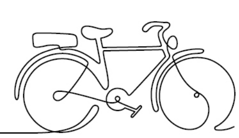
Saputo | PASSION & CRAFTMANSHIP since 1954

FISCAL 2025

FIRST QUARTER

Management's discussion & analysis
Consolidated financial statements



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-month period ended June 30, 2024. It should be read while referring to the condensed interim consolidated financial statements of the Company and accompanying notes for the three-month periods ended June 30, 2024, and 2023, 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 June 30, 2024, unless otherwise specified. In preparing this report, we have taken into account material elements between June 30, 2024, and August 8, 2024, 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, 2024, 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.

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 6, 2024, 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; 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 Market Factors[2], ingredient markets, commodity prices, foreign exchange; 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.

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

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 August 8, 2024, 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	2025	2024				2023		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	**4,606**	4,545	4,267	4,323	4,207	4,468	4,587	4,461
Adjusted EBITDA[1]	**383**	379	370	398	362	392	445	369
Adjusted EBITDA margin[1]	**8.3 %**	8.3 %	8.7 %	9.2 %	8.6 %	8.8 %	9.7 %	8.3 %
Net earnings (loss)	**142**	92	(124)	156	141	159	179	145
Acquisition and restructuring costs[2]	**—**	15	4	—	—	21	27	16
Goodwill impairment charge	**—**	—	265	—	—	—	—	—
Loss (gain) on hyperinflation	**10**	34	3	9	(2)	—	—	(26)
Amortization of intangible assets related to business acquisitions[2]	**15**	15	15	16	15	16	15	16
Adjusted net earnings[1]	**167**	156	163	181	154	196	221	151
Adjusted net earnings margin[1]	**3.6 %**	3.4 %	3.8 %	4.2 %	3.7 %	4.4 %	4.8 %	3.4 %
Earnings (loss) per share (basic and diluted)	**0.33**	0.22	(0.29)	0.37	0.33	0.38	0.43	0.35
Adjusted EPS basic[1]	**0.39**	0.37	0.38	0.43	0.37	0.47	0.53	0.36
Adjusted EPS diluted[1]	**0.39**	0.37	0.38	0.43	0.36	0.46	0.53	0.36

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

(in millions of CDN dollars)

Fiscal years	2025	2024				2023		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
USA Market Factors[3,4]	**15**	(61)	(27)	32	(14)	29	(6)	(27)
Inventory write-down	**—**	—	(14)	(7)	(10)	—	—	—
Foreign currency exchange[4,5]	**(5)**	(6)	(33)	(3)	4	(12)	(7)	(12)

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.
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. Amounts presented also include the effects of inflation indexation and hyperinflation accounting for the Dairy Division (Argentina).

HIGHLIGHTS

Financial performance in the first quarter of fiscal 2025 reflected the positive contribution from meaningful improvements in operational controllables in our USA Sector.

First quarter of fiscal 2025

REVENUES	NET EARNINGS	EPS (BASIC AND DILUTED)	ADJUSTED EBITDA[1]	ADJUSTED NET EARNINGS[1]	ADJUSTED EPS[1] (BASIC AND DILUTED)
$4.606B	$142M	$0.33	$383M	$167M	$0.39
Up $399M or 9.5%	Up from $141M	Stable	Up $21M or 5.8%	Up from $154M	Up from $0.37 and $0.36, respectively

- Results reflected the following:
    - A continued solid performance in our Canada Sector;
    - Expected benefits derived from meaningful operational improvements in our USA Sector; and
    - Higher sales volumes in all our sectors.
- Dairy commodity market conditions had a mixed impact on Saputo's results:
    - USA Market Factors[2] were favourable compared to the same quarter last fiscal year; and
    - The unfavourable disconnect in the relation between international cheese and dairy ingredient market prices and the cost of milk impacted our International Sector.
- Solid cash generation from operating activities of $191 million.
- The Board of Directors reviewed the dividend policy and increased the quarterly dividend from $0.185 per share to $0.19 per share, representing a 2.7% increase. The quarterly dividend will be payable on September 20, 2024, to shareholders of record on September 10, 2024.

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

CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED JUNE 30, 2024

Revenues

Revenues totalled $4.606 billion, up $399 million or 9.5%, as compared to $4.207 billion for the same quarter last fiscal year.

Revenues increased due to higher sales volumes in all our sectors.

The combined effect of the higher average block market price[2] and of the higher average butter market price[2] in our USA Sector had a positive impact of $34 million. Lower international cheese and dairy ingredient market prices had a negative impact mostly in our International Sector. In addition, the effects of currency fluctuations on export sales denominated in US dollars were less favourable than in the comparative quarter.

The conversion of foreign currencies to the Canadian dollar had a favourable impact of approximately $59 million. This includes the effects of inflation indexation and of the application of hyperinflation accounting to the results of the Dairy Division (Argentina).

Operating costs excluding depreciation, amortization, and restructuring costs

Operating costs excluding depreciation, amortization, and restructuring costs totalled $4.223 billion, up $378 million or 9.8%, as compared to $3.845 billion for the same quarter last fiscal year.

The increase was in line with higher sales volumes and higher commodity market prices and their impacts on the cost of raw materials and consumables used, hyperinflation in Argentina, and higher labour costs, which include the effect of wage increases. We incurred duplicate operational costs to implement previously announced network optimization initiatives. Operating costs also included the favourable impacts from our cost containment measures and from operational efficiencies.

Net earnings

Net earnings totalled $142 million, up $1 million or 0.7%, as compared to $141 million for the same quarter last fiscal year. The increase was due to the factors which have led to a higher adjusted EBITDA[1], as described below, a loss on hyperinflation, and higher income tax expense.

Adjusted EBITDA[1]

Adjusted EBITDA[1] totalled $383 million, up $21 million or 5.8%, as compared to $362 million for the same quarter last fiscal year.

Results reflected a continued solid performance in our Canada Sector.

In our USA Sector, results included approximately $26 million in benefits derived from operational improvements including increased capacity utilization and productivity, supply chain initiatives, and cost reductions, in line with our expectations. Duplicate operating costs incurred to implement previously announced network optimization initiatives were approximately $13 million, $7 million higher than in the comparative quarter. USA Market Factors[2] were favourable by $15 million, as compared to the same quarter last fiscal year.

The unfavourable disconnect in the relation between international cheese and dairy ingredient market prices and the cost of milk as raw material had a negative impact on the International Sector's results. Also, the effects of currency fluctuations on export sales denominated in US dollars were less favourable than in the comparative quarter.

In the Europe Sector, despite the positive effect of increased sales volumes, results were impacted as we were exiting the cycling through of remaining excess high-cost inventory.

The conversion of foreign currencies to the Canadian dollar had an unfavourable impact of approximately $5 million. This includes the effects of inflation indexation and of the application of hyperinflation accounting to the results of the Dairy Division (Argentina).

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

Depreciation and amortization

Depreciation and amortization totalled $148 million, up $2 million, as compared to $146 million for the same quarter last fiscal year. This increase was mainly attributable to additional depreciation and amortization related to the commissioning of assets in connection with our capital projects under our Global Strategic Plan. This increase was partially offset by a reduction in the International Sector from the ongoing network optimization initiatives in Australia aimed at the consolidation of eleven facilities into six. Depreciation and amortization also include the impacts of the conversion of foreign currencies, as well as inflation indexation and hyperinflation accounting for the Dairy Division (Argentina).

Loss (gain) on hyperinflation

Loss on hyperinflation totalled $10 million, down $12 million from a gain of $2 million for the same quarter last fiscal year. The change in the loss (gain) on hyperinflation is relative to the application of hyperinflation accounting for the Dairy Division (Argentina), and includes the effects of inflation indexation and currency conversion on its balance sheet amounts.

Financial Charges

Financial charges totalled $38 million, down $2 million, as compared to $40 million for the same quarter last fiscal year due to lower outstanding bank loans. Financial charges also include the impacts of the conversion of foreign currencies, as well as inflation indexation and hyperinflation accounting for the Dairy Division (Argentina).

Income tax expense

Income tax expense totalled $45 million, reflecting an effective tax rate of 24%, as compared to 21% for the same quarter last fiscal year.

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 totalled $167 million, up $13 million or 8.4%, as compared to $154 million for the same quarter last fiscal year. This is mainly due to the factors which have led to an increase in net earnings, as described above, excluding the impact of the loss (gain) on hyperinflation.

[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.

FY25 OUTLOOK

- Inflationary pressures are anticipated to moderate versus the prior fiscal year. However, labour costs may remain elevated in addition to increases in marketing and advertising investments to support new product launches and our brands.

- We expect USA dairy markets to progressively improve throughout the year, supported by a better balance between milk supply and dairy demand, but with continued volatility in the short to medium-term.

- Global demand for dairy products is expected to remain moderate, alongside subdued international dairy market prices due to macroeconomic conditions.

- We expect a gradual ramp-up in contribution from optimization and capacity expansion initiatives, notably in the USA Sector, through the end of FY25 and FY26.

- The Europe Sector is expected to benefit from the cycle through of high-cost inventory, an improved product mix from higher retail sales volume, as well as a lower cost base following cost-out initiatives and site consolidation.

- The International Sector should benefit from lower overall milk prices in Australia, while Argentina will be operating under macroeconomic volatility.

- Cash flow generation should increase, driven by improvements in adjusted EBITDA[1] and a reduction in capital expenditures following the completion of the bulk of our Global Strategic Plan investments.

- Our leverage ratio should progressively come down and is anticipated to be below our target of 2.25 times net debt to adjusted EBITDA[1], as adjusted EBITDA[1] and cash flow generation improve during FY25.

- We expect to see steady improvements in FY25 and remain on course to deliver on our long-term goals. Factors impacting our performance in FY25 will be the economic health of consumers, the moderating rate of input cost inflation, the increasing stability of the supply chain environment, and benefits from our Global Strategic Plan.

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.

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	**2025**	2024			
	Q1	Q4	Q3	Q2	Q1
Revenues	**1,253**	1,192	1,271	1,248	1,211
Adjusted EBITDA	**153**	138	150	148	144
Adjusted EBITDA margin	**12.2 %**	11.6 %	11.8 %	11.9 %	11.9 %

Revenues

Revenues for the **first quarter of fiscal 2025** totalled $1.253 billion, up $42 million or 3.5%, as compared to $1.211 billion for the same quarter last fiscal year.

Revenues increased due to higher sales volumes, a favourable product mix and higher selling prices in connection with the higher cost of milk as raw material.

Adjusted EBITDA

Adjusted EBITDA for the **first quarter of fiscal 2025** totalled $153 million, up $9 million or 6.3%, as compared to $144 million for the same quarter last fiscal year.

Our results reflected the benefits derived from operational efficiencies, including continuous improvement, supply chain optimization, and automation initiatives. Also, our results included the positive impact of lower general and administrative costs resulting from cost saving initiatives.

USA SECTOR

(in millions of CDN dollars)

Fiscal years	2025	2024			
	Q1	Q4	Q3	Q2	Q1
Revenues	**2,085**	1,928	2,056	1,950	1,876
Adjusted EBITDA	**162**	138	133	147	103
Adjusted EBITDA margin	**7.8 %**	7.2 %	6.5 %	7.5 %	5.5 %

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

(in millions of CDN dollars)

Fiscal years	2025	2024			
	Q1	Q4	Q3	Q2	Q1
USA Market Factors[1,2]	**15**	(61)	(27)	32	(14)
Inventory write-down	**—**	—	—	—	(10)
US currency exchange[2]	**2**	—	—	3	5

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	2025	2024			
	Q1	Q4	Q3	Q2	Q1
Block market price[1]					
Opening	**1.418**	1.470	1.720	1.335	1.850
Closing	**1.910**	1.418	1.470	1.720	1.335
Average	**1.793**	1.516	1.620	1.817	1.579
Butter market price[1]					
Opening	**2.843**	2.665	3.300	2.440	2.398
Closing	**3.125**	2.843	2.665	3.300	2.440
Average	**3.029**	2.737	2.898	2.706	2.394
Average whey powder market price[1]	**0.401**	0.436	0.370	0.265	0.358
Spread[1]	**(0.127)**	(0.125)	(0.061)	0.075	(0.061)
US average exchange rate to Canadian dollar[2]	**1.368**	1.349	1.359	1.344	1.343

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

Revenues

Revenues for the **first quarter of fiscal 2025** totalled $2.085 billion, up $209 million or 11.1%, as compared to $1.876 billion for the same quarter last fiscal year.

Increased revenues reflected higher sales volumes in all our market segments.

The combined effect of the higher average block market price[2] and of the higher average butter market price[2] had a positive impact of $34 million. Higher dairy ingredient market prices also had a positive impact.

The conversion of the US dollar to the Canadian dollar had a favourable impact of approximately $35 million.

Adjusted EBITDA

Adjusted EBITDA for the **first quarter of fiscal 2025** totalled $162 million, up $59 million or 57.3%, as compared to $103 million for the same quarter last fiscal year.

Our results included approximately $26 million in benefits derived from operational improvements, including increased capacity utilization and productivity, supply chain initiatives, and cost reductions, in line with our expectations.

USA Market Factors[2] had a positive impact of $15 million, as compared to the same quarter last fiscal year. This was mainly due to the favourable impacts of the realization of inventories from fluctuations of both the average block market price[2] and the average butter market price[2], as well as from higher dairy ingredient market prices. The impact of the negative Spread[2] was unfavourable as compared to the same quarter last fiscal year.

Duplicate operating costs incurred to implement previously announced network optimization initiatives were approximately $13 million, $7 million higher than in the comparative quarter.

In the first quarter of fiscal 2024, our results included an inventory write-down of $10 million due to the decrease in certain market selling prices.

The conversion of the US dollar versus the Canadian dollar had a favourable impact of approximately $2 million.

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

INTERNATIONAL SECTOR

(in millions of CDN dollars)

Fiscal years	2025	2024			
	Q1	Q4	Q3	Q2	Q1
Revenues	**1,004**	1,135	636	879	868
Adjusted EBITDA	**45**	88	85	83	77
Adjusted EBITDA margin	**4.5 %**	7.8 %	13.4 %	9.4 %	8.9 %

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

(in millions of CDN dollars)

Fiscal years	2025	2024			
	Q1	Q4	Q3	Q2	Q1
Inventory write-down	**—**	—	(14)	(7)	—
Foreign currency exchange, Argentina inflation, and hyperinflation accounting[1]	**(8)**	(7)	(36)	(12)	(2)

[1] As compared to same quarter last fiscal year. Amounts presented also include the effects of inflation indexation and hyperinflation accounting for the Dairy Division (Argentina).

Revenues

Revenues for the **first quarter of fiscal 2025** totalled $1.004 billion, up $136 million or 15.7%, as compared to $868 million for the same quarter last fiscal year.

Our domestic and export market sales volumes were both higher as compared to the same quarter last fiscal year.

Revenues were negatively impacted by lower international cheese and dairy ingredient market prices for our products in our export markets. The effects of currency fluctuations on export sales denominated in US dollars were less favourable than in the comparative quarter.

The conversion of the functional currencies used in the International Sector to the Canadian dollar, together with the effects of inflation indexation and the application of hyperinflation accounting to the results of the Dairy Division (Argentina), had a total favourable impact of approximately $17 million.

Adjusted EBITDA

Adjusted EBITDA for the **first quarter of fiscal 2025** totalled $45 million, down $32 million or 41.6%, as compared to $77 million for the same quarter last fiscal year.

The unfavourable disconnect in the relation between the international cheese and dairy ingredient market prices and the cost of milk as raw material had a negative impact on our results, although this was partially offset by the positive impact of increased export sales volumes. The effects of currency fluctuations on export sales denominated in US dollars were less favourable than in the comparative quarter.

In Australia, we benefited from higher milk intake, which positively impacted our efficiencies and absorption of fixed costs.

The conversion of the functional currencies used in the International Sector to the Canadian dollar, together with the effects of inflation indexation and the application of hyperinflation accounting to the results of the Dairy Division (Argentina), had an unfavourable impact of approximately $8 million.

EUROPE SECTOR

(in millions of CDN dollars)

Fiscal years	2025	2024			
	Q1	Q4	Q3	Q2	Q1
Revenues	**264**	290	304	246	252
Adjusted EBITDA	**23**	15	2	20	38
Adjusted EBITDA margin	**8.7 %**	5.2 %	0.7 %	8.1 %	15.1 %

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

(in millions of CDN dollars)

Fiscal years	2025	2024			
	Q1	Q4	Q3	Q2	Q1
Foreign currency exchange[1]	**1**	1	3	3	1

1 As compared to same quarter last fiscal year.

Revenues

Revenues for the **first quarter of fiscal 2025** totalled $264 million, up $12 million or 4.8%, as compared to $252 million for the same quarter last fiscal year.

Increased sales volumes in the retail market segment, driven by higher branded cheese sales volumes and the onboarding of new private label customers, had a positive impact.

Lower international dairy ingredient market prices had a negative impact.

The conversion of the British pound sterling to the Canadian dollar had a favourable impact of approximately $7 million.

Adjusted EBITDA

Adjusted EBITDA for the **first quarter of fiscal 2025** totalled $23 million, down $15 million or 39.5%, as compared to $38 million for the same quarter last fiscal year.

During the quarter, we exited the cycling through of remaining excess high-cost inventory, which impacted our results. Lower international dairy ingredient market prices also had a negative impact.

We benefited from higher sales volumes supported by incremental spend in advertising and promotions.

The conversion of the British pound sterling to the Canadian dollar had a minimal impact.

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, elevated 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 remain capital expenditures, shareholder dividends, and debt repayments, allowing us to support organic growth, strategic acquisitions, and our Saputo Promise.

As at June 30, 2024, cash and cash equivalents totalled $393 million and we had unused credit facilities of $2.1 billion under our bank credit facilities. 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 as follows:

(in millions of CDN dollars)

	For the three-month periods ended June 30	
	2024	2023
Net cash generated from operating activities	**191**	263
Cash used for investing activities	**(2)**	(160)
Cash used for financing activities	**(266)**	(22)
(Decrease) increase in cash and cash equivalents	**(77)**	81

Operating Activities

Net cash generated from operating activities amounted to $191 million, in comparison to $263 million for the same quarter last fiscal year. This decrease of $72 million was mainly due to a decrease related to changes in non-cash operating working capital items of $144 million. The decrease was partially offset by a higher adjusted EBITDA[1] of $21 million and by lower income taxes paid of $57 million.

Changes in non-cash operating working capital were driven by the fluctuations in accounts receivable, inventories, and accounts payable in line with the fluctuation of market prices, foreign exchange rates and ongoing inflation, including the effects of the hyperinflationary economy in Argentina. Also driving changes in non-cash operating working capital were the effects of the timing of collections of accounts receivable, and of the payments of accounts payable.

Investing Activities

Investing activities amounted to $2 million, which included $97 million used for additions to property, plant and equipment. Investing activities also included $95 million in proceeds from the completion of the previously announced sale of our two fresh milk processing facilities, located in Australia.

Financing Activities

Cash used for financing activities amounted to $266 million and were mainly attributable to the payment of dividends to shareholders and the repayment of outstanding indebtedness.

[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.

Liquidity

(in millions of CDN dollars, except ratio)

	June 30, 2024	March 31, 2024
Current assets	**4,816**	4,834
Current liabilities	**3,031**	3,133
Working capital[1]	**1,785**	1,701
Working capital ratio[1]	**1.59**	1.54

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 return capital to shareholders.

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)

	June 30, 2024	March 31, 2024
Net debt[1,3]	**3,463**	3,520
Trailing twelve months adjusted EBITDA[1,2]	**1,530**	1,509
Net debt to adjusted EBITDA[2]	**2.26**	2.33
Number of common shares	**424,332,735**	424,326,415
Number of stock options	**21,879,218**	20,315,399

1 Refer to the "Glossary" section of this MD&A.
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.
3 Refer to Note 7 to the condensed interim consolidated financial statements.

As at June 30, 2024, the Company had $393 million in cash and cash equivalents and available bank credit facilities of $2.383 billion, of which $283 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 July 31, 2024, 424,345,649 common shares and 21,759,607 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)

	June 30, 2024				March 31, 2024			
	Long-term debt	**Leases**	**Purchase obligations & other**	**Total**	Long-term debt	Leases	Purchase obligations & other	Total
Less than 1 year	**529**	**81**	**219**	**829**	414	109	209	732
1–2 years	**700**	**75**	**27**	**802**	465	71	29	565
2–3 years	**700**	**68**	**8**	**776**	350	63	10	423
3–4 years	**334**	**55**	**3**	**392**	734	53	3	790
4–5 years	**—**	**49**	**—**	**49**	300	44	1	345
More than 5 years	**850**	**292**	**—**	**1,142**	850	267	—	1,117
	3,113	**620**	**257**	**3,990**	3,113	607	252	3,972

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 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 $115 million remains to be repaid as at June 30, 2024. The non-revolving term 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 an aggregate principal amount of $2.950 billion, with annual interest rates varying from 1.42% to 5.49%, and maturities ranging from November 2024 to November 2030.

FINANCIAL POSITION

Our financial position amounts as at June 30, 2024, as compared to the March 31, 2024 balances, reflect the net effect of the weakening of the Canadian dollar versus the US dollar, the British pound sterling, and the Australian dollar, and the strengthening of the Canadian dollar versus the Argentine peso 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 June 30, 2024, and March 31, 2024.

	June 30, 2024	March 31, 2024
US dollar[1]	**1.3679**	1.3540
Australian dollar[1]	**0.9123**	0.8830
Argentine peso[1]	**0.0015**	0.0016
British pound sterling[1]	**1.7288**	1.7096

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

Accounting Standards, Interpretations, and Amendments Adopted During The Period

For the period ended June 30, 2024, there were no new accounting standards, interpretations, and amendments adopted.

Recent Accounting Standards, Interpretations, and Amendments Issued but Not Yet Implemented

Please refer to Note 3 to our condensed interim consolidated financial statements for the period ended June 30, 2024, for more information regarding recent accounting standards, interpretations, and amendments issued but 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 2024 Annual Report (pages 28 to 38 of the MD&A dated June 6, 2024).

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 April 1, 2024, and ended on June 30, 2024, 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 GAAP, 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, net of applicable income taxes, of net earnings to adjusted net earnings:

	For the three-month periods ended June 30	
	2024	2023
Net earnings	**142**	141
Acquisition and restructuring costs	**—**	—
Amortization of intangible assets related to business acquisitions	**15**	15
Goodwill impairment charge	**—**	—
Loss (gain) on hyperinflation	**10**	(2)
Adjusted net earnings	**167**	154
Revenues	**4,606**	4,207
Margin (expressed as a percentage of revenues)	***3.6 %***	*3.7 %*

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, goodwill impairment charge, and loss (gain) on hyperinflation. 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 June 30	
	2024	2023
Net earnings	**142**	141
Income taxes	**45**	37
Financial charges	**38**	40
Loss (gain) on hyperinflation	**10**	(2)
Acquisition and restructuring costs	**—**	—
Goodwill impairment charge	**—**	—
Depreciation and amortization	**148**	146
Adjusted EBITDA	**383**	362
Revenues	**4,606**	4,207
Adjusted EBITDA margin	***8.3 %***	*8.6 %*

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 months adjusted EBITDA is calculated by adding the actual adjusted EBITDA results for the three-month period ended June 30, 2024, to the actual adjusted EBITDA results for the year ended March 31, 2024, and subtracting the actual adjusted EBITDA results for the three-month period ended June 30, 2023.

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 June 30	
	2024	2023
Revenues	**$ 4,606**	$ 4,207
Operating costs excluding depreciation and amortization (Note 4)	**4,223**	3,845
Earnings before income taxes, financial charges, loss (gain) on hyperinflation, and depreciation and amortization	**383**	362
Depreciation and amortization	**148**	146
Loss (gain) on hyperinflation	**10**	(2)
Financial charges (Note 9)	**38**	40
Earnings before income taxes	**187**	178
Income taxes	**45**	37
Net earnings	**$ 142**	$ 141
Net earnings per share (Note 10)		
Basic and diluted	**$ 0.33**	$ 0.33

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 June 30	
	2024	2023
Net earnings	**$ 142**	$ 141
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	**149**	(151)
Unrealized gains (losses) on cash flow hedges (Note 13)	**6**	(5)
Reclassification of (gains) losses on cash flow hedges to net earnings	**—**	4
Income taxes relating to items that may be reclassified to net earnings	**(2)**	1
	153	(151)
Items that will not be reclassified to net earnings:		
Actuarial loss	**(24)**	(29)
Income taxes relating to items that will not be reclassified to net earnings	**6**	7
	(18)	(22)
Other comprehensive income (loss)	**135**	(173)
Total comprehensive income (loss)	**$ 277**	$ (32)

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 three-month period ended June 30, 2024	**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	**424,326,415**	**$ 2,180**	**$ 265**	**$ 8**	**$ 186**	**$ 459**	**$ 4,411**	**$ 7,050**
Net earnings	**—**	**—**	**—**	**—**	**—**	**—**	**142**	**142**
Other comprehensive income	**—**	**—**	**149**	**4**	**—**	**153**	**(18)**	**135**
Total comprehensive income								**277**
Dividends (Note 8)	**—**	**—**	**—**	**—**	**—**	**—**	**(79)**	**(79)**
Stock options	**—**	**—**	**—**	**—**	**4**	**4**	**—**	**4**
Exercise of stock options (Note 8)	**6,320**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Balance, end of period	**424,332,735**	**$ 2,180**	**$ 414**	**$ 12**	**$ 190**	**$ 616**	**$ 4,456**	**$ 7,252**

For the three-month period ended June 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	—	—	—	—	—	—	141	141
Other comprehensive income	—	—	(151)	—	—	(151)	(22)	(173)
Total comprehensive income								(32)
Dividends (Note 8)	—	—	—	—	—	—	(76)	(76)
Shares issued under dividend reinvestment plan (Note 8)	894,823	26	—	—	—	—	—	26
Stock options	—	—	—	—	3	3	—	3
Exercise of stock options (Note 8)	146,613	5	—	—	(1)	(1)	—	4
Balance, end of period	422,646,292	$ 2,133	$ 196	$ 9	$ 178	$ 383	$ 4,549	$ 7,065

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		June 30, 2024		March 31, 2024
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**393**	$	466
Receivables		**1,447**		1,401
Inventories		**2,865**		2,860
Income taxes receivable		**27**		32
Prepaid expenses and other assets		**84**		75
		4,816		4,834
Property, plant and equipment		**4,584**		4,531
Right-of-use assets		**441**		465
Goodwill		**3,127**		3,098
Intangible assets		**1,142**		1,166
Other assets		**78**		95
Deferred tax assets		**79**		71
Total assets	**$**	**14,267**	$	14,260
LIABILITIES				
Current liabilities				
Bank loans (Note 5)	**$**	**283**	$	418
Accounts payable and accrued liabilities		**2,138**		2,193
Income taxes payable		**27**		23
Current portion of long-term debt (Note 6)		**529**		414
Current portion of lease liabilities		**54**		85
		3,031		3,133
Long-term debt (Note 6)		**2,584**		2,699
Lease liabilities		**406**		370
Other liabilities		**129**		154
Deferred tax liabilities		**865**		854
Total liabilities	**$**	**7,015**	$	7,210
EQUITY				
Share capital (Note 8)		**2,180**		2,180
Reserves		**616**		459
Retained earnings		**4,456**		4,411
Total equity	**$**	**7,252**	$	7,050
Total liabilities and equity	**$**	**14,267**	$	14,260

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 June 30	
	2024	2023
Cash flows related to the following activities:		
Operating		
Net earnings	**$ 142**	$ 141
Adjustments for:		
Stock-based compensation	**15**	19
Financial charges (Note 9)	**38**	40
Income tax expense	**45**	37
Depreciation and amortization	**148**	146
Foreign exchange loss (gain) on debt	**1**	(2)
Loss (gain) on hyperinflation	**10**	(2)
Share of joint venture earnings, net of dividends received and other	**—**	(1)
Changes in non-cash operating working capital items (Note 11)	**(114)**	30
Cash generated from operating activities	**285**	408
Interest and financial charges paid	**(60)**	(54)
Income taxes paid	**(34)**	(91)
Net cash generated from operating activities	**$ 191**	$ 263
Investing		
Additions to property, plant and equipment	**(97)**	(156)
Additions to intangible assets	**(1)**	(4)
Proceeds from disposal of property, plant and equipment (Note 12)	**96**	—
Net cash used for investing activities	**$ (2)**	$ (160)
Financing		
Bank loans	**(140)**	68
Repayment of long-term debt	**—**	(27)
Repayment of lease liabilities	**(47)**	(17)
Net proceeds from issuance of share capital	**—**	4
Payment of dividends	**(79)**	(50)
Net cash used in financing activities	**$ (266)**	$ (22)
(Decrease) increase in cash and cash equivalents	**(77)**	81
Cash and cash equivalents, beginning of period	**466**	263
Effect of exchange rate changes and Argentina hyperinflation	**4**	32
Cash and cash equivalents, end of period	**$ 393**	$ 376

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-month periods ended June 30, 2024, and 2023.

(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 products. The address of the Company's head office is 1000 de la Gauchetière Street West, Suite 2900, Montréal, Québec, Canada, H3B 4W5. The condensed interim consolidated financial statements of the Company for the three-month period ended June 30, 2024 (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 August 8, 2024.

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, 2024, and 2023, 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, 2024.

RECENT ACCOUNTING STANDARDS, INTERPRETATIONS, AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

IFRS 18, Presentation and Disclosure in Financial Statements
In April 2024, the IASB issued IFRS 18 to improve reporting of financial performance. IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. It carries forward many requirements from IAS 1 unchanged and introduces increased disclosure of management defined performance measures as well as new principles for aggregation and disaggregation of information included in the consolidated income statement.

IFRS 18 is applicable to the Company beginning on April 1, 2027. The Company is currently evaluating the impact of the adoption of IFRS 18 on its consolidated financial statements.

NOTE 4 OPERATING COSTS EXCLUDING DEPRECIATION AND AMORTIZATION

	For the three-month periods ended June 30	
	2024	2023
Changes in inventories of finished goods and work in process	**$ 3**	$ (17)
Raw materials and consumables used	**3,220**	2,904
Foreign exchange loss (gain)	**(6)**	1
Employee benefits expense	**593**	545
Selling costs	**187**	178
General and administrative costs	**226**	234
	$ 4,223	$ 3,845

NOTE 5 BANK LOANS

		Available for use			Amount drawn as at	
Credit Facilities	Maturity	Canadian Currency Equivalent	Base Currency (in millions)		**June 30, 2024**	March 31, 2024
North America-USA	December 2028[1]	$ 410	300	USD	**$ —**	$ —
North America-Canada	December 2028[1]	$ 958	700	USD	**—**	71
Australia	Yearly[2]	$ 342	375	AUD	**131**	181
Australia	Yearly[2]	$ 68	50	USD	**—**	26
Japan	Yearly[3]	$ 68	8,000	JPY	**52**	41
United Kingdom	Yearly[4]	$ 216	125	GBP	**90**	91
Argentina	Yearly[5]	$ 321	234	USD	**10**	8
		$ 2,383			**$ 283**	$ 418

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 CORRA 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.
2 Bears monthly interest at SOFR or Australian Bank Bill Rate plus up to 1.85% 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 June 30, 2024, receivables totalling $294 million ($308 million as at March 31, 2024), 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

		June 30, 2024		March 31, 2024
Unsecured bank term loan facilities				
Obtained April 2019 and due in June 2025[1]	**$**	**115**	$	115
Senior unsecured notes[2]				
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
5.49%, issued in November 2023 and due in November 2030 (Series 11)		**550**		550
Other		**48**		48
	$	**3,113**	$	3,113
Current portion		**(529)**		(414)
	$	**2,584**	$	2,699
Principal repayments are as follows:				
Less than 1 year	**$**	**529**	$	414
1-2 years		**700**		465
2-3 years		**700**		350
3-4 years		**334**		734
4-5 years		**—**		300
More than 5 years		**850**		850
	$	**3,113**	$	3,113

1 Bears monthly interest at lender's prime rates plus a maximum of 1.00% or SOFR or CORRA 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. As at June 30, 2024, US$84 million was drawn.

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

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 June 30, 2024, and March 31, 2024, are as follows:

		June 30, 2024		March 31, 2024
Long-term debt, including current portion	**$**	**3,113**	$	3,113
Bank loans		**283**		418
Lease liabilities, including current portion		**460**		455
Less: Cash and cash equivalents		**(393)**		(466)
Net debt	**$**	**3,463**	$	3,520

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, depreciation and amortization and goodwill impairment charge. The ratio at June 30, 2024 was 2.26 (2.33 at March 31, 2024).

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 three-month periods ended June 30 are as follows:

	June 30, 2024			June 30, 2023		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Balance, beginning of year	**20,315,399**	**$**	**37.79**	19,988,303	$	38.02
Granted	**3,022,337**	**$**	**26.16**	2,231,026	$	34.90
Exercised	**(6,320)**	**$**	**29.59**	(146,613)	$	30.34
Cancelled	**(1,452,198)**	**$**	**33.84**	(336,482)	$	38.87
Balance, end of period	**21,879,218**	**$**	**36.45**	21,736,234	$	37.74

The weighted average exercise price of $26.16 of the stock options granted in fiscal 2025 corresponds to the weighted average market price for the five trading days immediately preceding the date of the grant ($34.90 in fiscal 2024).

The weighted average fair value of stock options granted in fiscal 2025 was estimated at $5.55 per option ($7.83 in fiscal 2024), using the Black-Scholes option pricing model with the following assumptions:

	Fiscal 2025 grant	Fiscal 2024 grant
Weighted average:		
Risk-free interest rate	**3.58 %**	3.10 %
Life of options	**6.5 years**	6.6 years
Volatility[1]	**23.60 %**	22.89 %
Dividend rate	**2.83 %**	2.06 %

[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

The Company has a dividend reinvestment plan (DRIP), which provides eligible shareholders with the opportunity to have all or a portion of their cash dividends automatically reinvested into additional common shares.

Dividends paid in cash and settled through the DRIP during the three-month periods ended June 30, 2024 and 2023 were as follows:

	For the three-month periods ended June 30	
	2024	2023
Cash	**$ 79**	$ 50
DRIP	**—**	26
Total	**$ 79**	$ 76

In the fourth quarter of fiscal 2024, the Company suspended the DRIP until further notice.

NOTE 9 FINANCIAL CHARGES

	For the three-month periods ended June 30	
	2024	2023
Interest on long-term debt	**$ 26**	$ 25
Other finance costs, net	**7**	12
Interest on lease liabilities	**5**	4
Net interest revenue from defined benefit obligation	**—**	(1)
	$ 38	$ 40

NOTE 10 NET EARNINGS PER SHARE

	For the three-month periods ended June 30	
	2024	2023
Net earnings	**$ 142**	$ 141
Weighted average number of common shares outstanding	**424,326,693**	421,737,789
Dilutive shares	**174,198**	574,676
Weighted average diluted number of common shares outstanding	**424,500,891**	422,312,465
Net earnings per share (basic and diluted)	**$ 0.33**	$ 0.33

When calculating diluted net earnings per share for the three-month period ended June 30, 2024, 18,856,881 stock options were excluded from the calculation because their exercise price is higher than the average fair value of common shares (18,361,699 options, were excluded for the three-month period ended June 30, 2023).

NOTE 11 CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	For the three-month periods ended June 30	
	2024	2023
Receivables	**$ (38)**	$ 286
Inventories	**23**	(89)
Prepaid expenses and other assets	**(7)**	(13)
Accounts payable, accrued liabilities and other	**(92)**	(156)
Current income taxes	**—**	2
Changes in non-cash operating working capital items	**$ (114)**	$ 30

NOTE 12 PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

On June 24, 2024, the Company completed the previously announced sale of its two fresh milk processing facilities, located in Australia, for proceeds of approximately $95 million (A$105 million) resulting in a minimal gain on disposal of assets.

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 June 30, 2024, and March 31, 2024. 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.

	June 30, 2024		March 31, 2024	
	Fair value	**Carrying value**	Fair value	Carrying value
Cash flow hedges				
Commodity derivatives (Level 2)	**3**	**3**	4	4
Foreign exchange derivatives (Level 2)	**4**	**4**	(2)	(2)
Derivatives not designated in a formal hedging relationship				
Commodity derivatives (Level 2)	**1**	**1**	1	1
Long-term debt (Level 2)	**3,029**	**3,113**	3,010	3,113

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 (loss) before income taxes, financial charges, loss (gain) on hyperinflation, acquisition and restructuring costs, depreciation and amortization and goodwill impairment charge.

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 June 30	
	2024	2023
Revenues		
Canada	**$ 1,253**	$ 1,211
USA	**2,085**	1,876
International[1]	**1,004**	868
Europe	**264**	252
	$ 4,606	$ 4,207
Operating costs excluding depreciation and amortization (Note 4)		
Canada	**$ 1,100**	$ 1,067
USA	**1,923**	1,773
International	**959**	791
Europe	**241**	214
	$ 4,223	$ 3,845
Adjusted EBITDA		
Canada	**$ 153**	$ 144
USA	**162**	103
International	**45**	77
Europe	**23**	38
	$ 383	$ 362
Depreciation and amortization		
Canada	**$ 29**	$ 26
USA	**63**	60
International	**29**	33
Europe	**27**	27
	$ 148	$ 146
Loss (gain) on hyperinflation	**10**	(2)
Financial charges (Note 9)	**38**	40
Earnings before income taxes	**187**	178
Income taxes	**45**	37
Net earnings	**$ 142**	$ 141

1 Australia accounted for $742 million and $623 million of the International Sector's revenues while Argentina accounted for $262 million and $245 million for the three-month periods ended June 30, 2024 and 2023, 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 June 30	Total		Canada		USA		International		Europe	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Revenues										
Retail	**$ 2,199**	$ 2,100	**$ 688**	$ 665	**$ 907**	$ 837	**$ 388**	$ 397	**$ 216**	$ 201
Foodservice	**1,569**	1,438	**461**	459	**986**	874	**114**	98	**8**	7
Industrial	**838**	669	**104**	87	**192**	165	**502**	373	**40**	44
	$ 4,606	$ 4,207	**$ 1,253**	$ 1,211	**$ 2,085**	$ 1,876	**$ 1,004**	$ 868	**$ 264**	$ 252