News Release
For immediate release

SAPUTO REPORTS FINANCIAL RESULTS FOR THE FIRST QUARTER OF FISCAL 2022 ENDED JUNE 30, 2021

(*Montréal, August 5, 2021*) – Saputo Inc. (TSX: SAP) (we, Saputo or the Company) reported today its financial results for the first quarter of fiscal 2022, which ended on June 30, 2021. All amounts in this news release are in Canadian dollars (CDN), unless otherwise indicated, and are presented according to International Financial Reporting Standards (IFRS).

Fiscal 2022 First Quarter Financial Highlights

- Revenues amounted to $3.488 billion, up $97 million or 2.9%.
- Adjusted EBITDA* amounted to $290 million, down $77 million or 21.0%.
- Net earnings totalled $53 million, and EPS** (basic and diluted) were $0.13, down from $142 million and EPS (basic and diluted) of $0.35
- Adjusted net earnings excluding amortization of intangible assets related to business acquisitions* totalled $122 million, down from $179 million, and the corresponding EPS** (basic and diluted) were $0.30 and $0.29, down from $0.44.

"No doubt, the first quarter of FY22 was tough as the disruptive effects of the pandemic continued to impact our performance, with ongoing shifts in consumer demand, inflation, dairy commodity volatility, heightened competition, and supply chain obstacles weighing down our bottom line. Despite these challenges, we remain optimistic that the mitigating measures we're putting in place and the first wave of initiatives we're deploying under our Global Strategic Plan will enable us to deliver organic Adjusted EBITDA* growth this fiscal year, as we seek to reach $2.125 billion by the end of FY25. We're moving forward with responsible pricing initiatives, and we're keenly focused on diversifying our business and increasing the profitability of our product offering, supported by our three recent acquisitions in dairy alternative cheese, value-added ingredients, and specialty cheese."
—*Lino A. Saputo, Chair of the Board and Chief Executive Officer*

Selected Fiscal 2022 First Quarter Global Strategic Plan Highlights

"Our priorities remain anchored in our three-pronged approach, combining accelerated organic growth through our Global Strategic Plan (FY22-FY25), accretive acquisitions, and the creation of shared value through our Saputo Promise. While we've only just embarked on our four-year journey, in the first quarter we made good progress under each pillar of our Plan, laying the groundwork for future success. We're confident in our ability to generate organic Adjusted EBITDA* growth each year of our Plan, with a more significant lift in the back half once our network optimization and enhancement efforts yield expected higher margins. Each step, each initiative, brings us one step closer to achieving our Plan ambitions."
—*Lino A. Saputo, Chair of the Board and Chief Executive Officer*

Strengthen core business

We entered into a long-term exclusive arrangement with a key dairy player to expand distribution of our market-leading *Cathedral City* brand in the EU, starting in the fourth quarter.

Accelerate product innovation

With the Bute Island Acquisition, we now have in-house manufacturing capabilities to produce our mozzarella alternative product destined for the foodservice market. And we inherited a wealth of dairy alternative cheese knowledge and the award-winning vegan *Sheese* brand.

Increase the value of ingredients portfolio

We made great strides in integrating the Reedsburg facility, as we evaluate our ingredients portfolio and develop specialized whey products to bring to market.

Optimize and enhance operations

The execution of our USA cheese network optimization plan has begun, and the initial phase and the related capital expenditures are progressing according to our timeline.

Create enablers to fuel investments

The rollout of our global Enterprise Resource Planning (ERP) project within the remainder of our Dairy Division (Australia) and the subsequent phases of the implementation within the Dairy Division (USA) are expected to be completed by the end of fiscal 2022, with current deployments progressing as planned and on schedule.

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

FINANCIAL RESULTS FOR FISCAL 2022 FIRST QUARTER ENDED JUNE 30, 2021

Revenues at $3.488 billion, up 2.9%
Adjusted EBITDA* at $290.0 million, down 21.0%
Net earnings at $53.0 million, down 62.7%
Adjusted net earnings excluding amortization of intangible assets related to business acquisitions* at $122.0 million, down 31.8%

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

(unaudited)	For the three-month periods ended June 30	
	2021	2020
Revenues	**3,488**	3,391
Adjusted EBITDA*	**290**	367
Net earnings	**53**	142
Adjusted net earnings excluding amortization of intangible assets related to business acquisitions*	**122**	179
Net earnings per share (basic and diluted)	**0.13**	0.35
Adjusted net earnings per share excluding amortization of intangible assets related to business acquisitions*		
Basic	**0.30**	0.44
Diluted	**0.29**	0.44

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

HIGHLIGHTS

- The shift in consumer demand due to the COVID-19 pandemic continued to impact all of our sectors to varying degrees. Overall, sales volumes were higher than those of the first quarter of fiscal 2021, mainly in the foodservice market segment.
- Inflation created upward pressure on input costs in all our divisions, including an impact of $23 million on adjusted EBITDA related to freight and logistical costs.
- USA Market Factors** negatively impacted adjusted EBITDA by $42 million.
- The fluctuation of the Canadian dollar versus foreign currencies, particularly the US dollar, negatively impacted revenues and adjusted EBITDA by $179 million and $21 million, respectively.
- Our International Sector export sales volumes were negatively impacted by supply chain challenges.
- Net earnings were negatively impacted by a one-time non-cash expense of $50 million to adjust deferred income tax liability balances to reflect the increase in the corporate income tax rate in the United Kingdom, which will be effective as of April 1, 2023.
- In May 2021, we completed the acquisitions of Bute Island Foods Ltd. (Bute Island Acquisition), located in the United Kingdom, and the Reedsburg facility of Wisconsin Specialty Protein, LLC (Reedsburg facility Acquisition), located in the USA.
- On July 30, 2021, we completed the acquisition of the business of Wensleydale Dairy Products Limited (Wensleydale Dairy Products Acquisition), based in the United Kingdom.
- On August 5, 2021, we amended our USD$1 billion revolving credit facility to introduce a sustainability-linked loan (SLL) structure. The SLL structure introduces an annual pricing adjustment based on the achievement of key climate and water targets in line with our 2025 environmental commitments.
- The Board of Directors reviewed the dividend policy and increased the quarterly dividend from $0.175 per share to $0.18 per share, representing a 2.9% increase. The quarterly dividend will be payable on September 17, 2021, to common shareholders of record on September 7, 2021.

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

Additional Information

For more information, reference is made to the condensed interim consolidated financial statements, the notes thereto and to the Management's Discussion and Analysis for the first quarter of fiscal 2022. These documents can be obtained on SEDAR under the Company's profile at www.sedar.com and in the "Investors" section of the Company's website, at www.saputo.com.

Webcast and Conference Call

A webcast and conference call to discuss the fiscal 2022 first quarter results will be held on Thursday, August 5, 2021, at 1 p.m. Eastern Time.

- **Webcast** *(recommended)*: https://www.gowebcasting.com/11414
  Please note, there will be a visual element to the speakers' presentation.
  Participants are encouraged to join the webcast for full access to the content.

- **Conference line** *(audio only)*: 1-800-786-5819
  Please dial-in five minutes prior to the start time.

For those unable to join, the webcast presentation will be archived on Saputo's website (www.saputo.com) in the "Investors" section, under "Calendar of Events". A replay of the conference call will also be available until Thursday, August 12, 2021, 11:59 p.m. (ET) by dialling 1-800-558-5253 (ID number: 21995933).

About Saputo

Saputo produces, markets, and distributes a wide array of dairy products of the utmost quality, including cheese, fluid milk, extended shelf-life milk and cream products, cultured products, and dairy ingredients. Saputo is one of the top ten dairy processors in the world, a leading cheese manufacturer and fluid milk and cream processor in Canada, the top dairy processor in Australia, and the second largest in Argentina. In the USA, Saputo ranks among the top three cheese producers and is one of the largest producers of extended shelf-life and cultured dairy products. In the United Kingdom, Saputo is the largest manufacturer of branded cheese and a top manufacturer of dairy spreads. Saputo products are sold in several countries under market-leading brands, as well as private label brands. Saputo Inc. is a publicly traded company and its shares are listed on the Toronto Stock Exchange under the symbol "SAP". Follow Saputo's activities at saputo.com or via Facebook, LinkedIn and Twitter.

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This news release 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 news release may constitute forward-looking statements within the meaning of applicable securities laws.

By their nature, forward-looking statements are subject to a number of inherent risks and uncertainties. Actual results could differ materially from those stated, implied or projected in such forward-looking statements. As a result, 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 3, 2021, available on SEDAR under Saputo's profile at www.sedar.com.

Such risks and uncertainties include the following: product liability; the COVID-19 pandemic; the availability of raw materials (including as a result of climate change or extreme weather) and related price variations, along with our ability to transfer those increases, if any, to our customers in competitive market conditions; the price fluctuation of our products in the countries in which we operate, as well as in international markets, which are based on supply and demand levels for dairy products; cyber threats and other information technology-related risks relating to business disruptions, confidentiality, data integrity business and email compromise-related fraud; the increased competitive environment in the dairy industry; consolidation of clientele; supplier concentration; unanticipated business disruption; the economic environment; changes in environmental laws and regulations; the potential effects of climate change; increased focus on environmental sustainability matters; our ability to identify, attract and retain qualified individuals; the failure to adequately integrate acquired businesses in a timely and efficient manner; the failure to execute our global strategic plan as expected; the failure to complete capital expenditures as planned; changes in consumer trends. 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, as well as the development and performance of technology, innovation and the future use and deployment of technology and associated expected future results, 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.

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 attract and retain customers and consumers; our environmental performance; our sustainability efforts; the effectiveness of our environmental and sustainability initiatives; the availability and cost of milk and other raw materials and energy supplies; our operating costs; the pricing of our finished products on the various markets in which we carry on business; the effects of the COVID-19 pandemic; the successful execution of our global strategic plan; our ability to deploy capital expenditure projects as planned; 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 contribution of recent acquisitions; the anticipated market supply and demand levels for dairy products; the anticipated warehousing, logistical and transportation costs; our effective income tax rate; the exchange rate of the Canadian dollar to the currencies of cheese and dairy ingredients.

Management believes that these estimates, expectations and assumptions are reasonable as of the date hereof, and are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events, including the duration and severity of the COVID-19 pandemic, and are accordingly subject to changes after such date. Forward-looking statements are intended to provide shareholders with information regarding 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.

All forward-looking statements included herein speak only as of the date hereof or as of the specific date of such forward-looking statements. Except as required under applicable securities legislation, Saputo does not undertake to update or revise forward-looking statements, whether written or verbal, that may be made from time to time by itself or on 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.

CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED JUNE 30, 2021

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.

Revenues

Revenues totalled $3.488 billion, up $97 million or 2.9%, as compared to $3.391 billion for the same quarter last fiscal year.

The shift in consumer demand due to the COVID-19 pandemic continued to impact all of our sectors to varying degrees. Overall, sales volumes were higher than those of the first quarter of fiscal 2021, mainly due to an increase in the foodservice market segment and, to a lesser extent, in the industrial market segment, as governments continued to slowly lift restrictions and vaccination levels continued to progress during the quarter. However, sales volumes decreased in the retail market segment when compared to the surge that occurred in the first quarter of fiscal 2021. The net impact from shifts in market segment sales volumes was favourable. Supply chain challenges due to container shortages and port inefficiencies negatively impacted export sales volumes in our International Sector.

The combined effect of the fluctuation of the average block market price** and a higher average butter market price** had a positive impact of $46 million. Revenues were positively impacted by higher domestic selling prices in the Canada Sector, which increased due to the higher cost of milk as raw material. The positive effect of higher international cheese and dairy ingredient market prices was offset by the negative effect of fulfilling export sales contracts that had been entered into during previous quarters at depressed commodity prices in the International Sector. The combined effect of the fluctuation of the Argentine peso and the Australian dollar versus the US dollar in the export markets was favourable.

Finally, the fluctuation of foreign currencies, most particularly the US dollar, versus the Canadian dollar had an unfavourable impact of $179 million.

Adjusted EBITDA*

Adjusted EBITDA* totalled $290 million, down $77 million or 21.0%, as compared to $367 million for the same quarter last fiscal year.

Input costs, such as transportation, fuel, consumables and packaging, increased in all our divisions due to inflationary pressures, including an increase of $23 million related to freight and logistical costs, mainly in North America.

In a volatile dairy commodity market, USA Market Factors** had a negative effect of $42 million. The unfavourable relation between international cheese and dairy ingredient market prices and the cost of milk as raw material, including the effect of sales contracted at depressed commodity prices in the International Sector, had a negative impact.

As described above, overall sales volumes were higher than in the comparative quarter last fiscal year, favourably impacting efficiencies and the absorption of fixed costs, particularly in North America.

The fluctuation of foreign currencies, particularly the US dollar, versus the Canadian dollar had an unfavourable impact of $21 million.

Operating costs excluding depreciation, amortization, and restructuring costs

Operating costs excluding depreciation, amortization, and restructuring costs totalled $3.198 billion, up $174 million or 5.8%, as compared to $3.024 billion for the same quarter last fiscal year. The increase was consistent with higher revenues, as described above, and dairy commodity market volatility, which, together, contributed to the higher cost of raw materials and consumables used and, higher input costs caused by inflationary pressures, mainly in North America. Employee salary and benefit expenses increased due to inflation and wage increases.

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Depreciation and amortization

Depreciation and amortization totalled $131 million, up $5 million, as compared to $126 million for the same quarter last fiscal year. This increase was mainly attributable to additions to property, plant and equipment, which increased the depreciable base. The effect of the inclusion of recent acquisitions on depreciation and amortization was minimal.

Impairment of intangible assets

Impairment of intangible assets was nil, as compared to the first quarter of fiscal 2021, when an impairment of intangible assets charge of $19 million was incurred in relation to our decision to retire the *COON* cheese brand name from our Dairy Division (Australia) portfolio as part of our commitment to share in the responsibility to eliminate racism in all its forms.

Acquisition and restructuring costs

Acquisition costs of $2 million were mainly incurred for the Bute Island Acquisition.

Financial Charges

Financial charges totalled $18 million, down $7 million mainly due to an increased gain on hyperinflation derived from the indexation of non-monetary assets and liabilities in Argentina.

Income tax expense

Income tax expense totalled $86 million, reflecting an effective tax rate of 61.9%, as compared to 27.9% for the same quarter last fiscal year. Deferred income tax liability balances were adjusted to reflect the enactment in June 2021 of an increase from 19% to 25% of the corporate income tax rate in the United Kingdom which will be effective as of April 1, 2023. As a result, we incurred a one-time non-cash income tax expense of $50 million. During the same quarter last fiscal year, income tax expense reflected the tax treatment of an impairment of intangible assets charge of $19 million.

Excluding the effects of the above-mentioned factors, the effective tax rates for the three-month periods ended June 30, 2021, and 2020, would have been 26.0% and 25.3%, respectively. The effective rate also reflected the increase in the corporate income tax rate in Argentina from 25% to 35%, enacted in June 2021.

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 Saputo operates, the amount and source of taxable income, amendments to tax legislations and income tax rates, changes in assumptions, as well as estimates for tax assets and liabilities we use.

Net earnings

Net earnings totalled $53 million, down $89 million or 62.7%, as compared to $142 million for the same quarter last fiscal year. This decrease was mainly due to the aforementioned factors.

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

Adjusted net earnings excluding amortization of intangible assets related to business acquisitions* totalled $122 million, down $57 million or 31.8%, as compared to $179 million for the same quarter last fiscal year. This decrease was due to the aforementioned factors.

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

SELECTED QUARTERLY FINANCIAL INFORMATION

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

Fiscal years	2022	2021				2020		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	**3,488**	3,438	3,763	3,702	3,391	3,719	3,891	3,666
Adjusted EBITDA*	**290**	303	431	370	367	299	417	394
Adjusted EBITDA margin**	**8.3 %**	8.8 %	11.5 %	10.0 %	10.8 %	8.0 %	10.7 %	10.7 %
Net earnings	**53**	103	210	171	142	89	198	175
Impairment of intangible assets[1]	**—**	—	—	—	19	—	—	—
UK tax rate change[2]	**50**	—	—	—	—	—	—	—
Inventory revaluation resulting from a business acquisition[1]	**—**	—	—	—	—	—	—	11
Acquisition and restructuring costs[1]	**1**	2	—	(5)	—	10	6	—
Amortization of intangible assets related to business acquisitions[1]	**18**	19	18	18	18	18	25	12
Adjusted net earnings excluding amortization of intangible assets related to business acquisitions*	**122**	124	228	184	179	117	229	198
Per share								
Net earnings								
Basic	**0.13**	0.25	0.51	0.42	0.35	0.22	0.49	0.44
Diluted	**0.13**	0.25	0.51	0.42	0.35	0.22	0.48	0.44
Adjusted net earnings per share excluding amortization of intangible assets related to business acquisitions*								
Basic	**0.30**	0.30	0.56	0.45	0.44	0.29	0.56	0.50
Diluted	**0.29**	0.30	0.55	0.45	0.44	0.28	0.56	0.50

* See the "Non-IFRS Financial Measures" section of the Management's Discussion and Analysis for the reconciliations to IFRS measures.
** Refer to the "Glossary" section of the Management's Discussion and Analysis.
1 Net of income taxes.
2 The UK Finance Act 2021 was enacted increasing the UK corporate income tax rate from 19% to 25%, effective April 1, 2023. Refer to Note 9 to the consolidated financial statements for further information.

Selected factors positively (negatively) affecting financial performance

(in millions of CDN dollars)

Fiscal years	2022	2021			
	Q1	Q4	Q3	Q2	Q1
USA Market Factors*[,1]	**(42)**	(4)	34	4	23
Foreign currency exchange[1,2]	**(21)**	(2)	—	4	(4)

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

OUTLOOK
BUSINESS UPDATE

COVID-19 Pandemic
As an essential provider, we will continue to navigate through the COVID-19 pandemic by maintaining our focus on our key priorities:
- safeguarding the health, safety, and well-being of our employees;
- adapting commercial initiatives, production, and supply chain to changes in consumer demand;
- supporting customers with insights to adapt their offerings and address changing needs; and
- supporting communities through donations and financial support.

Current Market Conditions
We continue to feel the disruptive effects of the lingering COVID-19 pandemic on global economic conditions, commodity pricing, consumer demand, supply chains and business productivity.

Factors that are currently impacting Saputo's performance, include:
- The overall economy continues to perform below pre-pandemic levels, although we are seeing signs of recovery in certain regions where we operate and sell our products.
- Ongoing (but varied) public health-driven restrictions globally have depressed demand levels in the foodservice market segment. Should vaccination levels increase and vaccines remain effective against different variants, it is expected that consumer mobility, and therefore foodservice demand will continue to recover. The timing and magnitude of recovery vary by geography.
- The COVID-related oversupply and ongoing overcapacity of mozzarella destined for the foodservice market segment in the USA has further increased competition. We remain committed to profitable sales volumes, and we continue to focus on diversifying into more value-added categories in both the retail and foodservice market segments.
- Volatility in the dairy commodities market remains. Beginning in the fourth quarter of fiscal 2021, the negative impact of USA Market Factors progressively worsened, led by an unfavourable Spread. USA Market Factors will continue to fluctuate from quarter to quarter, but based on the current trend, we expect to start seeing more favourable market conditions in the second quarter of fiscal 2022.
- Input costs, including transportation, fuel, consumables and packaging, are expected to remain at sustained high levels due to inflationary pressures. As a mitigating measure, we are currently implementing pricing initiatives that will take effect early in the second quarter of fiscal 2022.
- While the availability of labour should improve as pandemic stimulus measures subside, particularly in the USA, filling open positions will remain a challenge in selected regions. In response, we are deploying and testing several initiatives, including employee referral incentives and partnerships with local community colleges. We also intend to increase automation in selected facilities as part of our Global Strategic Plan.
- Fluctuations in international cheese and dairy ingredient market prices persist.
- In Australia, the competition for raw material has intensified, pressuring both milk intake and pricing. Accordingly, we are continuing to leverage our diversified approach, which combines milk purchases from our patron farmers and third-party brokers as well as toll manufacturing agreements.
- The situation with container shortages and port inefficiencies that impacted us in the fourth quarter of fiscal 2021 and in the first quarter of fiscal 2022 has somewhat improved, however we expect to continue to experience some disruptions in the next quarter in relation to export volumes.

The magnitude of the impact of these factors on our financial performance in fiscal 2022 remains difficult to estimate.

We are Focused on "Controlling the Controllables" and Moving our Business Forward
We continue to work closely with customers in the **foodservice market segment** to adapt our offerings to new consumer trends, such as take-out for in-home dining, which are expected to outlast the pandemic. In the near term, sales in the foodservice and industrial market segments will continue to be impacted as long as government-imposed COVID-19 restrictions remain in place and in flux.

In the **industrial market segment**, volumes destined for export markets continued to recover during the first quarter of fiscal 2022. Revenues are expected to continue to increase, however the pace and timing of the recovery to pre-pandemic levels will be variable and depend on the export market and on the evolution of the shipping constraints caused by container shortages and port inefficiencies.

While consumer pantry loading has subsided, the **retail market segment** continues to perform well, and we expect our sales will continue to exceed pre-pandemic levels.

In fiscal 2022, we will remain agile and flexible, both commercially and operationally, to respond to further changes in consumer demand and to the expected recovery in foodservice market segment demand. We believe we have a strong foundation to build on, which will support our growth plans.

Our Growth Strategy

We have a well-defined strategy based on a three-pronged approach comprised of **organic growth, strategic acquisitions** and **our Saputo Promise**.

Organic Growth

Our recently announced four-year Global Strategic Plan (the Plan) is designed to deliver accelerated organic growth across all our platforms. The USA Sector being the largest contributor to the successful execution of the Plan, we inaugurated, in June 2021, an executive office in Miami, Florida. The purpose of this office is to serve as a meeting place for our global and divisional teams, while increasing the presence of our executives in the USA to help support our strategy.

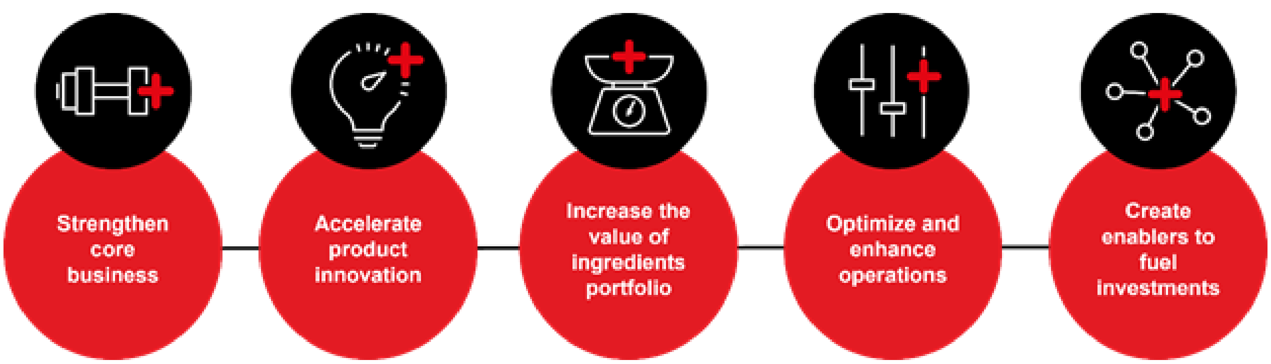
Key elements of the Plan include:

We are **targeting high single-digit Adjusted EBITDA* CAGR**[1] over the four-year period **to reach $2.125 billion by the end of fiscal 2025.** This represents a total increase of $650 million, or approximately 44%, compared to our fiscal 2021 performance. Approximately 70% of the projected Adjusted EBITDA* growth is expected to be generated by initiatives centred on optimizing and enhancing our operations. The remaining 30% of our projected Adjusted EBITDA* growth will result from initiatives aimed at driving our top line and delivering increases in profitable sales volumes at more than double the annual growth rate of global per capita dairy consumption in all regions, with the exception of Australia, where we do not expect the milk pool to grow.

The anticipated cost efficiencies derived from optimizing and enhancing our operations are expected to be realized in the back half of our Plan. Therefore, periodic increases to Adjusted EBITDA* are not expected to be linear, but we are confident that we will see **Adjusted EBITDA* growth in every year of our Plan**, despite challenging market conditions in the first quarter of fiscal 2022.

As we continue to build and diversify our business, we are focused on bolstering our presence in the retail market segment, particularly in the USA Sector, where activities historically skewed towards foodservice. As a result, a large portion of our Plan's strategic initiatives are focused on the retail market segment.

Our Plan is based on **five key pillars,** with the first three contributing to our growth at similar levels. Detailed below are selected initiatives that were either completed or in progress during the first quarter of fiscal 2022:



* See the "Non-IFRS Financial Measures" section of the Management's Discussion and Analysis for the reconciliations to IFRS measures.
[1] CAGR, Compound Annual Growth Rate is defined as the year-over-year growth rate over a specified amount of time.

Strengthen our core business - we are leveraging the power of our brands, both domestically and across geographies, and optimizing our existing product portfolio with a focus on core categories.

The cheese capacity expansion at our Davidstow facility in the UK is allowing us to further bolster our market-leading *Cathedral City* brand through additional export opportunities. In the first quarter, we entered into a long-term exclusive partnership with a key dairy player that enables us to expand the distribution of *Cathedral City* into the EU starting in the fourth quarter of fiscal 2022. In addition to the EU, we plan to increase our distribution of *Cathedral City* in the USA and Canada, following the brand's successful introduction into the North American market in fiscal 2021.

In the USA, we implemented a new filling production line, which will enable us to manufacture aseptic nutritional products to be sold in the retail market segment under a partner's well-known brand name. Production on this line is expected to begin by the end of August.

To further enhance our customer solutions in the USA, we pulled from top talent within our network to appoint a new Senior Vice President of Sales during the first quarter. The new appointee will build on his solid sales and business development track record in the Dairy Division (Canada), a Division that has distinguished itself by the strength of its customer service and execution.

Accelerating product innovation – we are expanding our presence in dairy alternatives as a strategic priority while enhancing our dairy portfolio with new formats, flavours and packaging.

We are well on our way in both the dairy alternative cheese category, where we intend to take a leadership position, and in the dairy alternative beverage category.

We acquired UK-based Bute Island Foods Ltd, an innovative manufacturer, marketer and distributor of a variety of dairy alternative cheese products for both the retail and foodservice market segments under the award-winning vegan *Sheese* brand, alongside private label brands. Prior to the acquisition, Bute Island Foods was a key partner in helping us manufacture the mozzarella alternative we have been successfully trialling with several current and potential foodservice customers in North America. Now that we have the manufacturing capabilities in-house and a product with the right sensory attributes, we are working on converting this success into sales on a global scale, including in North America and Australia.

For dairy alternative beverages, we are focused on supporting existing players through co-packing arrangements, and we continued to secure new business across North America in the first quarter. We currently have two facilities in the USA that will be taking on additional volume in the second quarter, and we will be adding more capacity to our network in the short term when our new Port Coquitlam, BC facility comes online this fall.

Increase the value of our ingredients portfolio - we will drive initiatives to maximize the value of our whey, optimize key recipes to differentiate our offering to the market, and solidify and establish commercial relationships.

Acquiring the Reedsburg facility of Wisconsin Specialty Protein, LLC was a key component in the development of our Plan as it enables us to broaden and increase the value of our ingredients offering, enhancing our portfolio in the USA and internationally. This facility provides our Dairy Division (USA) with new manufacturing capabilities for value-added ingredients such as goat whey, organic lactose and other dairy powders. We made great strides in the integration process during the first quarter, as we evaluate our ingredients portfolio and develop specialized whey products to bring to market.

Across the pond, our Dairy Division (UK) has been actively working on diversifying our dairy ingredient customer base. We expect the benefits to come through in the second half of fiscal 2022.

Optimizing and enhancing operations - we are undertaking specific operations-focused initiatives in our manufacturing, supply chain and logistics activities. This pillar is expected to be the largest contributor to our Adjusted EBITDA* growth over the Plan period.

The execution of our USA cheese network optimization plan has begun, and the initial phase and the related capital expenditures are progressing according to our timeline. We have already made investments aimed at enhancing the production of our market-leading string cheese portfolio. Due to the sequential nature of these optimization efforts, we will be taking a multi-phase approach over the next three fiscal years and deploying capital accordingly.

In Canada, our new state-of-the-art fluid milk and dairy alternative beverage facility in Port Coquitlam, BC, is on track to open this month, with fluid dairy production starting by the end of August and plant-based beverage production beginning later this fall. Following a transition period, we will complete the transfer of production and staff from certain neighbouring facilities over to the Port Coquitlam plant. This will reduce the duplication of costs and we expect the benefit to be reflected during the second half of the fiscal year.

In Australia, we are accelerating continuous improvement projects aimed at maximizing our yield per litre of milk we process. In particular, we are looking to drive efficiencies to improve the recovery of by-products, leveraging the agility of our network to redirect or repurpose by-products to benefit further processing and extract the highest value at the lowest cost.

Create enablers to fuel investments – this pillar comprises initiatives, some of which are ongoing, that will allow us to materialize synergies and reduce overhead costs. These initiatives will help to meaningfully advance our long-term growth trajectory, but we expect it to have the least contribution to Adjusted EBITDA* growth over the Plan period.

One such initiative is our global Enterprise Resource Planning (ERP) implementation (known as our Harmoni project), the rollout within the remainder of our Dairy Division (Australia) and the subsequent phases of the implementation within the Dairy Division (USA) are expected to be completed by the end of fiscal 2022, with current deployments progressing as planned and on schedule. In the Dairy Division (Canada), the planning for our ERP rollout is currently underway and we expect to complete the implementation in phases by the end of fiscal 2024. We may re-plan deployment activities based on the evolution of the COVID-19 pandemic.

As for the merge of our two USA divisions into “One USA”, we are continuing to work on our processes and procedures, aiming to maximize synergies and support our Division’s future growth.

Capital expenditures:

Underpinning our Global Strategic Plan is the **deployment of $2.3 billion in capital investments**. Approximately 50% of this amount will be allocated to base capital expenditures, including those related to our ERP initiative, which are the stay-in-business investments we make as part of our maintenance program. The balance will be supporting the Plan initiatives, with a larger portion of investments expected to be deployed in the first two years with a focus on advancing our Optimize and enhance operations strategic pillar. The expected return, mainly in the form of increased margins derived from operating cost savings, is expected to be the most significant contributor to our Adjusted EBITDA* growth over the four-year period. Deploying the necessary capital in the front half of the Plan period should allow us to capture savings in the back half.

Although the planned capital expenditures are above the historical trend of the last four years, we have not changed our level of investments in capital projects. Additionally, we intend to continue to invest annually to a level which is similar to our depreciation and amortization expense. We also intend to maintain strong financial flexibility throughout the Plan period, allowing us to continue to make strategic acquisitions and prioritize our capital management strategy. We will continue to deploy cash in a responsible manner for capital expenditures, dividends, debt repayments, acquisitions and share repurchases, when appropriate.

As we progress on our Global Strategic Plan journey, we intend to provide regular updates on the major initiatives we are undertaking to drive our organic growth.

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

Strategic Acquisitions
The recent acquisitions will serve as accelerators to our Global Strategic Plan. The acquisitions of Bute Island Foods Ltd and of the Reedsburg facility of Wisconsin Specialty Protein LLC were identified and considered in the development of our Global Strategic Plan. Therefore, the expected growth derived from those acquired businesses is embedded in the respective pillars outlined above.

In July, we completed the acquisition of the business of Wensleydale Dairy Products Limited, which complements and broadens our existing range of British cheeses. Located in North Yorkshire (UK), Wensleydale Dairy Products manufactures, blends, markets, and distributes a variety of specialty and regional cheeses, including *Yorkshire Wensleydale* cheese. Wensleydale Dairy Products' award-winning range of cheeses is also exported around the world. The business operates two facilities and employs approximately 210 people. The incremental post-acquisition Adjusted EBITDA* we expect to derive over time through organic growth, mainly around enhancements to our branded portfolio, will contribute to strengthening our core business in the value-added and specialty cheese categories.

We remain very bullish about dairy products and acquisition prospects in this space, and we intend to further accelerate our growth through strategic, accretive acquisitions based on our disciplined approach.

Areas of focus include:
- Cheese;
- Value-added ingredients;
- USA retail; and
- Dairy alternative products.

Our key regions of interest include areas we operate in, as well as regions that would expand our geographical footprint, such as Northern and Western Europe. The potential for acquisitions in both the USA and Europe is significant as both these regions offer many opportunities for further consolidation.

The Saputo Promise
The Saputo Promise, our approach to social, environmental, and economic performance, supports our strategic plans and allows us to pursue growth and create shared value for all stakeholders, ensuring the long-term sustainability of our business. We recognize the importance of being accountable to our stakeholders, and we aim to communicate in a transparent and responsible manner about our progress to achieve our Promise. Accordingly, today we published our **2021 Saputo Promise Report**, which was expanded to provide additional disclosure on the core environmental, social, and governance (ESG) matters impacting our business.

Among other highlights, the Report introduces our **new 2025 Supply Chain Pledges**. As planned, we are extending our efforts to address sustainability considerations beyond the scope of our operations. We are committed to doing our part in creating a sustainable and equitable food system, working in partnership with our farmers, suppliers and industry partners. In the coming months, we will put our plan in motion, starting with allocating the right expertise and resources towards our Supply Chain Pledges and defining the practices which will form part of our sustainability standards.

Within the scope of our operations, we continue to make strides towards our **environmental targets** as part of our formal commitment to make significant and sustainable progress by 2025. In fiscal 2022, we are funding 24 projects to help accelerate our climate, water and waste performance.

Fiscal 2022 marks the final year of our Saputo Promise three-year plan and we have begun preparations for the next phase as we remain steadfast in our commitment to delivering on our **ESG objectives**.

Striking the Right Balance Between Operating Responsibly and Pursuing Growth
Profitability enhancement and stakeholder value creation remain the cornerstones of Saputo's objectives, supported by our robust three-pronged approach to growth. Moving forward, we are focused on effectively managing through the current challenges and delivering on our strategic growth plans to emerge an even bigger, better, and stronger Saputo for our shareholders, employees, customers, consumers, business partners, and the communities we serve.

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

INFORMATION BY SECTOR

CANADA SECTOR

(in millions of CDN dollars)

Fiscal years	2022	2021			
	Q1	Q4	Q3	Q2	Q1
Revenues	**1,033**	1,001	1,089	1,063	982
Adjusted EBITDA	**113**	107	119	117	104
Adjusted EBITDA margin	**10.9 %**	10.7 %	10.9 %	11.0 %	10.6 %

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

USA SECTOR

(in millions of CDN dollars)

Fiscal years	2022	2021			
	Q1	Q4	Q3	Q2	Q1
Revenues	**1,506**	1,399	1,657	1,649	1,417
Adjusted EBITDA	**96**	93	171	140	163
Adjusted EBITDA margin	**6.4 %**	6.6 %	10.3 %	8.5 %	11.5 %

Selected factors positively (negatively) affecting financial performance

(in millions of CDN dollars)

Fiscal years	2022	2021			
	Q1	Q4	Q3	Q2	Q1
USA Market Factors*,[1]	**(42)**	(4)	34	4	23
US currency exchange[1]	**(18)**	(5)	(2)	2	5

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

Other pertinent information

(in US dollars, except for average exchange rate)

Fiscal years	2022	2021			
	Q1	Q4	Q3	Q2	Q1
Block market price*					
Opening	**1.738**	1.650	2.573	2.640	1.330
Closing	**1.553**	1.738	1.650	2.573	2.640
Average	**1.657**	1.687	2.129	2.249	1.778
Butter market price*					
Opening	**1.818**	1.420	1.510	1.765	1.335
Closing	**1.740**	1.818	1.420	1.510	1.765
Average	**1.805**	1.480	1.444	1.571	1.500
Average whey market price*	**0.626**	0.517	0.388	0.311	0.356
Spread*	**(0.164)**	0.001	0.168	0.141	0.047
US average exchange rate to Canadian dollar[1]	**1.231**	1.268	1.306	1.333	1.378

* Refer to the ''Glossary'' section of the Management's Discussion and Analysis
[1] Based on Bank of Canada published information.

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

INTERNATIONAL SECTOR

(in millions of CDN dollars)

Fiscal years	**2022**	2021			
	Q1	Q4	Q3	Q2	Q1
Revenues	**754**	827	807	806	781
Adjusted EBITDA	**45**	62	105	78	60
Adjusted EBITDA margin	**6.0 %**	7.5 %	13.0 %	9.7 %	7.7 %

Selected factors positively (negatively) affecting financial performance

(in millions of CDN dollars)

Fiscal years	**2022**	2021			
	Q1	Q4	Q3	Q2	Q1
Foreign currency exchange[1]	**(4)**	3	4	(1)	(9)

1 As compared to same quarter last fiscal year.

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

EUROPE SECTOR

(in millions of CDN dollars)

Fiscal years	**2022**	2021			
	Q1	Q4	Q3	Q2	Q1
Revenues	**195**	211	210	184	211
Adjusted EBITDA	**36**	40	37	35	40
Adjusted EBITDA margin	**18.5 %**	19.0 %	17.6 %	19.0 %	19.0 %

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