FISCAL 2024

SECOND QUARTER

Management's discussion & analysis

Consolidated financial statements

Saputo

MANAGEMENT'S DISCUSSION AND ANALYSIS

All dollar amounts are in millions of Canadian dollars, unless otherwise indicated.

The goal of this management's discussion and analysis ("MD&A") is to analyze the results of, and the financial position of Saputo Inc. (we, Saputo or the Company), for the three and six-month periods ended September 30, 2023. It should be read while referring to the condensed interim consolidated financial statements of the Company and accompanying notes for the three and six-month periods ended September 30, 2023, and 2022, which are prepared in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board, and generally accepted accounting principles in Canada ("GAAP") as set out in the CPA Canada Handbook - Accounting under Part 1, which incorporates International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. The information in this report is being presented as at September 30, 2023, unless otherwise specified. In preparing this report, we have taken into account material elements between September 30, 2023, and November 9, 2023, the date on which this report was approved by the Company's Board of Directors. Additional information about the Company, including its Annual Report and Annual Information Form for the year ended March 31, 2023, can be obtained on SEDAR+ at www.sedarplus.ca.

NON-GAAP MEASURES

We report our financial results in accordance with GAAP and generally assess our financial performance using financial measures that are prepared using GAAP. However, this MD&A also refers to certain non-GAAP and other financial measures which do not have a standardized meaning under GAAP, including the following: adjusted EBITDA[1]; adjusted net earnings[1]; adjusted EBITDA margin[1]; adjusted net earnings margin[1]; adjusted EPS basic[1]; adjusted EPS diluted[1]; and net debt to adjusted EBITDA[1]. These measures have no standardized meaning under GAAP and are unlikely to be comparable to similar measures presented by other issuers. Refer to the "Non-GAAP Measures" section of this MD&A for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the primary financial statements, as applicable.

We use non-GAAP measures and ratios to provide investors with supplemental metrics to assess and measure our operating performance and financial position from one period to the next. These metrics are presented as a complement to enhance the understanding of operating results but not in substitution of GAAP results. In addition, non-GAAP financial measures should not be viewed as a substitute for the related financial information prepared in accordance with GAAP.

[1] This is a total of segments measure, a non-GAAP financial measure, or a non-GAAP ratio. See the "Non-GAAP Measures" section of this MD&A for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the primary financial statements, as applicable. Adjusted net earnings and adjusted EPS for comparative periods were aligned to meet the current presentation.

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 our objectives, outlook, business projects, strategies, beliefs, expectations, targets, commitments, goals, ambitions and strategic plans including our ability to achieve these targets, commitments, goals, ambitions and strategic plans, 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”, “goal”, “target”, or “pledge”, 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 inherent risks and uncertainties. Actual results could differ materially from those stated, implied, or projected in such forward-looking statements. As a result, we cannot guarantee that any forward-looking statements will materialize, and we warn 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 our 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 June 8, 2023, available on SEDAR+ under the Company's profile at www.sedarplus.ca.

Such risks and uncertainties include the following: product liability; the availability and price variations of milk and other inputs, our ability to transfer input costs increases, if any, to our customers in competitive market conditions; supply chain strain and supplier concentration; the price fluctuation of dairy products in the countries in which we operate, as well as in international markets; our ability to identify, attract, and retain qualified individuals; the increased competitive environment in our industry; consolidation of clientele; cyber threats and other information technology-related risks relating to business disruptions, confidentiality, data integrity business and email compromise-related fraud; unanticipated business disruption; continuing economic and political uncertainties, resulting from actual or perceived changes in the condition of the economy or economic slowdowns or recessions; the ongoing military conflict in Ukraine; public health threats, such as the recent global COVID -19 pandemic, changes in consumer trends; changes in environmental laws and regulations; the potential effects of climate change; increased focus on environmental sustainability matters; the failure to execute our Global Strategic Plan as expected or to adequately integrate acquired businesses in a timely and efficient manner; the failure to complete capital expenditures as planned; changes in interest rates and access to capital and credit markets. There may be other risks and uncertainties that we are not aware of at present, or that we consider to be insignificant, that could still have a harmful impact on our business, financial state, liquidity, results, or reputation.

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 we operate or which could affect our activities; our ability to identify, attract, and retain qualified and diverse individuals; our ability to attract and retain customers and consumers; our environmental performance; the results of our sustainability efforts; the effectiveness of our environmental and sustainability initiatives; our operating costs; the pricing of our finished products on the various markets in which we carry on business; the successful execution of our Global Strategic Plan; our ability to deploy capital expenditure projects as planned; reliance on third parties; our ability to gain efficiencies and cost optimization from strategic initiatives; our ability to correctly predict, identify, and interpret changes in consumer preferences and demand, to offer new products to meet those changes, and to respond to competitive innovation; our ability to leverage our brand value; our ability to drive revenue growth in our key product categories or platforms or add products that are in faster-growing and more profitable categories; the successful execution of our M&A strategy; the market supply and demand levels for our products; our warehousing, logistics, and transportation costs; our effective income tax rate; the exchange rate of the Canadian dollar to the currencies of cheese and dairy ingredients. To set our financial performance targets, we have made assumptions regarding, among others: the absence of significant deterioration in macroeconomic conditions; our ability to mitigate inflationary cost pressure; the USA commodity market conditions; labour market conditions and staffing levels in our facilities; the impact of price elasticity; our ability to increase the production capacity and productivity in our facilities; and the demand growth for our products. Our ability to achieve our environmental targets, commitments, and goals is further subject to, among others: our ability to access and implement all technology necessary to achieve our targets, commitments, and goals; the development and performance of technology, innovation and the future use and deployment of technology and associated expected future results; the accessibility of carbon and renewable energy instruments for which a market is still developing and which are subject to risk of invalidation or reversal; and environmental regulation. Our ability to achieve our 2025 Supply Chain Pledges is further subject to, among others, our ability to leverage our supplier relationships and our sustainability advocacy efforts.

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, and are accordingly subject to changes after such date. Forward-looking statements are intended to provide shareholders with information regarding Saputo, including our 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.

Unless otherwise indicated by Saputo, forward-looking statements in this report describe our estimates, expectations, and assumptions as of November 9, 2023, and, accordingly, are subject to change after that date. 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 our 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.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

Fiscal years	**2024**		2023				2022	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	**4,323**	4,207	4,468	4,587	4,461	4,327	3,957	3,901
Adjusted EBITDA[1]	**398**	362	392	445	369	347	260	322
Adjusted EBITDA margin[1]	**9.2 %**	8.6 %	8.8 %	9.7 %	8.3 %	8.0 %	6.6 %	8.3 %
Net earnings	**156**	141	159	179	145	139	37	86
Acquisition and restructuring costs[2]	**—**	—	21	27	16	6	51	—
Gain on disposal of assets[2]	**—**	—	—	—	—	—	—	(8)
Impairment of intangible assets[2]	**—**	—	—	—	—	—	—	43
Loss (gain) on hyperinflation[2]	**9**	(2)	—	—	(26)	(18)	(15)	(14)
Amortization of intangible assets related to business acquisitions[2]	**16**	15	16	15	16	16	20	18
Adjusted net earnings[1]	**181**	154	196	221	151	143	93	125
Adjusted net earnings margin[1]	**4.2 %**	3.7 %	4.4 %	4.8 %	3.4 %	3.3 %	2.4 %	3.2 %
EPS basic	**0.37**	0.33	0.38	0.43	0.35	0.33	0.09	0.21
EPS diluted	**0.37**	0.33	0.38	0.43	0.35	0.33	0.09	0.21
Adjusted EPS basic[1]	**0.43**	0.37	0.47	0.53	0.36	0.34	0.22	0.30
Adjusted EPS diluted[1]	**0.43**	0.36	0.46	0.53	0.36	0.34	0.22	0.30

Selected factor(s) positively (negatively) impacting Adjusted EBITDA[1]

(in millions of CDN dollars)

Fiscal years	**2024**		2023				2022	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
USA Market Factors[3,4]	**32**	(14)	29	(6)	(27)	(7)	(19)	(40)
Inventory write-down	**(7)**	(10)	—	—	—	—	—	—
Foreign currency exchange[4,5]	**(3)**	4	(12)	(7)	(12)	(7)	(12)	(18)

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2 Net of applicable income taxes.
3 Refer to the ''Glossary'' section of this MD&A.
4 As compared to the same quarter of the previous fiscal year.
5 Foreign currency exchange includes the effect of conversion of US dollars, Australian dollars, British pounds sterling, and Argentine pesos to Canadian dollars.

HIGHLIGHTS

Saputo Inc. (we, Saputo or the Company) is presenting its results for the second quarter of fiscal 2024, which ended on September 30, 2023.

- Revenues amounted to $4.323 billion, down $138 million or 3.1%.
- Net earnings totalled $156 million, up from $145 million. Net earnings per share (EPS) (basic and diluted) were $0.37, up from $0.35.
- Adjusted EBITDA[1] amounted to $398 million, up $29 million or 7.9%.
- Adjusted net earnings[1] totalled $181 million, up from $151 million, and adjusted EPS[1] (basic and diluted) were $0.43, up from $0.36.

(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	
	2023	2022	**2023**	2022
Revenues	**4,323**	4,461	**8,530**	8,788
Adjusted EBITDA[1]	**398**	369	**760**	716
Net earnings	**156**	145	**297**	284
Adjusted net earnings[1]	**181**	151	**335**	294
EPS				
Basic	**0.37**	0.35	**0.70**	0.68
Diluted	**0.37**	0.35	**0.70**	0.68
Adjusted EPS[1]				
Basic	**0.43**	0.36	**0.79**	0.70
Diluted	**0.43**	0.36	**0.79**	0.70

- Increased adjusted EBITDA[1] reflected a continued solid performance in the Canada Sector and a significant improvement in the USA Sector, while results in the Europe Sector and the International Sector were lower.
- Domestic sales volumes were higher and USA Market Factors[2] had a positive impact on adjusted EBITDA[1].
- Export sales volumes were lower due to softening of the global demand for dairy products and lower international cheese and dairy ingredient market prices negatively impacted our revenues and adjusted EBITDA[1].
- Continued focus on long-term strategic priorities and progression of major capital projects.
- The Board of Directors approved a dividend of $0.185 per share payable on December 15, 2023, to shareholders of record on December 5, 2023.

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[2] Refer to the "Glossary" section of this MD&A.

CONSOLIDATED RESULTS FOR THE SECOND QUARTER AND FISCAL PERIOD ENDED SEPTEMBER 30, 2023

Revenues

Revenues for the **second quarter of fiscal 2024** totalled $4.323 billion, down $138 million or 3.1%, as compared to $4.461 billion for the same quarter last fiscal year. For the **first six months of fiscal 2024**, revenues totalled $8.530 billion, down $258 million or 2.9%, as compared to $8.788 billion for last fiscal year.

The combined effect of the lower average block market price[2] and of the lower average butter market price[2] in our USA Sector had a negative impact of $213 million and $420 million, in the second quarter of fiscal 2024 and for the first six months of fiscal 2024, respectively. Lower international cheese and dairy ingredient market prices had a negative impact in all our sectors.

Higher domestic selling prices in line with the higher cost of milk as raw material, together with the carryover impact of pricing initiatives implemented in all our sectors to mitigate increasing input costs, had a favourable impact.

Overall sales volumes were stable in the second quarter of fiscal 2024 despite continued softening of global demand for dairy products. Higher domestic sales volumes more than offset our lower export sales volumes. For the first six months of fiscal 2024, sales volumes were lower due to the softening of global demand for dairy products and competitive market conditions, particularly in our USA Sector.

The effect of the fluctuation of the Argentine peso and the Australian dollar on export sales denominated in US dollars was favourable.

In the second quarter of fiscal 2024, the fluctuation of foreign currencies versus the Canadian dollar had an unfavourable impact of approximately $5 million. In the first six months of fiscal 2024, the fluctuation of foreign currencies versus the Canadian dollar had a favourable impact of approximately $101 million.

Operating costs excluding depreciation, amortization, and restructuring costs

Operating costs excluding depreciation, amortization, and restructuring costs for the **second quarter of fiscal 2024** totalled $3.925 billion, down $167 million or 4.1%, as compared to $4.092 billion for the same quarter last fiscal year. These decreases were in line with lower commodity market prices, which decreased the cost of raw materials and consumables used.

For the **first six months of fiscal 2024**, operating costs excluding depreciation, amortization, and restructuring costs totalled $7.770 billion, down $302 million or 3.7%, as compared to $8.072 billion for the same period last fiscal year. These decreases were in line with lower sales volumes and lower commodity market prices, which decreased the cost of raw materials and consumables used.

Also contributing to these decreases were lower logistics costs and the favourable impacts from our cost containment measures and from our Global Strategic Plan initiatives. The decreases were partially offset by the negative impacts of ongoing inflation on costs, as well as higher employee salary and benefit expenses, which include the effect of wage increases.

Net earnings

Net earnings for the **second quarter of fiscal 2024** totalled $156 million, up $11 million or 7.6%, as compared to $145 million for the same quarter last fiscal year. The increase is primarily due to higher adjusted EBITDA[1], as described below, and lower acquisition and restructuring costs, offset by a loss on hyperinflation compared to a gain for the same quarter last fiscal year and higher financial charges.

For the **first six months of fiscal 2024**, net earnings totalled $297 million, up $13 million or 4.6%, as compared to $284 million for the same period last fiscal year. The increase is primarily due to higher adjusted EBITDA[1], as described below, lower acquisition and restructuring costs, and lower income tax expense, offset by a loss on hyperinflation compared to a gain for the same period last fiscal year and higher financial charges.

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[2] Refer to the "Glossary" section of this MD&A.

Adjusted EBITDA[1]

Adjusted EBITDA[1] for the **second quarter of fiscal 2024** totalled $398 million, up $29 million or 7.9%, as compared to $369 million for the same quarter last fiscal year.

Higher adjusted EBITDA[1] reflected a solid performance in the Canada Sector and a significant increase in the USA Sector. Results also reflected higher domestic sales volumes. Results in the Europe Sector and the International Sector were lower. Export sales volumes were lower due to softening of the global demand for dairy products. Lower international cheese and dairy ingredient market prices had a negative impact.

USA Market Factors[2] had a positive impact of $32 million, driven by the positive impact of the milk-cheese Spread[2] as compared to the same quarter last fiscal year.

Our ongoing cost containment measures implemented to minimize the effect of inflation, along with lower logistics costs, including lower fuel prices, mainly in North America, had a favourable impact. The benefits derived from our Global Strategic Plan, including continuous improvement, supply chain optimization, and automation initiatives, also had a favourable impact.

Results included an inventory write-down of $7 million as a result of the decrease in certain market selling prices.

The fluctuation of foreign currencies versus the Canadian dollar had an unfavourable impact of approximately $3 million.

Adjusted EBITDA[1] for the **first six months of fiscal 2024** totalled $760 million, up $44 million or 6.1%, as compared to $716 million for the same period last fiscal year.

Results increased in the Canada Sector and in the USA Sector whereas those in the Europe Sector and in the International Sector were lower. Export sales volumes were lower due to softening of the global demand for dairy products. Lower international cheese and dairy ingredient market prices had a negative impact.

We benefited from the carryover impact of higher average selling prices, driven by previously announced pricing initiatives, which were implemented to mitigate higher input costs in line with ongoing inflation and volatile commodity markets.

USA Market Factors[2] had a positive impact of $18 million, driven by the positive effect of the milk-cheese Spread[2] as compared to the same period last fiscal year.

Our ongoing cost containment measures implemented to minimize the effect of inflation, along with lower logistics costs, including lower fuel prices, mainly in North America, had a favourable impact. Benefits derived from our Global Strategic Plan, including continuous improvement, supply chain optimization, and automation initiatives, also had a favourable impact.

Results included an inventory write-down of $17 million as a result of the decrease in certain market selling prices.

The fluctuation of foreign currencies versus the Canadian dollar had a favourable impact of approximately $1 million.

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2 Refer to the "Glossary" section of this MD&A.

Depreciation and amortization

Depreciation and amortization for the **second quarter of fiscal 2024** totalled $145 million, flat, as compared to $146 million for the same quarter last fiscal year. For the **first six months of fiscal 2024**, depreciation and amortization totalled $291 million, flat, as compared to $291 million for the same period last fiscal year.

Acquisition and restructuring costs

There were no acquisition and restructuring costs in year-to-date **fiscal 2024**.

Acquisition and restructuring costs for the **second quarter of fiscal 2023** totalled $22 million and included a non-cash fixed assets write-down of $19 million, accelerated depreciation, and employee-related costs of $2 million in connection with consolidation initiatives in the USA Sector being undertaken as part of our Global Strategic Plan.

Acquisition and restructuring costs in the **first six months of fiscal 2023** totalled $29 million and comprised costs as described above, as well as site closure costs of $9 million relating to the consolidation activities in the Europe Sector as part of our Global Strategic Plan. Restructuring costs also included a $2 million gain on disposal of assets related to the sale of a closed facility in the Canada Sector.

Loss (gain) on hyperinflation

Loss on hyperinflation for the **second quarter of fiscal 2024** totalled $9 million ($26 million gain in fiscal 2023). For the **first six months of fiscal 2024**, the loss on hyperinflation totalled $7 million ($44 million gain in fiscal 2023). The change in the loss (gain) on hyperinflation is relative to the application of hyperinflation accounting for the Dairy Division (Argentina).

Financial charges

Financial charges for the **second quarter of fiscal 2024** totalled $44 million, up $5 million compared to the same quarter last fiscal year. For **the first six months of fiscal 2024**, financial charges totalled $84 million, up $15 million compared to the same period last fiscal year. These increases reflected higher interest rates.

Income tax expense

Income tax expense for the **second quarter of fiscal 2024** totalled $44 million, reflecting an effective tax rate of 22%, as compared to 23% for the same quarter last fiscal year. Income tax expense for the **first six months of fiscal 2024** totalled $81 million, reflecting an effective tax rate of 21%, as compared to 23% in the corresponding period last fiscal year.

The effective income tax rate is impacted by the tax and accounting treatments of inflation in Argentina. This impact varies from quarter to quarter. For the second quarter and first six months of fiscal 2024, this impact was positive, resulting in a reduction of the effective tax rate.

The effective tax rate varies and could increase or decrease based on the geographic mix of quarterly and year-to-date earnings across the various jurisdictions in which we operate, the tax and accounting treatments of inflation in Argentina, the amount and source of taxable income, amendments to tax legislations and income tax rates, changes in assumptions, as well as estimates we use for tax assets and liabilities.

Adjusted net earnings[1]

Adjusted net earnings[1] for the **second quarter of fiscal 2024** totalled $181 million, up $30 million or 19.9%, as compared to $151 million for the same quarter last fiscal year. This is mainly due to an increase in net earnings, as described above, excluding higher acquisition and restructuring costs after tax, as well as the impact of the loss on hyperinflation compared to a gain that was recognized in the same quarter last fiscal year.

Adjusted net earnings[1] for the **first six months of fiscal 2024** totalled $335 million, up $41 million or 13.9%, as compared to $294 million for the same period last fiscal year. This is mainly due to an increase in net earnings, as described above, excluding higher acquisition and restructuring costs after tax, as well as the impact of the loss on hyperinflation compared to a gain that was recognized in the same quarter last fiscal year.

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FY24 OUTLOOK

- We expect to benefit from the carryover impact of price increases, additional capacity and capabilities, cost containment and efficiency initiatives, new product innovations, and investments in our brands and advertising.
- We expect near-term inflation on our overall input costs to moderate, but to remain at elevated levels. We will continue to manage the current inflationary environment through our pricing protocols and cost containment measures.
- A more stabilized workforce, fewer supply chain constraints, and the acceleration of our productivity and operational improvement projects are expected to further enhance our ability to service customers, particularly in the USA Sector.
- Global demand for dairy products is expected to remain moderate due to macroeconomic conditions and the impact of pricing elasticity.
- The outlook for USA Market Factors[2] remains mixed. Management believes that the long-term environment is likely to be relatively supportive for commodity prices but with continued volatility in the short to medium-term.
- The International Sector and the Europe Sector are expected to be negatively impacted by lower cheese and dairy ingredient prices.
- The Europe Sector is expected to be impacted by the selling of inventory produced at higher milk prices.
- Capital expenditures are expected to remain at similar levels versus last fiscal year, driven by Global Strategic Plan optimization and capacity expansion initiatives, as well as continued investments in automation.
- We expect strong operating cash flow to continue to support a balanced capital allocation strategy and provide the financial flexibility to consider value-enhancing opportunities, with priority given to: (i) organic growth initiatives through capital expenditures, (ii) shareholder dividends, and (iii) debt repayments.

[2] Refer to the “Glossary” section of this MD&A.

GLOBAL STRATEGIC PLAN HIGHLIGHTS

Following the start-up of our recently converted state-of-the-art goat cheese manufacturing facility in Reedsburg, Wisconsin, we announced on November 2, 2023, the permanent closure of our Lancaster, Wisconsin, facility. We intend to transition production from our Lancaster facility to Reedsburg, along with that of our facility in Belmont, Wisconsin, the closure of which was previously announced. The Lancaster and Belmont facilities are expected to close in the fourth quarter of fiscal 2024.

Costs related to the Lancaster facility closure will be approximately $6 million after taxes, which include a non-cash fixed assets write-down of approximately $4 million after taxes. These costs will start to be recorded in the third quarter of fiscal 2024. Approximately 100 employees will be impacted by the Lancaster facility closure. Impacted employees will be offered the opportunity to relocate to other Saputo facilities and, if no positions are available, they will be provided with severance and outplacement support.

As part of the optimization roadmap in Australia, we will commence a review and evaluation of strategic alternatives related to our King Island facility in Tasmania. We intend to keep the operations running at regular capacity while we assess possible future scenarios for the facility.

THE SAPUTO PROMISE

The Saputo Promise is our approach to social, environmental, and economic performance which guides our everyday actions and consists of seven Pillars: Food Quality and Safety, Our People, Business Ethics, Responsible Sourcing, Environment, Nutrition, and Community. It is an integral part of our business and a key component of our growth. As we seek to create shared value for all our stakeholders, it provides a framework that ensures we manage ESG risks and opportunities successfully across our operations globally.

Anchored in the most pressing ESG issues for our business, our three-year plan (FY23-FY25) builds on the momentum of the past few years and continues to drive, enable, and sustain our growth.

Highlights for the first half of fiscal 2024 include:

People:

- We were recognized as one of the World's Top Companies for Women by Forbes magazine for a second year in a row.
- We completed the deployment of our Mental Health First Aider Program across all our divisions.

Environment:

- We made strides in our Environmental Pledges by completing five capital projects designed to reduce our carbon, energy, and water footprint.
- We were rewarded for our efforts in sustainable packaging, winning ‘Flexible Plastic Pack of the Year’ at the UK Packaging Awards 2023 for our new *Cathedral City* grated cheese packaging in partnership with Amcor.

Community:

- We invested in six additional projects as part of our Saputo Legacy Program, supporting the improvement of local sport and health amenities to help families lead a more active lifestyle.
- We expanded our Volunteer Time Off Program across all divisions, allowing our employees to give back to their community by providing them paid time off to volunteer with eligible non-profit organizations.

INFORMATION BY SECTOR

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

CANADA SECTOR

(in millions of CDN dollars)

Fiscal years	**2024**		2023			
	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**1,248**	1,211	1,156	1,213	1,185	1,142
Adjusted EBITDA	**148**	144	134	149	136	132
Adjusted EBITDA margin	**11.9 %**	11.9 %	11.6 %	12.3 %	11.5 %	11.6 %

Revenues

Revenues for the **second quarter of fiscal 2024** totalled $1.248 billion, up $63 million or 5.3%, as compared to $1.185 billion for the same quarter last fiscal year. In the **first six months of fiscal 2024**, revenues totalled $2.459 billion, up $132 million or 5.7%, as compared to $2.327 billion for the same period last fiscal year.

Revenues increased due to higher selling prices in connection with the higher cost of milk as raw material and the carryover impact of pricing initiatives implemented to mitigate ongoing inflationary pressures on our input costs.

Sales volumes were stable year-over-year in the retail market segment, while sales volumes in the foodservice market segment were higher.

Adjusted EBITDA

Adjusted EBITDA for the **second quarter of fiscal 2024** totalled $148 million, up $12 million or 8.8%, as compared to $136 million for the same quarter last fiscal year.

We continued to mitigate the effect of inflationary pressures on our input costs with the carryover impact of previously increased selling prices.

Our ongoing cost containment measures implemented to minimize the effect of inflation, along with lower logistics costs, including lower fuel prices, had a favourable impact. Benefits derived from our Global Strategic Plan, including continuous improvement, supply chain optimization, and automation initiatives, also had a favourable impact. Product mix was also favourable.

Adjusted EBITDA for the **first six months of fiscal 2024** totalled $292 million, up $24 million or 9.0%, as compared to $268 million for the same period last fiscal year.

We mitigated the effect of inflationary pressures on our input costs with the carryover impact of previously increased selling prices.

Our ongoing cost containment measures implemented to minimize the effect of inflation, along with lower logistics costs, including lower fuel prices, had a favourable impact. Benefits derived from our Global Strategic Plan, including continuous improvement, supply chain optimization, and automation initiatives, also had a favourable impact. Product mix was also favourable.

USA SECTOR

(in millions of CDN dollars)

Fiscal years	**2024**		2023			
	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**1,950**	1,876	2,062	2,172	2,062	2,043
Adjusted EBITDA	**147**	103	143	146	102	97
Adjusted EBITDA margin	**7.5 %**	5.5 %	6.9 %	6.7 %	4.9 %	4.7 %

Selected factor(s) positively (negatively) impacting Adjusted EBITDA

(in millions of CDN dollars)

Fiscal years	**2024**		2023			
	Q2	Q1	Q4	Q3	Q2	Q1
USA Market Factors[1,2]	**32**	(14)	29	(6)	(27)	(7)
Inventory write-down	**—**	(10)	—	—	—	—
US currency exchange[2]	**3**	5	5	8	3	3

1 Refer to the "Glossary" section of this MD&A.
2 As compared to same quarter last fiscal year.

Other pertinent information

(in US dollars, except for average exchange rate)

Fiscal years	**2024**		2023			
	Q2	Q1	Q4	Q3	Q2	Q1
Block market price[1]						
Opening	**1.335**	1.850	2.135	1.968	2.195	2.250
Closing	**1.720**	1.335	1.850	2.135	1.968	2.195
Average	**1.817**	1.579	1.943	2.077	1.927	2.287
Butter market price[1]						
Opening	**2.440**	2.398	2.380	3.145	2.995	2.700
Closing	**3.300**	2.440	2.398	2.380	3.145	2.995
Average	**2.706**	2.394	2.375	2.904	3.035	2.808
Average whey powder market price[1]	**0.265**	0.358	0.397	0.432	0.469	0.600
Spread[1]	**0.075**	(0.061)	0.040	(0.120)	(0.222)	(0.261)
US average exchange rate to Canadian dollar[2]	**1.344**	1.343	1.353	1.357	1.306	1.275

1 Refer to the "Glossary" section of this MD&A.
2 Based on Bank of Canada published information.

Revenues

Revenues for the **second quarter of fiscal 2024** totalled $1.950 billion, down $112 million or 5.4%, as compared to $2.062 billion for the same quarter last fiscal year.

The combined effect of the lower average block market price[2] and of the lower average butter market price[2] had a negative impact of $213 million.

Despite softening demand and competitive market conditions, sales volumes were higher, mainly in the dairy foods product categories, and had a favourable impact.

The carryover impact of pricing initiatives implemented to mitigate increasing input and logistics costs in line with ongoing inflation had a favourable impact. However, lower dairy ingredient market prices had a negative impact.

The fluctuation of the US dollar versus the Canadian dollar had a favourable impact of approximately $57 million.

Revenues for the **first six months of fiscal 2024** totalled $3.826 billion, down $279 million or 6.8%, as compared to $4.105 billion for the same period last fiscal year.

The combined effect of the lower average block market price[2] and of the lower average butter market price[2] had a negative impact of $420 million.

Revenues were down due to lower sales volumes resulting from softening demand and competitive market conditions, although the impact was more significant in the first quarter, with volumes picking up in the second quarter, mainly in the dairy foods product categories, as described above.

The carryover impact of pricing initiatives implemented to mitigate increasing input and logistics costs in line with ongoing inflation had a favourable impact. However, lower dairy ingredient market prices had a negative impact.

The fluctuation of the US dollar versus the Canadian dollar had a favourable impact of approximately $163 million.

[2] Refer to the "Glossary" section of this MD&A.

Adjusted EBITDA

Adjusted EBITDA for the **second quarter of fiscal 2024** totalled $147 million, up $45 million or 44.1%, as compared to $102 million for the same quarter last fiscal year.

We continued to benefit from the carryover effect of previously implemented pricing initiatives to mitigate higher input costs.

Driven by the positive impact of the Spread[2], USA Market Factors[2] resulted in a positive impact of $32 million, as compared to the same quarter last fiscal year.

USA Market Factors[2] are comprised of the following, and their respective impacts in the second quarter of fiscal 2024 are outlined below:

- The Spread[2] (positive impact).
- The impact on the realization of inventories and the absorption of fixed costs from the combined effect of the fluctuation of the average block market price[2] related to our cheese products (positive impact) and of the lower average butter market price[2] related to dairy food products (negative impact).
- The impact of dairy ingredient market prices (negative impact).

Results were also positively impacted by higher sales volumes, mainly in the dairy foods product categories, and lower logistics costs, including the effect of lower fuel prices.

The fluctuation of the US dollar versus the Canadian dollar had a favourable impact of approximately $3 million.

Adjusted EBITDA for the **first six months of fiscal 2024** totalled $250 million, up $51 million or 25.6%, as compared to $199 million for the same period last fiscal year.

We benefited from the carryover effect of previously implemented pricing initiatives to mitigate higher input costs.

With the positive impact of the Spread[2], USA Market Factors[2] resulted in a positive impact of $18 million as compared to the same period last fiscal year, despite unfavourable realization of inventories from the combined effect of fluctuations of the average block market price[2] and average butter market prices[2]. In the first quarter, our results included an inventory write-down of $10 million due to the decrease in certain market selling prices.

Results were negatively impacted by lower-than-anticipated sales volumes due to softening demand, mainly in the first quarter, affecting the absorption of fixed costs. On the other hand, lower logistics costs, including the effect of lower fuel prices, had a favourable impact.

The fluctuation of the US dollar versus the Canadian dollar had a favourable impact of approximately $8 million.

[2] Refer to the "Glossary" section of this MD&A.

INTERNATIONAL SECTOR

(in millions of CDN dollars)

Fiscal years	**2024**		2023			
	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**879**	868	963	917	989	916
Adjusted EBITDA	**83**	77	84	111	97	82
Adjusted EBITDA margin	**9.4 %**	8.9 %	8.7 %	12.1 %	9.8 %	9.0 %

Selected factor(s) positively (negatively) impacting Adjusted EBITDA

(in millions of CDN dollars)

Fiscal years	**2024**		2023			
	Q2	Q1	Q4	Q3	Q2	Q1
Inventory write-down	**(7)**	—	—	—	—	—
Foreign currency exchange[1]	**(12)**	(2)	(15)	(13)	(9)	(6)

1 As compared to same quarter last fiscal year.

Revenues

Revenues for the **second quarter of fiscal 2024** totalled $879 million, down $110 million or 11.1%, as compared to $989 million for the same quarter last fiscal year.

Revenues were negatively impacted by lower sales volumes due to the softening of demand and lower international cheese and dairy ingredient market prices in our export markets, while the effects of the fluctuation of the Argentine peso and the Australian dollar on export sales denominated in US dollars were favourable.

In our domestic markets, selling prices were higher, mainly in connection with the higher cost of milk as raw material, and due to the hyperinflationary economy in Argentina.

The fluctuation of the functional currencies used in the International Sector versus the Canadian dollar had an unfavourable impact of approximately $85 million, mainly due to the weakening of the Argentine peso.

Revenues for the **first six months of fiscal 2024** totalled $1.747 billion, down $158 million or 8.3%, as compared to $1.905 billion for the same period last fiscal year.

Lower sales volumes due to the softening of demand in our export markets and lower international cheese and dairy ingredient market prices had a negative impact, while the effects of the fluctuation of the Argentine peso and the Australian dollar on export sales denominated in US dollars were favourable.

In our domestic markets, selling prices were higher, mainly in connection with the higher cost of milk as raw material, and due to the hyperinflationary economy in Argentina.

The fluctuation of the functional currencies used in the International Sector versus the Canadian dollar had an unfavourable impact of approximately $96 million, mainly due to the weakening of the Argentine peso.

Adjusted EBITDA

Adjusted EBITDA for the **second quarter of fiscal 2024** totalled $83 million, down $14 million or 14.4%, as compared to $97 million for the same quarter last fiscal year.

Results were negatively impacted by lower export sales volumes and the unfavourable relation between the international cheese and dairy ingredient market prices and the cost of milk as raw material. The effects of the fluctuation of the Argentine peso and the Australian dollar on export sales denominated in US dollars were favourable.

In our domestic markets, we continued to benefit from the carryover effect of pricing actions previously undertaken to mitigate increasing input costs.

We continued to benefit from higher milk intake, which positively impacted our efficiencies and absorption of fixed costs. Our results also continued to be positively impacted by previously announced network optimization initiatives aimed at improving our operational efficiency and strengthening our competitiveness in Australia.

As a result of a decrease in certain market selling prices, our results included an inventory write-down of $7 million.

The fluctuation of the functional currencies used in the International Sector versus the Canadian dollar had an unfavourable impact of approximately $12 million.

Adjusted EBITDA for the **first six months of fiscal 2024** totalled $160 million, down $19 million or 10.6%, as compared to $179 million for the same period last fiscal year.

Results were negatively impacted by lower export sales volumes and the unfavourable relation between the international cheese and dairy ingredient market prices and the cost of milk as raw material. The effects of the fluctuation of the Argentine peso and the Australian dollar on export sales denominated in US dollars were favourable.

In our domestic markets, we benefited from the carryover effect of pricing actions previously undertaken to mitigate increasing input costs.

We continued to benefit from higher milk intake, which positively impacted our efficiencies and absorption of fixed costs. Our results were also positively impacted by previously announced network optimization initiatives aimed at improving our operational efficiency and strengthening our competitiveness in Australia.

As a result of a decrease in certain market selling prices, our results included an inventory write-down of $7 million.

The fluctuation of the functional currencies used in the International Sector versus the Canadian dollar had an unfavourable impact of approximately $14 million.

EUROPE SECTOR

(in millions of CDN dollars)

Fiscal years	2024		2023			
	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**246**	252	287	285	225	226
Adjusted EBITDA	**20**	38	31	39	34	36
Adjusted EBITDA margin	**8.1 %**	15.1 %	10.8 %	13.7 %	15.1 %	15.9 %

Selected factor(s) positively (negatively) impacting Adjusted EBITDA

(in millions of CDN dollars)

Fiscal years	2024		2023			
	Q2	Q1	Q4	Q3	Q2	Q1
Foreign currency exchange[1]	**3**	1	(1)	(2)	(4)	(2)

1 As compared to same quarter last fiscal year.

Revenues

Revenues for the **second quarter of fiscal 2024** totalled $246 million, up $21 million or 9.3%, as compared to $225 million for the same quarter last fiscal year.

The carryover effect of pricing initiatives implemented to mitigate higher cost of milk as raw material and other input cost increases continued to have a positive impact.

Although overall sales volumes were stable, revenues were negatively impacted by product mix, mainly due to higher bulk cheese sales volumes, while dairy ingredients sales volumes continued to be negatively impacted by softening demand. In addition, lower international dairy ingredient market prices had a negative impact.

The impact of the fluctuation of the British pound sterling versus the Canadian dollar had a favourable impact of approximately $23 million.

Revenues for the **first six months of fiscal 2024** totalled $498 million, up $47 million or 10.4%, as compared to $451 million for the same period last fiscal year.

The carryover effect of pricing initiatives implemented to mitigate higher cost of milk as raw material and other input cost increases continued to have a positive impact.

Revenues were negatively impacted by product mix and lower dairy ingredients market prices, as described above. Overall, sales volumes were lower in the industrial market segment, mainly in the dairy ingredients category, slightly offset by higher bulk cheese sales volumes in the second quarter, as described above.

The impact of the fluctuation of the British pound sterling versus the Canadian dollar had a favourable impact of approximately $34 million.

Adjusted EBITDA

Adjusted EBITDA for the **second quarter of fiscal 2024** totalled $20 million, down $14 million or 41.2%, as compared to $34 million for the same quarter last fiscal year.

Results were negatively impacted by product mix, as described above, and by the selling of inventory produced at higher milk prices.

Lower international dairy ingredient market prices also had a negative impact.

The impact of the fluctuation of the British pound sterling versus the Canadian dollar had a favourable impact of approximately $3 million.

Adjusted EBITDA for the **first six months of fiscal 2024** totalled $58 million, down $12 million or 17.1%, as compared to $70 million for the same period last fiscal year.

The carryover effect of pricing initiatives implemented to mitigate increasing input and logistics costs in line with ongoing inflation continued to have a positive impact.

Results were negatively impacted by product mix and by the selling of inventory produced at higher milk prices.

Results were also negatively impacted by lower sales volumes, mainly in the industrial segment, affecting efficiencies and the absorption of fixed costs.

The impact of the fluctuation of the British pound sterling versus the Canadian dollar had a favourable impact of approximately $4 million.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

This section provides insight into our cash and capital management strategies and how they drive operational objectives, and also provides details on how we manage our liquidity risk to meet Saputo's financial obligations as they come due.

As we navigate through the challenging environment, including geopolitical developments, inflationary pressures, rising interest rates, and the related uncertainties, we are focused on our capital allocation priorities to support our Global Strategic Plan, as well as cash flow generation. Our capital allocation priorities (capital expenditures, shareholder dividends, and debt repayments) allow us to support organic growth, strategic acquisitions, and our Saputo Promise.

The Company's cash and cash equivalents totalled $339 million as at September 30, 2023. In addition to these funds, we have unused credit facilities of $1.907 billion under our bank credit facilities as at September 30, 2023. We believe we are well positioned to face current market conditions given our well-balanced capital structure.

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

Saputo’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**	
	2023	2022	**2023**	2022
Net cash generated from operating activities	**169**	343	**432**	470
Cash used for investing activities	**(149)**	(111)	**(309)**	(181)
Cash used for financing activities	**(49)**	(222)	**(71)**	(234)
(Decrease) increase in cash and cash equivalents	**(29)**	10	**52**	55

Operating activities

Net cash generated from operating activities for the **second quarter of fiscal 2024** amounted to $169 million, as compared to $343 million for the same quarter last fiscal year. This decrease of $174 million was mainly due to a decrease related to changes in non-cash operating working capital items of $186 million and higher income taxes paid of $20 million. This decrease was partially offset by an increase in adjusted EBITDA[1] of $29 million.

Net cash generated from operating activities for the **first six months of fiscal 2024** amounted to $432 million, as compared to $470 million for the same period last fiscal year. This decrease of $38 million was mainly due to higher income taxes paid of $108 million and higher interest paid of $19 million. This decrease was partially offset by an increase in adjusted EBITDA[1] of $44 million and a decrease in non-cash foreign exchange gain on debt of $31 million.

Changes in non-cash operating working capital for the three and six-month periods ended September 30, 2023, were mainly driven by the fluctuations in accounts receivable, inventories, and accounts payable in line with the fluctuation of market prices and ongoing inflation, the timing of collections of accounts receivable and of payments of accounts payable.

[1] This is a total of segments measure, a non-GAAP financial measure, or a non-GAAP ratio. See the “Non-GAAP Measures” section below of this MD&A for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the primary financial statements, as applicable.

Investing activities

Investing activities for the **second quarter of fiscal 2024** and for the **first six months of fiscal 2024** amounted to $149 million and $309 million, respectively, and were mainly related to net additions to property, plant and equipment, and intangible assets.

Financing activities

Cash used for financing activities for the **second quarter of fiscal 2024** amounted to $49 million and included an increase in bank loans of $33 million. We used a total of $84 million to repay $11 million of term loan facilities incurred in connection with prior acquisitions, and to pay $15 million of lease liabilities and $58 million of dividends, net of $20 million settled through the dividend reinvestment plan (DRIP). Finally, shares were issued as part of the stock option plan for $2 million.

Cash used for financing activities for the **first six months of fiscal 2024** amounted to $71 million and included an increase in bank loans of $101 million. We used a total of $178 million to repay $38 million of term loan facilities incurred in connection with prior acquisitions, and to pay $32 million of lease liabilities and $108 million of dividends, net of $46 million settled through the DRIP. Finally, shares were issued as part of the stock option plan for $6 million.

Liquidity

(in millions of CDN dollars, except ratio)

	September 30, 2023	March 31, 2023
Current assets	**4,802**	4,851
Current liabilities	**2,931**	3,002
Working capital[1]	**1,871**	1,849
Working capital ratio[1]	**1.64**	1.62

1 Refer to the "Glossary" section of this MD&A.

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.

Capital management

Our capital management strategy requires a well-balanced financing structure to maintain the flexibility needed to implement growth initiatives, pursue disciplined capital investments, and maximize shareholder value.

We continue to aim for a long-term target leverage of approximately 2.25 times net debt to adjusted EBITDA[2]. From time to time, we may deviate from our long-term target leverage to pursue strategic opportunities.

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

	September 30, 2023	March 31, 2023
Net debt[1]	**3,743**	3,777
Trailing twelve months adjusted EBITDA[2]	**1,597**	1,553
Net debt to adjusted EBITDA[2]	**2.34**	2.43
Number of common shares	**423,378,003**	421,604,856
Number of stock options	**21,183,706**	19,988,303

1 Refer to the "Glossary" section of this MD&A and Note 7 to the condensed interim consolidated financial statements.
2 This is a total of segments measure, a non-GAAP financial measure, or a non-GAAP ratio. See the "Non-GAAP Measures" section below of this MD&A for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the primary financial statements, as applicable.

As at September 30, 2023, the Company had $339 million in cash and cash equivalents and available bank credit facilities of $2.349 billion, of which $442 million were drawn. See Note 5 and Note 6 to the condensed interim consolidated financial statements for additional information related to bank loans and long-term debt.

Authorized share capital is comprised of an unlimited number of common shares. The common shares are voting and participating. As at October 31, 2023, 423,385,771 common shares and 21,120,645 stock options were outstanding.

CONTRACTUAL OBLIGATIONS

We manage and continually monitor the Company's commitments and contractual obligations to ensure that these can be met with funding provided by operations and capital structure optimization.

Saputo'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 we are committed.

(in millions of CDN dollars)

	September 30, 2023				March 31, 2023			
	Long-term debt	**Leases**	**Purchase obligations & other**	**Total**	Long-term debt	Leases	Purchase obligations & other	Total
Less than 1 year	**321**	**109**	**318**	**748**	307	115	368	790
1–2 years	**1,199**	**64**	**130**	**1,393**	413	63	105	581
2–3 years	**350**	**56**	**13**	**419**	847	56	26	929
3–4 years	**700**	**49**	**6**	**755**	350	49	13	412
4–5 years	**334**	**43**	**1**	**378**	734	43	4	781
More than 5 years	**300**	**267**	**12**	**579**	600	281	—	881
	3,204	**588**	**480**	**4,272**	3,251	607	516	4,374

Long-term debt

The Company’s long-term debt is described in Note 6 to the condensed interim consolidated financial statements.

Bank term loans

In connection with the acquisition of the activities of Murray Goulburn Co-Operative Co. Limited in April 2018, we entered into a credit agreement, providing for a non-revolving term facility comprised of three tranches. A total of $1.224 billion was drawn, of which $964 million has since been repaid and/or refinanced through our medium-term notes program. 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 a minimum of 0.80% and a maximum of 2.00%, depending on the Company's credit ratings and matures in June 2025.

In connection with the acquisition of Dairy Crest Group plc in April 2019, we entered into a credit agreement providing for a non-revolving term facility comprised of three tranches. A total of $1.911 billion was drawn, of which $1.722 billion has since been repaid and/or refinanced through our medium-term notes program. The credit facility bears interest at lenders’ prime rates plus a maximum of 1.00% or SOFR or bankers’ acceptance rates plus a minimum of 0.80% and a maximum of 2.00%, depending on the Company's credit ratings and matures in June 2025. On October 6, 2022, this facility was converted to a Canadian dollar denominated facility.

Senior notes

Long-term debt also includes seven series of senior unsecured notes outstanding under our medium-term note program for a total of $2.700 billion, with annual interest rates varying from 1.42% to 5.25%, and maturities ranging from November 2023 to November 2029.

FINANCIAL POSITION

Our financial position amounts as at September 30, 2023, as compared to the March 31, 2023 balances, reflect the net effect of the weakening of the Canadian dollar versus the US dollar, and the strengthening of the Canadian dollar versus the Australian dollar, the Argentine peso, and the British pound sterling on financial position items of our foreign operations.

The following table sets forth exchange rates expressed in Canadian dollars per currency of our respective local operations' financial position items in foreign currencies as at September 30, 2023, and March 31, 2023.

	September 30, 2023	March 31, 2023
US dollar[1]	**1.3577**	1.3516
Australian dollar[1]	**0.8741**	0.9036
Argentine peso[1]	**0.0039**	0.0065
British pound sterling[1]	**1.6563**	1.6676

1 Based on Bank of Canada published information.

The change in foreign currency translation adjustments recorded in other comprehensive income varied mainly due to the fluctuation of foreign currencies versus the Canadian dollar.

CHANGES IN ACCOUNTING POLICIES

New accounting standards, interpretations, and amendments adopted during the period

Please refer to Note 3 to our condensed interim consolidated financial statements for the period ended September 30, 2023, for more information regarding the effect of new accounting standards, interpretations, and amendments adopted on or after April 1, 2023.

Recent standards, interpretations, and amendments not yet implemented

For the period ended September 30, 2023, there were no 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, see the discussion provided in the Company's 2023 Annual Report (pages 32 to 43 of the MD&A dated June 8, 2023).

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.

There were no changes to Saputo's internal control over financial reporting that occurred during the period beginning on July 1, 2023, and ended on September 30, 2023, that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

NON-GAAP MEASURES

We report our financial results in accordance with GAAP and generally assess our financial performance using financial measures that are prepared using GAAP. However, this MD&A also refers to certain non-GAAP and other financial measures which do not have a standardized meaning under GAAP, and are described in this section.

We use non-GAAP measures and ratios to provide investors with supplemental metrics to assess and measure our operating performance and financial position from one period to the next. We believe that those measures are important supplemental metrics because they eliminate items that are less indicative of our core business performance and could potentially distort the analysis of trends in our operating performance and financial position. We also use non-GAAP measures to facilitate operating and financial performance comparisons from period to period, to prepare annual budgets and forecasts, and to determine components of management compensation. We believe these non-GAAP measures, in addition to the financial measures prepared in accordance with IFRS, enable investors to evaluate the Company's operating results, underlying performance, and future prospects in a manner similar to management. These metrics are presented as a complement to enhance the understanding of operating results but not in substitution of GAAP results.

These non-GAAP measures have no standardized meaning under GAAP and are unlikely to be comparable to similar measures presented by other issuers. Our method of calculating these measures may differ from the methods used by others, and, accordingly, our definition of these non-GAAP financial measures may not be comparable to similar measures presented by other issuers. In addition, non-GAAP financial measures should not be viewed as a substitute for the related financial information prepared in accordance with GAAP. This section provides a description of the components of each non-GAAP measure used in this MD&A and the classification thereof.

NON-GAAP FINANCIAL MEASURES AND RATIOS

A non-GAAP financial measure is a financial measure that depicts the Company's financial performance, financial position, or cash flow and either excludes an amount that is included in or includes an amount that is excluded from the composition of the most directly comparable financial measures disclosed in the Company's financial statements. A non-GAAP ratio is a financial measure disclosed in the form of a ratio, fraction, percentage, or similar representation and that has a non-GAAP financial measure as one or more of its components.

Below are descriptions of the non-GAAP financial measures and ratios that we use as well as reconciliations to the most comparable GAAP financial measures, as applicable.

Adjusted net earnings and adjusted net earnings margin

We believe that adjusted net earnings and adjusted net earnings margin provide useful information to investors because this financial measure and this ratio provide precision with regards to our ongoing operations by eliminating the impact of non-operational or non-cash items. We believe that in the context of highly acquisitive companies, adjusted net earnings provide a more effective measure to assess performance against the Company's peer group, including due to the application of various accounting policies in relation to the amortization of acquired intangible assets.

We also believe adjusted net earnings and adjusted net earnings margin are useful to investors because they help identify underlying trends in our business that could otherwise be masked by certain write-offs, charges, income, or recoveries that can vary from period to period, as well as by the effect of tax law changes and rate enactments. We believe that securities analysts, investors, and other interested parties also use adjusted net earnings to evaluate the performance of issuers. Excluding these items does not imply they are non-recurring. These measures do not have any standardized meanings under GAAP and are therefore unlikely to be comparable to similar measures presented by other companies.

The following table provides a reconciliation of net earnings to adjusted net earnings.

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2023	2022	**2023**	2022
Net earnings	**156**	145	**297**	284
Acquisition and restructuring costs[1]	**—**	16	**—**	22
Amortization of intangible assets related to business acquisitions[1]	**16**	16	**31**	32
Loss (gain) on hyperinflation[1,2]	**9**	(26)	**7**	(44)
Adjusted net earnings	**181**	151	**335**	**294**
Revenues	**4,323**	4,461	**8,530**	8,788
Adjusted net earnings margin (expressed as a percentage of revenues)	***4.2 %***	*3.4 %*	***3.9 %***	*3.3 %*

1 Net of applicable income taxes.
2 Starting in the first quarter of fiscal 2024:
- the loss (gain) on hyperinflation is presented on a separate line on the consolidated income statements (Refer to Note 15 of the condensed interim consolidated financial statements for further information); and
- adjusted net earnings exclude the loss (gain) on hyperinflation to provide investors with more useful information with regards to our ongoing operations.

Comparative periods included in this MD&A were aligned to meet the current presentation.

Adjusted EPS basic and adjusted EPS diluted

Adjusted EPS basic (adjusted net earnings per basic common share) and adjusted EPS diluted (adjusted net earnings per diluted common share) are non-GAAP ratios and do not have any standardized meaning under GAAP. Therefore, these measures are unlikely to be comparable to similar measures presented by other issuers. We define adjusted EPS basic and adjusted EPS diluted as adjusted net earnings divided by the basic and diluted weighted average number of common shares outstanding for the period. Adjusted net earnings is a non-GAAP financial measure. For more details on adjusted net earnings, refer to the discussion above in the adjusted net earnings and adjusted net earnings margin section.

We use adjusted EPS basic and adjusted EPS diluted, and we believe that certain securities analysts, investors, and other interested parties use these measures, among other ones, to assess the performance of our business without the effect of the acquisition and restructuring costs, amortization of intangible assets related to business acquisitions, gain on disposal of assets, impairment of intangible assets, loss (gain) on hyperinflation, and UK tax rate change. We exclude these items because they affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. Adjusted EPS is also a component in the determination of long-term incentive compensation for management.

Net debt to adjusted EBITDA

Net debt to adjusted EBITDA is defined as net debt divided by adjusted EBITDA and is the primary measure used by the Company to monitor its financial leverage. For more details on net debt, refer to the "Glossary" section of this MD&A and Note 7 to the condensed interim consolidated financial statements. For more details on adjusted EBITDA, refer to the discussion below in the adjusted EBITDA and adjusted EBITDA margin section.

TOTAL OF SEGMENTS MEASURES

A total of segments measure is a financial measure that is a subtotal or total of two or more reportable segments and is disclosed within the notes to Saputo's condensed interim consolidated financial statements, but not in its primary financial statements. Consolidated adjusted EBITDA is a total of segments measure.

Consolidated adjusted EBITDA is the total of the adjusted EBITDA of our four geographic sectors. We report our business under four sectors: Canada, USA, International, and Europe. 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). We sell our products in three different market segments: retail, foodservice, and industrial.

Adjusted EBITDA and adjusted EBITDA margin

We believe that adjusted EBITDA and adjusted EBITDA margin provide investors with useful information because they are common industry measures. Adjusted EBITDA margin consists of adjusted EBITDA expressed as a percentage of revenues. These measures are also key metrics of the Company's operational and financial performance without the variation caused by the impacts of the elements itemized below and provide an indication of the Company's ability to seize growth opportunities in a cost-effective manner, finance its ongoing operations, and service its long-term debt. Adjusted EBITDA is the key measure of profit used by management for the purpose of assessing the performance of each sector and of the Company as a whole, and to make decisions about the allocation of resources. We believe that securities analysts, investors, and other interested parties also use adjusted EBITDA to evaluate the performance of issuers. Adjusted EBITDA is also a component in the determination of short-term incentive compensation for management.

The following table provides a reconciliation of net earnings to adjusted EBITDA on a consolidated basis.

	For the three-month periods ended September 30		**For the six-month periods ended September 30**	
	2023	2022	**2023**	2022
Net earnings	**156**	145	**297**	284
Income taxes	**44**	43	**81**	87
Financial charges[1]	**44**	39	**84**	69
Loss (gain) on hyperinflation[1]	**9**	(26)	**7**	(44)
Acquisition and restructuring costs	**—**	22	**—**	29
Depreciation and amortization	**145**	146	**291**	291
Adjusted EBITDA	**398**	369	**760**	716
Revenues	**4,323**	4,461	**8,530**	8,788
Adjusted EBITDA margin	***9.2 %***	*8.3 %*	***8.9 %***	*8.1 %*

1 Starting in the first quarter of fiscal 2024, the loss (gain) on hyperinflation is presented on a separate line on the consolidated income statements (Refer to Note 15 of the condensed interim consolidated financial statements for further information).
Comparative periods included in this MD&A were aligned to meet the current presentation.

GLOSSARY

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

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 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 dairy food products.

Net Debt means long-term debt, bank loans, and lease liabilities, including the current portion thereof, net of cash and cash equivalents. Refer to Note 7 to the condensed interim consolidated financial statements for further information.

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 month adjusted EBITDA is calculated by adding the actual adjusted EBITDA results for the six-month period ended September 30, 2023, to the actual adjusted EBITDA results for the year ended March 31, 2023, and subtracting the actual adjusted EBITDA results for the six-month period ended September 30, 2022.

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 Spread, 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 means current assets minus current liabilities.

Working capital ratio means current assets divided by 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	
	2023	2022[1]	**2023**	2022[1]
Revenues (Note 14)	**$ 4,323**	$ 4,461	**$ 8,530**	$ 8,788
Operating costs excluding depreciation, amortization, and restructuring costs (Note 4)	**3,925**	4,092	**7,770**	8,072
Earnings before income taxes, financial charges, loss (gain) on hyperinflation, acquisition and restructuring costs, and depreciation and amortization	**398**	369	**760**	716
Depreciation and amortization	**145**	146	**291**	291
Acquisition and restructuring costs (Note 9)	**—**	22	**—**	29
Loss (gain) on hyperinflation	**9**	(26)	**7**	(44)
Financial charges (Note 10)	**44**	39	**84**	69
Earnings before income taxes	**200**	188	**378**	371
Income taxes	**44**	43	**81**	87
Net earnings	**$ 156**	$ 145	**$ 297**	$ 284
Net earnings per share (Note 12)				
Basic	**$ 0.37**	$ 0.35	**$ 0.70**	$ 0.68
Diluted	**$ 0.37**	$ 0.35	**$ 0.70**	$ 0.68

1 Comparative figures were reclassified to conform with the current year's presentation. Refer to Note 15 for more information.

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	
	2023	2022	**2023**	2022
Net earnings	**$ 156**	$ 145	**$ 297**	$ 284
Other comprehensive income (loss):				
Items that may be reclassified to net earnings:				
Effects of, exchange differences arising from foreign currency translation and, application of hyperinflation	**42**	299	**(109)**	275
Unrealized losses on cash flow hedges (Note 13)	**(3)**	(25)	**(8)**	(68)
Reclassification of (gains) losses on cash flow hedges to net earnings	**(1)**	4	**3**	3
Income taxes relating to items that may be reclassified to net earnings	**1**	7	**2**	19
	39	285	**(112)**	229
Items that will not be reclassified to net earnings:				
Actuarial (loss) gain	**(30)**	(40)	**(59)**	(4)
Income taxes relating to items that will not be reclassified to net earnings	**8**	10	**15**	1
	(22)	(30)	**(44)**	(3)
Other comprehensive income (loss)	**17**	255	**(156)**	226
Total comprehensive income	**$ 173**	$ 400	**$ 141**	$ 510

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, 2023	Share capital		Reserves					
	Common Shares	Amount	Foreign Currency Translation and Hyperinflation	Cash Flow Hedges	Stock Option Plan	Total Reserves	Retained Earnings	Total Equity
Balance, beginning of year	**421,604,856**	**$ 2,102**	**$ 347**	**$ 9**	**$ 176**	**$ 532**	**$ 4,506**	**$ 7,140**
Net earnings	—	—	—	—	—	—	**297**	**297**
Other comprehensive income (loss)	—	—	**(109)**	**(3)**	—	**(112)**	**(44)**	**(156)**
Total comprehensive income								**141**
Dividends (Note 8)	—	—	—	—	—	—	**(154)**	**(154)**
Shares issued under dividend reinvestment plan (Note 8)	**1,585,806**	**46**	—	—	—	—	—	**46**
Stock options	—	—	—	—	**7**	**7**	—	**7**
Exercise of stock options (Note 8)	**187,341**	**6**	—	—	**(2)**	**(2)**	—	**4**
Balance, end of period	**423,378,003**	**$ 2,154**	**$ 238**	**$ 6**	**$ 181**	**$ 425**	**$ 4,605**	**$ 7,184**

For the six-month period ended September 30, 2022	Share capital		Reserves					
	Common Shares	Amount	Foreign Currency Translation and Hyperinflation	Cash Flow Hedges	Stock Option Plan	Total Reserves	Retained Earnings	Total Equity
Balance, beginning of year	416,738,041	$ 1,945	$ 66	$ 21	$ 172	$ 259	$ 4,301	$ 6,505
Net earnings	—	—	—	—	—	—	284	284
Other comprehensive income (loss)	—	—	275	(46)	—	229	(3)	226
Total comprehensive income								510
Dividends (Note 8)	—	—	—	—	—	—	(150)	(150)
Shares issued under dividend reinvestment plan (Note 8)	1,643,172	50	—	—	—	—	—	50
Stock options	—	—	—	—	7	7	—	7
Exercise of stock options (Note 8)	554,799	17	—	—	(3)	(3)	—	14
Balance, end of period	**418,936,012**	**$ 2,012**	**$ 341**	**$ (25)**	**$ 176**	**$ 492**	**$ 4,432**	**$ 6,936**

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, 2023	March 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	**$ 339**	$ 263
Receivables	**1,363**	1,621
Inventories	**2,988**	2,872
Income taxes receivable	**27**	16
Prepaid expenses and other assets	**85**	79
	4,802	4,851
Property, plant and equipment	**4,386**	4,286
Right-of-use assets	**446**	446
Goodwill	**3,333**	3,338
Intangible assets	**1,213**	1,283
Other assets	**95**	158
Deferred tax assets	**70**	63
Total assets	**$ 14,345**	$ 14,425
LIABILITIES		
Current liabilities		
Bank loans (Note 5)	**$ 442**	$ 356
Accounts payable and accrued liabilities	**2,052**	2,149
Income taxes payable	**29**	99
Current portion of long-term debt (Note 6)	**321**	307
Current portion of lease liabilities	**87**	91
	2,931	3,002
Long-term debt (Note 6)	**2,883**	2,944
Lease liabilities	**349**	342
Other liabilities	**136**	137
Deferred tax liabilities	**862**	860
Total liabilities	**$ 7,161**	$ 7,285
EQUITY		
Share capital (Note 8)	**2,154**	2,102
Reserves	**425**	532
Retained earnings	**4,605**	4,506
Total equity	**$ 7,184**	$ 7,140
Total liabilities and equity	**$ 14,345**	$ 14,425

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	
	2023	2022	**2023**	2022
Cash flows related to the following activities:				
Operating				
Net earnings	**$ 156**	$ 145	**$ 297**	$ 284
Adjustments for:				
Stock-based compensation	**17**	14	**36**	30
Financial charges (Note 10)	**44**	39	**84**	69
Income tax expense	**44**	43	**81**	87
Depreciation and amortization	**145**	146	**291**	291
Restructuring charges related to optimization initiatives	**—**	22	**—**	29
Gain on disposal of property, plant and equipment	**—**	(1)	**—**	(1)
Foreign exchange loss (gain) on debt	**3**	(2)	**1**	(30)
Loss (gain) on hyperinflation	**9**	(26)	**7**	(44)
Share of joint venture earnings, net of dividends received and other	**(2)**	(1)	**(3)**	(3)
Changes in non-cash operating working capital items (Note 11)	**(164)**	22	**(134)**	(141)
Cash generated from operating activities	**252**	401	**660**	571
Interest and financial charges paid	**(32)**	(27)	**(86)**	(67)
Income taxes paid	**(51)**	(31)	**(142)**	(34)
Net cash generated from operating activities	**$ 169**	$ 343	**$ 432**	$ 470
Investing				
Additions to property, plant and equipment	**(146)**	(106)	**(302)**	(177)
Additions to intangible assets	**(3)**	(6)	**(7)**	(10)
Proceeds from disposal of property, plant and equipment	**—**	1	**—**	6
Net cash used for investing activities	**$ (149)**	$ (111)	**$ (309)**	$ (181)
Financing				
Bank loans	**33**	(111)	**101**	252
Proceeds from issuance of long-term debt	**—**	—	**—**	13
Repayment of long-term debt	**(11)**	(53)	**(38)**	(381)
Repayment of lease liabilities	**(15)**	(19)	**(32)**	(32)
Net proceeds from issuance of share capital	**2**	10	**6**	14
Payment of dividends	**(58)**	(49)	**(108)**	(100)
Net cash used for financing activities	**$ (49)**	$ (222)	**$ (71)**	$ (234)
Increase (decrease) in cash and cash equivalents	**(29)**	10	**52**	55
Cash and cash equivalents, beginning of period	**376**	230	**263**	165
Effect of Argentina hyperinflation	**(12)**	26	**23**	47
Effect of exchange rate changes	**4**	4	**1**	3
Cash and cash equivalents, end of period	**$ 339**	$ 270	**$ 339**	$ 270

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six-month periods ended September 30, 2023, and 2022.

(All dollar amounts are in millions of CDN dollars, except per share amounts or unless otherwise indicated.)
(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. In addition to its dairy portfolio, the Company produces, markets, and distributes a range of dairy alternative cheeses and beverages. The address of the Company's head office is 6869 Metropolitain Blvd. East, Montréal, Québec, Canada, H1P 1X8. The condensed interim consolidated financial statements of the Company for the three and six-month periods ended September 30, 2023 (financial statements) comprise the financial results of the Company and its subsidiaries.

The financial statements were authorized for issuance by the Board of Directors on November 9, 2023.

NOTE 2 BASIS OF PRESENTATION

The financial statements 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 financial statement in compliance with International Financial Reporting Standards (IFRS) have been omitted or condensed and, therefore, these financial statements should be read in conjunction with the Company's audited annual consolidated financial statements as at March 31, 2023, and 2022, and for the years then ended.

NOTE 3 MATERIAL 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, 2023.

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

The following amendment to existing standards was adopted by the Company on or after April 1, 2023:

IAS 12, International Tax Reform - Pillar Two Model Rules
In May 2023, the IASB issued amendments to IAS 12 to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to Pillar Two income taxes. As required, the Company has applied this temporary exception immediately upon issuance. The adoption of this amendment did not impact the Company's financial statements.

NOTE 4 OPERATING COSTS EXCLUDING DEPRECIATION, AMORTIZATION, AND RESTRUCTURING COSTS

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2023	2022	**2023**	2022
Changes in inventories of finished goods and work in process	**$ (107)**	$ (19)	**$ (124)**	$ (48)
Raw materials and consumables used	**3,040**	3,143	**5,944**	6,235
Foreign exchange loss (gain)	**4**	2	**5**	—
Employee benefits expense	**563**	526	**1,108**	1,033
Selling costs	**179**	206	**357**	399
General and administrative costs	**246**	234	**480**	453
	$ 3,925	$ 4,092	**$ 7,770**	$ 8,072

NOTE 5 BANK LOANS

		Available for use			Amount drawn as at	
Credit Facilities	Maturity	Canadian Currency Equivalent	Base Currency (in millions)		**September 30, 2023**	March 31, 2023
North America-USA	June 2027[1]	$ 407	300	USD	**$ —**	$ —
North America-Canada	June 2027[1]	$ 950	700	USD	**—**	—
Australia	Yearly[2]	$ 240	275	AUD	**206**	153
Australia	Yearly[2]	$ 136	100	USD	**—**	—
Japan	Yearly[3]	$ 74	8,000	JPY	**46**	58
United Kingdom	Yearly[4]	$ 207	125	GBP	**152**	120
Argentina	Yearly[5]	$ 335	247	USD	**38**	25
		$ 2,349			**$ 442**	$ 356

1 Main revolving credit facility. Bears monthly interest at rates ranging from lender's prime rates plus a maximum of 1.00% or SOFR or SONIA or BBSY or banker's acceptance rate plus a minimum of 0.80% and a maximum of 2.00% depending on the Company credit ratings, plus an adjustment to the applicable margins based on the Company's achievement of its sustainability targets. These credit facilities are subject to interest rate benchmark reform (see Note 19 in the annual consolidated financial statements for the year ended March 31, 2023).
2 Bears monthly interest at SOFR or Australian Bank Bill Rate plus up to 1.60% and can be drawn in AUD or USD.
3 Bears monthly interest at TIBOR plus 0.70%.
4 Bears monthly interest at rates ranging from base rate plus 0.80% or SONIA plus 0.80%.
5 Bears monthly interest at local rate and can be drawn in USD or ARS.

As at September 30, 2023, receivables totalling $268 million ($99 million as at March 31, 2023), were sold under receivables purchase agreements. These receivables were derecognized upon sale as substantially all risks and rewards were passed to the purchaser under the terms of the agreements.

NOTE 6 LONG-TERM DEBT

	September 30, 2023	March 31, 2023
Unsecured bank term loan facilities		
Obtained April 2018 and due in June 2025[1,5]	**$ 260**	$ 272
Obtained April 2019 and due in June 2025[2,5]	**189**	225
Senior unsecured notes[3,4]		
2.83%, issued in November 2016 and due in November 2023 (Series 3)	**300**	300
3.60%, issued in August 2018 and due in August 2025 (Series 5)	**350**	350
2.88%, issued in November 2019 and due in November 2024 (Series 6)	**400**	400
2.24%, issued in June 2020 and due in June 2027 (Series 7)	**700**	700
1.42%, issued in November 2020 and due in June 2026 (Series 8)	**350**	350
2.30%, issued in June 2021 and due in June 2028 (Series 9)	**300**	300
5.25%, issued in November 2022 and due in November 2029 (Series 10)	**300**	300
Other	**55**	54
	$ 3,204	$ 3,251
Current portion	**(321)**	(307)
	$ 2,883	$ 2,944
Principal repayments are as follows:		
Less than 1 year	**$ 321**	$ 307
1-2 years	**1,199**	413
2-3 years	**350**	847
3-4 years	**700**	350
4-5 years	**334**	734
More than 5 years	**300**	600
	$ 3,204	$ 3,251

1 Bear monthly interest at rates ranging from lender's prime rate plus a maximum of 1.00%, or banker's acceptance rates or Australian Bank Bill Rate plus a minimum of 0.80% and 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. As at September 30, 2023, AU$298 million was drawn.

2 Bears monthly interest at lender's prime rates plus a maximum of 1.00% or SOFR or banker's acceptance rates 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. On October 6, 2022, the remaining tranche of the facility was converted to a Canadian dollar denominated facility and can be drawn in CAD or USD. As at September 30, 2023, US$140 million was drawn.

3 Issued under the Company's medium term note program. Interest payments are semi-annual.

4 On December 22, 2022, the Company filed an unallocated short form base shelf prospectus providing the flexibility to make offerings of various securities during the 25-month period that the base shelf prospectus is effective, and renewed its medium term notes (MTN) program by filing a supplement to the short form base shelf prospectus.

5 These bank term loan facilities are subject to interest rate benchmark reform (see Note 19 in the annual consolidated financial statements for the year ended March 31, 2023).

NOTE 7 NET DEBT

The Company's capital is composed of net debt and equity. Net debt consists of long-term debt, bank loans, and lease liabilities, net of cash and cash equivalents. The net debt amounts as at September 30, 2023, and March 31, 2023, are as follows:

		September 30, 2023		March 31, 2023
Long-term debt, including current portion	$	3,204	$	3,251
Bank loans		442		356
Lease liabilities, including current portion		436		433
Less: Cash and cash equivalents		(339)		(263)
Net debt	$	3,743	$	3,777

The primary measure used by the Company to monitor its financial leverage is its ratio of net debt to trailing twelve months net earnings before income taxes, financial charges, loss (gain) on hyperinflation, acquisition and restructuring costs, and depreciation and amortization. The ratio at September 30, 2023 was 2.34 (2.43 at March 31, 2023).

NOTE 8 SHARE CAPITAL

AUTHORIZED

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

STOCK OPTION PLAN

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

	September 30, 2023			September 30, 2022		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Balance, beginning of year	19,988,303	$	38.02	22,021,670	$	38.45
Granted	2,231,026	$	34.90	2,600,057	$	29.59
Exercised	(187,341)	$	29.77	(554,799)	$	25.79
Cancelled	(848,282)	$	39.59	(1,992,148)	$	39.92
Balance, end of period	21,183,706	$	37.70	22,074,780	$	37.58

The weighted average exercise price of $34.90 of the stock options granted in fiscal 2024 corresponds to the weighted average market price for the five trading days immediately preceding the date of the grant ($29.59 in fiscal 2023).

The weighted average fair value of stock options granted in fiscal 2024 was estimated at $7.83 per option ($5.57 in fiscal 2023), using the Black-Scholes option pricing model with the following assumptions:

	Fiscal 2024 grant	Fiscal 2023 grant
Weighted average:		
Risk-free interest rate	3.10 %	2.39 %
Life of options	6.6 years	6.5 years
Volatility[1]	22.89 %	22.06 %
Dividend rate	2.06 %	2.42 %

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

NOTE 8 SHARE CAPITAL (CONT'D)

DIVIDENDS AND DIVIDEND REINVESTMENT PLAN

Dividends paid in cash and through the Company's dividend reinvestment plan (DRIP) during the six-month periods ended September 30, 2023 and 2022 were as follows:

		For the six-month periods ended September 30		
		2023		2022
Cash	**$**	**108**	$	100
DRIP		**46**		50
Total	**$**	**154**	$	150

NOTE 9 ACQUISITION AND RESTRUCTURING COSTS

During the six-month period ended September 30, 2022, the Company incurred restructuring costs totalling $29 million ($22 million after tax) for initiatives undertaken in the Europe Sector and the USA Sector in the context of its Global Strategic Plan. These costs include non-cash fixed assets write-down of $20 million, employee-related costs of $7 million, accelerated depreciation, and other site closure costs.

NOTE 10 FINANCIAL CHARGES

		For the three-month periods ended September 30				For the six-month periods ended September 30		
		2023		2022		**2023**		2022
Interest on long-term debt	**$**	**26**	$	20	**$**	**51**		39
Other finance costs, net		**14**		16		**26**		25
Interest on lease liabilities		**4**		4		**8**		7
Net interest revenue from defined benefit obligation		**—**		(1)		**(1)**		(2)
	$	**44**	$	39	**$**	**84**	$	69

NOTE 11 CHANGE IN NON-CASH OPERATING WORKING CAPITAL ITEMS

		For the three-month periods ended September 30				For the six-month periods ended September 30		
		2023		2022		**2023**		2022
Inventories	**$**	**(134)**	$	(78)	**$**	**(223)**	$	(126)
Receivables		**(130)**		(119)		**156**		(157)
Prepaid expenses and other assets		**7**		(11)		**(6)**		(2)
Accounts payable, accrued liabilities and other		**97**		214		**(59)**		140
Current income taxes		**(4)**		16		**(2)**		4
Changes in non-cash operating working capital	**$**	**(164)**	$	22	**$**	**(134)**	$	(141)

NOTE 12 NET EARNINGS PER SHARE

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2023	2022	**2023**	2022
Net earnings	**$ 156**	$ 145	**$ 297**	$ 284
Weighted average number of common shares outstanding	**422,770,982**	418,107,908	**422,257,208**	417,507,382
Dilutive stock options	**292,744**	933,338	**395,618**	455,409
Weighted average diluted number of common shares outstanding	**423,063,726**	419,041,246	**422,652,826**	417,962,791
Basic net earnings per share	**$ 0.37**	$ 0.35	**$ 0.70**	$ 0.68
Diluted net earnings per share	**$ 0.37**	$ 0.35	**$ 0.70**	$ 0.68

When calculating diluted net earnings per share for the three and six-month periods ended September 30, 2023, 20,235,607 and 17,867,345 options were excluded from the calculation because their exercise price is higher than the average market value of shares during the same period (17,592,220 and 20,049,030 options were excluded for the three and six-month periods ended September 30, 2022).

NOTE 13 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, 2023, and March 31, 2023. 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, 2023		March 31, 2023	
	Fair value	**Carrying value**	Fair value	Carrying value
Cash flow hedges				
Equity forward contracts (Level 2)	$ —	$ —	$ (1)	$ (1)
Commodity derivatives (Level 2)	6	6	(1)	(1)
Foreign exchange derivatives (Level 2)	(8)	(8)	3	3
Derivatives not designated in a formal hedging relationship				
Equity forward contracts (Level 2)	(7)	(7)	(5)	(5)
Commodity derivatives (Level 2)	2	2	(1)	(1)
Foreign exchange derivatives (Level 2)	—	—	(1)	(1)
Long-term debt (Level 2)	2,995	3,204	3,081	3,251

NOTE 14 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). The International Sector comprises 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.

NOTE 14 SEGMENTED INFORMATION (CONT'D)

The President and Chief Executive Officer, the Chief Financial Officer, the President and Chief Operating Officer (North America), and the President and Chief Operating Officer (International and Europe) are, collectively, the chief operating decision maker of the Company and regularly review operations and performance by sector. They review adjusted EBITDA as the key measure of profit for the purpose of assessing performance of each sector and to make decisions about the allocation of resources. Adjusted EBITDA is defined as net earnings before income taxes, financial charges, loss (gain) on hyperinflation, acquisition and restructuring costs, and depreciation and amortization.

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

INFORMATION ON REPORTABLE SECTORS

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2023	2022	**2023**	2022
Revenues				
Canada	**$ 1,248**	$ 1,185	**$ 2,459**	$ 2,327
USA	**1,950**	2,062	**3,826**	4,105
International[1]	**879**	989	**1,747**	1,905
Europe	**246**	225	**498**	451
	$ 4,323	$ 4,461	**$ 8,530**	$ 8,788
Operating costs excluding depreciation, amortization, and restructuring costs				
Canada	**$ 1,100**	$ 1,049	**$ 2,167**	$ 2,059
USA	**1,803**	1,960	**3,576**	3,906
International	**796**	892	**1,587**	1,726
Europe	**226**	191	**440**	381
	$ 3,925	$ 4,092	**$ 7,770**	$ 8,072
Adjusted EBITDA				
Canada	**$ 148**	$ 136	**$ 292**	$ 268
USA	**147**	102	**250**	199
International	**83**	97	**160**	179
Europe	**20**	34	**58**	70
	$ 398	$ 369	**$ 760**	$ 716
Depreciation and amortization				
Canada	**$ 27**	$ 28	**$ 53**	$ 55
USA	**60**	56	**120**	112
International	**31**	38	**64**	74
Europe	**27**	24	**54**	50
	$ 145	$ 146	**$ 291**	$ 291
Acquisition and restructuring costs	**—**	22	**—**	29
Loss (gain) on hyperinflation	**9**	(26)	**7**	(44)
Financial charges	**44**	39	**84**	69
Earnings before income taxes	**200**	188	**378**	371
Income taxes	**44**	43	**81**	87
Net earnings	**$ 156**	$ 145	**$ 297**	$ 284

1 Australia accounted for $610 million and $1,233 million of the International Sector's revenues while Argentina accounted for $269 million and $514 million for the three and six-month periods ended September 30, 2023 respectively. Australia accounted for $652 million and $1,324 million of the International Sector's revenues, while Argentina accounted for $337 million and $581 million for the three and six-month periods ended September 30, 2022, respectively.

NOTE 14 SEGMENTED INFORMATION (CONT'D)

MARKET SEGMENT INFORMATION

The Company sells its products in three different market segments: retail, foodservice, and industrial.

For the three-month periods ended September 30	Total		Canada		USA		International		Europe	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Revenues										
Retail	**$ 2,181**	$ 2,148	**$ 702**	$ 657	**$ 889**	$ 929	**$ 394**	$ 394	**$ 196**	$ 168
Foodservice	**1,458**	1,490	**463**	441	**882**	939	**104**	104	**9**	6
Industrial	**684**	823	**83**	87	**179**	194	**381**	491	**41**	51
	$ 4,323	$ 4,461	**$ 1,248**	$ 1,185	**$ 1,950**	$ 2,062	**$ 879**	$ 989	**$ 246**	$ 225

For the six-month periods ended September 30	Total		Canada		USA		International		Europe	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Revenues										
Retail	**$ 4,281**	$ 4,141	**$ 1,367**	$ 1,288	**$ 1,726**	$ 1,765	**$ 791**	$ 755	**$ 397**	$ 333
Foodservice	**2,896**	2,952	**922**	860	**1,756**	1,893	**202**	185	**16**	14
Industrial	**1,353**	1,695	**170**	179	**344**	447	**754**	965	**85**	104
	$ 8,530	$ 8,788	**$ 2,459**	$ 2,327	**$ 3,826**	$ 4,105	**$ 1,747**	$ 1,905	**$ 498**	$ 451

NOTE 15 COMPARATIVE FIGURES

Comparative figures were reclassified to conform with the current year’s presentation. The loss (gain) on hyperinflation is presented as a separate line on the consolidated income statements. Previously, this amount was included in financial charges and was disclosed in the notes to the financial statements. Loss (gain) on hyperinflation is relative to the application of hyperinflation accounting for the Dairy Division (Argentina).