**50.1**	41.0
Total		2,257.7			**$ 213.5**	$ 528.5

1 Bears monthly interest at rates ranging from lender's prime rates plus a maximum of 1.00% or LIBOR or BBSY or banker's acceptance rate plus 0.80% up to a maximum of 2.00% depending on the Company credit ratings.
2 Bears monthly interest at Bank's Prime Rate plus 0.25% or Banker's Acceptance Rate plus 1.25%.
3 Bears monthly interest at LIBOR or Australian Bank Bill Rate plus up to 1.00% and can be drawn in AUD or USD.
4 Bears monthly interest at TIBOR plus 0.70% and can be drawn in JPY.
5 Bears monthly interest at rates ranging from base rate plus 0.70% or LIBOR plus 0.70% and can be drawn in GBP.
6 Bears monthly interest at local rate and can be drawn in USD.
7 Bears monthly interest at local rate and can be drawn in ARS.

NOTE 8 LONG-TERM DEBT

	September 30, 2020	March 31, 2020
Unsecured bank term loan facilities		
Obtained April 2018 (AU$600.0 million) and due in April 2023[1]	**434.0**	437.1
Obtained April 2019 ($426.0 million) and repaid in June 2020[2]	**-**	418.8
Obtained April 2019 (£600.0 million) and due in April 2022[3]	**936.9**	1,036.4
Unsecured senior notes[4,5]		
2.20%, issued in June 2016 and due in June 2021 (Series 2)	**300.0**	300.0
2.83%, issued in November 2016 and due in November 2023 (Series 3)	**300.0**	300.0
1.94%, issued in June 2017 and due in June 2022 (Series 4)	**300.0**	300.0
3.60%, issued in August 2018 and due in August 2025 (Series 5)	**350.0**	350.0
2.88%, issued in November 2019 and due in November 2024 (Series 6)	**400.0**	400.0
2.24%, issued in June 2020 and due in June 2027 (Series 7)	**700.0**	-
	$ 3,720.9	$ 3,542.3
Current portion	**300.0**	-
	$ 3,420.9	$ 3,542.3
Principal repayments are as follows:		
Less than 1 year	**$ 300.0**	$ -
1-2 years	**1,236.9**	718.8
2-3 years	**434.0**	1,336.4
3-4 years	**300.0**	737.1
4-5 years	**750.0**	400.0
More than 5 years	**700.0**	350.0
	$ 3,720.9	$ 3,542.3

1 Bear monthly interest at rates ranging from lender's prime plus a maximum of 1.00%, or banker's acceptance rates or Australian Bank Bill Rate plus 0.80% up to a maximum of 2.00%, depending on the Company's credit ratings. Interest is paid every one, two, three or six months, as selected by the Company.

2 Bore monthly interest at lender's prime rates plus a maximum of 1.00% or LIBOR or banker's acceptance rates plus 0.80% up to a maximum of 2.00%, depending on the Company's credit ratings.

3 Bears monthly interest at lender's prime rates plus a maximum of 1.00% or LIBOR or banker's acceptance rates plus 0.80% up to a maximum of 2.00%, depending on the Company's credit ratings, and can be drawn in CAD, USD or £.

4 Interest payments are semi-annual.

5 On December 12, 2018, the Company renewed its medium term note program and filed a short form base shelf prospectus qualifying an offering of medium term notes for distribution to the public in the provinces of Canada over a 25-month period.

On June 16, 2020, the Company issued Series 7 medium term notes for an aggregate principal amount of $700.0 million due June 16, 2027, bearing interest at 2.24%. The net proceeds of the issuance were used during the first quarter of fiscal 2021 to repay (i) the $426.0 million 2-year tranche of the term loan facility incurred in connection with the Dairy Crest Acquisition and (ii) $206.0 million (AU$ 220.0 million) of revolving loan facilities for the Dairy Division (Australia), which included funds drawn in connection with the Specialty Cheese Business Acquisition. The remaining net proceeds were used for general corporate purposes.

NOTE 9 SHARE CAPITAL

AUTHORIZED

The authorized share capital of the Company consists of an unlimited number of common shares. The common shares are voting and participating.

	Number of shares	**Common Shares $**
Balance at April 1, 2020	**408,638,373**	**$ 1,685.7**
Issued under dividend reinvestment plan	**578,437**	**18.3**
Issued on exercise of options	**207,743**	**5.7**
Balance, end of period	**409,424,553**	**$ 1,709.7**

SHARE OPTION PLAN

Changes in the number of outstanding options for the six-month periods ended September 30, are as follows:

	September 30, 2020		September 30, 2019	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance at April 1, 2020	**20,946,092**	**$ 38.05**	20,374,871	$ 35.96
Options granted	**4,637,830**	**$ 33.35**	3,319,450	$ 45.30
Options exercised	**(207,743)**	**$ 22.31**	(903,923)	$ 28.32
Options cancelled	**(549,850)**	**$ 40.53**	(444,060)	$ 43.19
Balance, end of period	**24,826,329**	**$ 37.25**	22,346,338	$ 37.51

The weighted average exercise price of the options granted in fiscal 2021 is $33.35, which corresponds to the weighted average market price for the five trading days immediately preceding the date of the grant ($45.30 in fiscal 2020).

The weighted average fair value of options granted in fiscal 2021 was estimated at $5.04 per option ($7.67 in fiscal 2020), using the Black-Scholes option pricing model with the following assumptions:

	September 30, 2020	March 31, 2020
Weighted average:		
Risk-free interest rate	**0.53 %**	1.61 %
Expected life of options	**6.3 years**	6.2 years
Volatility[1]	**21.17 %**	18.41 %
Dividend rate	**2.08 %**	1.45 %

1 The expected volatility is based on the historic share price volatility over a period similar to the life of the options.

A compensation expense of $5.5 million ($5.1 million net of taxes) and $10.8 million ($9.8 million net of taxes) relating to stock options was recorded in the consolidated income statements for the three and six-month periods ended September 30, 2020, respectively. A compensation expense of $6.0 million ($5.4 million net of taxes) and $11.9 million ($10.7 million net of taxes) relating to stock options was recorded in the consolidated income statements for the three and six-month periods ended September 30, 2019.

DIVIDENDS AND DIVIDEND REINVESTMENT PLAN

The Company implemented a dividend reinvestment plan (DRIP), which became effective as of the dividend paid on July 9, 2020. The DRIP provides eligible shareholders with the opportunity to have all or a portion of their cash dividends automatically reinvested into additional common shares.

During the quarter, out of the dividend of $0.17 per share totalling $69.5 million, $51.2 million was paid in cash and the remaining $18.3 million was paid in common shares under the DRIP.

On August 6, 2020, the Board of Directors approved a dividend of $0.175 per share totalling $71.6 million payable on October 2, 2020, to common shareholders of record on September 22, 2020. As a result, the Company issued 606,007 common shares at a share price of $32.88 under its DRIP on October 2, 2020.

NOTE 10 NET EARNINGS PER SHARE

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2020	2019	**2020**	2019
Net earnings	**$ 170.8**	$ 174.9	**$ 312.7**	$ 296.3
Weighted average number of common shares outstanding	**409,314,986**	394,461,874	**409,019,796**	392,631,806
Dilutive securities[1]	**1,619,592**	2,626,496	**1,573,283**	2,929,859
Weighted average diluted number of common shares outstanding	**410,934,578**	397,088,370	**410,593,079**	395,561,665
Basic net earnings per share	**$ 0.42**	$ 0.44	**$ 0.76**	$ 0.75
Diluted net earnings per share	**$ 0.42**	$ 0.44	**$ 0.76**	$ 0.75

[1] Includes options and shares to be issued under the DRIP for declared but unpaid dividends

When calculating diluted net earnings per share for the three and six-month periods ended September 30, 2020, 19,903,668 options and 15,345,117 options were excluded from the calculation because their exercise price is higher than the average market value of common shares (14,250,786 and 6,706,133 options were excluded for the three and six-month periods ended September 30, 2019).

NOTE 11 FINANCIAL CHARGES

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2020	2019	**2020**	2019
Interest on long term debt	**$ 20.2**	$ 26.7	**$ 40.0**	$ 51.0
Net finance costs	**7.3**	7.1	**13.8**	15.8
Gain on hyperinflation	**(6.4)**	(1.5)	**(9.4)**	(9.6)
Interest on lease liabilities	**3.6**	3.8	**7.2**	8.5
Net interest revenue from defined benefit obligation	**(1.9)**	(1.6)	**(3.7)**	(2.7)
	$ 22.8	$ 34.5	**$ 47.9**	$ 63.0

NOTE 12 FINANCIAL INSTRUMENTS

The Company determined that the fair value of certain of its financial assets and financial liabilities with short-term maturities approximates their carrying value. These financial instruments include cash and cash equivalents, receivables, bank loans, accounts payable and accrued liabilities. The table below presents the fair value and the carrying value of other financial instruments as at September 30, 2020, and March 31, 2020. Since estimates are used to determine fair value, they must not be interpreted as being realizable in the event of a settlement of the instruments.

	September 30, 2020		March 31, 2020	
	Fair value	**Carrying value**	Fair value	Carrying value
Cash flow hedges				
Commodity derivatives (Level 2)	**$ (8.9)**	**$ (8.9)**	$ (28.7)	$ (28.7)
Foreign exchange derivatives (Level 2)	**15.4**	**15.4**	(9.1)	(9.1)
Derivatives not designated in a formal hedging relationship				
Equity forward contracts (Level 2)	**(0.9)**	**(0.9)**	(7.4)	(7.4)
Commodity derivatives (Level 2)	**(3.0)**	**(3.0)**	(10.1)	(10.1)
Long-term debt (Level 2)	**3,829.2**	**3,720.9**	**3,505.7**	**3,542.3**

NOTE 13 NET ACTUARIAL LOSS

The Company recorded an actuarial loss of $7.4 million (net of income taxes of $1.9 million) and $130.7 million (net of income taxes of $31.9 million) related to its defined benefit pension plans in the consolidated statement of comprehensive income for the three and six-month periods ended September 30, 2020, respectively. The actuarial loss resulted from a decrease in the discount rate and an increase in the inflation rate. Partially offsetting this loss was a higher than expected actual return on plan assets.

NOTE 14 BUSINESS ACQUISITIONS

LION DAIRY & DRINKS PTY LTD

On October 28, 2019, the Company acquired the specialty cheese business of Lion Dairy & Drinks Pty Ltd (the Specialty Cheese Business). The Specialty Cheese Business is conducted at two manufacturing facilities located in Burnie and King Island, Tasmania (Australia) and employs approximately 400 people. The Specialty Cheese Business produces, markets and distributes a variety of specialty cheeses under a wide portfolio of Australian brands, including *Australian Gold, King Island Dairy, Mersey Valley, South Cape* and *Tasmanian Heritage.*

The purchase price of $248.3 million (AU$278.1 million), on a cash-free and debt-free basis, was paid in cash from cash on hand and available credit facilities. In connection with this acquisition, the Company incurred acquisition-related costs of approximately $9 million mainly comprised of stamp duty taxes.

DAIRY CREST GROUP PLC

On April 15, 2019, the Company completed the acquisition of Dairy Crest Group plc (Dairy Crest), based in the United Kingdom. Dairy Crest manufactures and markets cheese, butter, spreads, oils and value-added dairy ingredients. The acquisition enables Saputo to enter the UK market.

The total consideration of $2.122 billion (£1.218 billion), was financed through a term loan facility (Note 8) and available cash. This consideration includes the purchase price for the entire issued ordinary share capital of $1.695 billion (£973.1 million) and $426.8 million (£245.1 million) of assumed debt. In connection with this acquisition, the Company incurred acquisition-related costs of approximately $23 million recorded in the six-month period ended September 30, 2019, which included approximately $9 million in stamp duty taxes.

The Company recorded charges of $40.1 million during fiscal 2020 related to the non-cash fair value inventory adjustment as part of the Dairy Crest Acquisition purchase price allocation.

Other assets relating to the Dairy Crest Acquisition listed below are comprised of the acquired net pension surplus of $283.1 million (£162.6 million) on the acquisition date. As at April 15, 2019, the fair value of plan assets and defined benefit pension plan obligations were $2.031 billion (£1.166 billion) and $1.748 billion (£1.004 billion), respectively. The plan assets are composed mainly of bonds and cash. The value of the defined benefit pension plan obligations was calculated using a discount rate of 2.6%.

Recognized goodwill reflects the value assigned to the European platform enabling growth and an assembled workforce within the Dairy Division (UK) CGU.

The allocation of each purchase price is presented below:

		Dairy Crest	Specialty Cheese Business	Total
Assets acquired	Cash	$ 7.0	$ 13.0	$ 20.0
	Receivables	54.6	37.1	91.7
	Inventories	369.4	45.7	415.1
	Income taxes receivable	1.5	-	1.5
	Prepaid expenses and other assets	12.1	0.4	12.5
	Property, plant and equipment	369.1	175.7	544.8
	Right-of-use assets	73.4	-	73.4
	Goodwill	541.5	-	541.5
	Intangible assets	802.8	9.6	812.4
	Other assets	283.1	2.6	285.7
	Deferred income taxes	-	1.5	1.5
Liabilities assumed	Accounts payable and accrued liabilities	(151.7)	(25.0)	(176.7)
	Lease liabilities	(70.4)	-	(70.4)
	Other liabilities	(8.3)	(12.3)	(20.6)
	Long-term debt	(436.6)	-	(436.6)
	Deferred income taxes	(152.8)	-	(152.8)
Net assets acquired		$ 1,694.7	$ 248.3	$ 1,943.0

NOTE 15 SEGMENTED INFORMATION

The Company reports under four geographic sectors. The Canada Sector consists of the Dairy Division (Canada). The USA Sector consists of the Dairy Division (USA). During the quarter, the Company announced the merger into a single division of its two former USA divisions, the Cheese Division (USA) and the Dairy Foods Division (USA), now known as the Dairy Division (USA). The International Sector consists of the Dairy Division (Australia) and the Dairy Division (Argentina). The Europe Sector consists of the Dairy Division (UK).

These reportable sectors are managed separately as each sector represents a strategic business unit that offers different products and serves different markets. The Company measures geographic and sector performance based on earnings before interest, income taxes, depreciation, amortization, impairment of intangible assets, gain on disposal of assets, inventory revaluation resulting from a business acquisition, and acquisition and restructuring costs.

The divisions within the International Sector have been combined due to similarities in global market factors and production processes.

The accounting policies of the sectors are the same as those described in Note 3 relating to significant accounting policies.

INFORMATION ON REPORTABLE SECTORS

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2020	2019	**2020**	2019
Revenues				
Canada	**$ 1,063.8**	$ 1,029.4	**$ 2,045.4**	$ 1,998.2
USA	**1,649.1**	1,792.4	**3,065.8**	3,550.1
International	**805.7**	657.0	**1,587.3**	1,447.3
Europe	**183.6**	186.8	**394.5**	338.4
	$ 3,702.2	$ 3,665.6	**$ 7,093.0**	$ 7,334.0
Earnings before interest, income taxes, depreciation, amortization, impairment of intangible assets, gain on disposal of assets, inventory revaluation resulting from a business acquisition, and acquisition and restructuring costs				
Canada	**$ 117.0**	$ 103.2	**$ 221.2**	$ 201.7
USA	**140.4**	175.4	**302.6**	349.0
International	**78.2**	80.2	**138.0**	139.9
Europe	**34.9**	35.6	**75.2**	61.8
	$ 370.5	$ 394.4	**$ 737.0**	$ 752.4
Depreciation and amortization				
Canada	**$ 23.5**	$ 22.9	**$ 47.1**	$ 45.5
USA	**50.0**	42.0	**100.0**	83.9
International	**27.8**	25.0	**54.0**	51.9
Europe	**24.4**	18.9	**50.6**	36.3
	$ 125.7	$ 108.8	**$ 251.7**	$ 217.6
Impairment of intangible assets[1]	**-**	-	**19.0**	-
Gain on disposal of assets	**(6.2)**	-	**(6.2)**	-
Inventory revaluation resulting from a business acquisition	**-**	12.9	**-**	40.1
Acquisition and restructuring costs	**-**	0.4	**-**	22.8
Financial charges	**22.8**	34.5	**47.9**	63.0
Earnings before income taxes	**228.2**	237.8	**424.6**	408.9
Income taxes	**57.4**	62.9	**111.9**	112.6
Net earnings	**$ 170.8**	$ 174.9	**$ 312.7**	$ 296.3

1 Refers to a retired brand name from the Australian portfolio.

NOTE 15 SEGMENTED INFORMATION (CONT'D)

GEOGRAPHIC INFORMATION

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2020	2019	**2020**	2019
Revenues				
Canada	**$ 1,063.8**	$ 1,029.4	**$ 2,045.4**	$ 1,998.2
USA	**1,649.1**	1,792.4	**3,065.8**	3,550.1
Australia	**618.1**	525.1	**1,247.6**	1,136.6
Argentina	**187.6**	131.9	**339.7**	310.7
United Kingdom	**183.6**	186.8	**394.5**	338.4
	$ 3,702.2	$ 3,665.6	**$ 7,093.0**	$ 7,334.0