NEWS RELEASE

For immediate release

# SAPUTO REPORTS FINANCIAL RESULTS FOR THE FIRST QUARTER OF FISCAL 2024 ENDED JUNE 30, 2023

(*Montréal, August 10, 2023*) – Saputo Inc. (TSX: SAP) (we, Saputo or the Company) reported today its financial results for the first quarter of fiscal 2024, which ended on June 30, 2023. All amounts in this news release are in millions of Canadian dollars (CDN), except per share amounts, unless otherwise indicated, and are presented according to International Financial Reporting Standards (IFRS).

*"Our business delivered solid results in the first quarter in the face of significant commodity market headwinds and lower consumer demand. We had another quarter of adjusted EBITDA and margin growth with a strong performance in our Canada Sector, significant operational improvements in our Australia division, and more operational stability in the USA Sector. Despite unprecedented market conditions, the underlying health of the business is strong and some of the current headwinds are expected to be transitional," said Lino A. Saputo, Chair of the Board, President and CEO.*

*Mr. Saputo added, "We are at an important inflection point in our business, although it is not yet reflected in our results. We continue to make progress against our Global Strategic Plan initiatives, and we are moving forward with several of our capital investment projects, which are expected to deliver meaningful returns once fully operational."*

**Fiscal 2024 First Quarter Financial Highlights**
- Revenues amounted to $4.207 billion, down $120 million or 2.8%.
- Net earnings totalled $141 million, up from $139 million. Net earnings per share (EPS) (basic and diluted) were stable at $0.33.
- Adjusted EBITDA[1] amounted to $362 million, up $15 million or 4.3%.
- Adjusted net earnings[1] totalled $154 million, up from $143 million, and adjusted EPS[1] (basic and diluted) were $0.37 and $0.36, up from $0.34 and $0.34.

| *(unaudited)* | **For the three-month periods ended June 30** | |
|---|---|---|
| | **2023** | 2022 |
| Revenues | **4,207** | 4,327 |
| Adjusted EBITDA[1] | **362** | 347 |
| Net earnings | **141** | 139 |
| Adjusted net earnings[1] | **154** | 143 |
| EPS | | |
| Basic | **0.33** | 0.33 |
| Diluted | **0.33** | 0.33 |
| Adjusted EPS[1] | | |
| Basic | **0.37** | 0.34 |
| Diluted | **0.36** | 0.34 |

- Our first quarter performance reflected:
  - The positive carryover effect of previously implemented pricing initiatives in all our sectors,
  - Lower average block market price[2] and average butter market price[2] in the USA Sector, and
  - Softening of the global demand for dairy products negatively impacting our sales volumes.
- Increased adjusted EBITDA[1] reflected a solid performance in the Canada Sector and modest increases in the USA Sector and the Europe Sector. Results in the International Sector were slightly lower.
- USA Sector adjusted EBITDA increased by $6 million, despite a $24 million unfavourable impact from lower commodity prices.
- Continued execution towards our long-term strategic priorities through investments in our major capital projects.
- The Board of Directors reviewed the dividend policy and increased the quarterly dividend from $0.18 per share to $0.185 per share, representing a 2.8% increase. The quarterly dividend will be payable on September 15, 2023, to shareholders of record on September 5, 2023.

[1] This is a total of segments measure, a non-GAAP financial measure, or a non-GAAP ratio. These measures and ratios do not have a standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers. See the "Non-GAAP Measures" section of this news release for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the primary financial statements, as applicable. Adjusted net earnings and adjusted EPS for comparative periods were aligned to meet the current presentation.

[2] Refer to the "Glossary" section of the Management's Discussion and Analysis.

## FY24 OUTLOOK

- We expect to benefit from the carryover impact of price increases, additional capacity and capabilities, cost containment and efficiency initiatives, new product innovations, and investments in our brands and advertising.

- We expect inflation on our overall input costs to moderate, but to remain at elevated levels. We will continue to manage the current inflationary environment through our pricing protocols and cost containment measures.

- A more stabilized workforce, fewer supply chain constraints, and the acceleration of our productivity and operational improvement projects are expected to further enhance our ability to service customers, particularly in the USA Sector.

- Global demand for dairy products is expected to remain moderate due to macroeconomic conditions and the impact of pricing elasticity.

- The outlook for USA Market Factors[2] remains mixed. Management believes that the long-term environment is likely to be relatively supportive for commodity prices but with continued volatility in the short to medium-term.

- The International Sector is expected to be negatively impacted by lower cheese and dairy ingredient prices.

- Capital expenditures are expected to remain at similar levels versus last fiscal year, driven by Global Strategic Plan optimization and capacity expansion initiatives, as well as continued investments in automation.

- We expect strong operating cash flow to continue to support a balanced capital allocation strategy and provide the financial flexibility to consider value enhancing opportunities, with priority given to: (i) organic growth initiatives through capital expenditures, (ii) shareholder dividends, and (iii) debt repayments.

[2] Refer to the "Glossary" section of the Management's Discussion and Analysis.

## GLOBAL STRATEGIC PLAN HIGHLIGHTS

With numerous initiatives underway aimed at enhancing our commercial capabilities, improving our cost structure, and optimizing our network, we remain confident in our Global Strategic Plan designed to deliver $2.125 billion in adjusted EBITDA[1] annually. We continue to invest at pace across our asset base to support future growth and further operating efficiencies.

The timeline to achieve our target relied on several baseline assumptions including US and global dairy commodity prices and global demand for dairy products, which have been subject to recent, unprecedented volatility. Given these recent, persistent, highly volatile market conditions, we no longer expect to achieve our adjusted EBITDA[1] target by FY25. However, based on our experience, we do anticipate for dairy markets to stabilize over time. While it would be premature to predict when market conditions will stabilize, we are focused on ensuring we effectively navigate through the current volatility, as the expected benefits from the initiatives that are under our control represent meaningful improvement opportunities. With greater cost efficiency and an ability to capture additional growth opportunities, we strongly believe that our Global Strategic Plan will enable us to execute on our strategic ambitions and ensure our Company's long-term success. Our strategy, and our confidence in it, remains unchanged.

**Capital Projects Update**

In the Canada Sector, we reached several milestones with the continued roll-out of our automation projects and digital capabilities. This included the completion of several cheese slicing, shredding, and packing automation projects at our Saint-Léonard, Québec, Tavistock, Ontario, and Calgary, Alberta, plants, to take advantage of new business opportunities and to continue to grow with some of our national retail customers.

In the USA Sector, ongoing investments to add new capacity and capabilities, accelerating efforts to modernize operations, repurposing capacity and other expansion, and efficiency projects are well underway. Investments in our mozzarella manufacturing facilities will improve operational efficiencies and support our foodservice growth plan, while our string cheese expansion plan will support growth and sustain our leading market position in the category. Planned capital investments in goat cheese will increase capacity and expand our position in the growing specialty cheese categories, while our new $240 million state-of-the-art cut-and-wrap facility in Franklin, Wisconsin, will support our retail market growth ambitions.

In the International Sector, previously announced network consolidation activities in Australia, including the closure of the Maffra site and the streamlining of the Mil-Lel and the Leongatha facilities, were completed in the fourth quarter of FY23, and benefits began to be realized in the first quarter of FY24. The construction and equipment installation for our new frozen natural cream cheese capabilities is on track and is in the final stages of commissioning, with the lines due to be up and running by the second quarter of FY24. In Argentina, we are  installing a new biodigester. The project will be executed over three phases and will benefit our environmental footprint, will treat our organic waste streams to generate biogas, and drive cost savings, notably around energy and gas.

In the Europe Sector, the previously announced network consolidation initiatives aimed at improving operational efficiencies are progressing well. The development of the new Nuneaton packing facilities are nearing completion, with commissioning of the first new packing lines underway.

[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 news release 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.

## THE SAPUTO PROMISE

On August 10, 2023, we issued our 2023 Saputo Promise Report as part of our commitment to be accountable to our stakeholders and transparent about our progress in managing key Environmental, Social, and Governance (ESG) aspects impacting our business.

Anchored in the most pressing ESG issues for our business, our current three-year plan (FY23-FY25) builds on the momentum of the past few years and continues to drive, enable, and sustain our growth. The report includes in-depth information on the progress we have made throughout FY23 towards our three-year plan and highlights our performance across the seven Pillars of our Saputo Promise: Food Quality & Safety, Our People, Business Ethics, Responsible Sourcing, Environment, Nutrition, and Community.

Included in this report is information such as:

- The sustainability standards we want to achieve in partnership with our suppliers and farmers;
- Our efforts in advancing gender balance in the workplace;
- Our progress towards our 2025 Environmental Pledges;
- The improvements we have made in our ESG disclosure; and
- The impact we have had on the communities we serve and operate in.

The 2023 Saputo Promise Report can be obtained in the "Our Promise" section of the Company's website, at www.saputo.com.

**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 2024. These documents can be obtained on SEDAR+ under the Company's profile at www.sedarplus.ca and in the "Investors" section of the Company's website, at www.saputo.com.

**Webcast and Conference Call**

A webcast and conference call will be held on Friday, August 11, 2023, at 8:30 a.m. (Eastern Time)

The webcast will begin with a short presentation followed by a question and answer period. The speakers will be Lino A. Saputo, Chair of the Board, President and Chief Executive Officer, and Maxime Therrien, Chief Financial Officer and Secretary.

**To participate:**

- **Webcast** : https://www.gowebcasting.com/12633
  Presentation slides will be included in the webcast and can also be accessed in the "Investors" section of Saputo's website (www.saputo.com), under "Calendar of Events".

- **Conference line** *(audio only)*: 1-800-379-4140
  Please dial-in five minutes prior to the start time.

**Replay of the conference call and webcast presentation**
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 Friday, August 18, 2023, 11:59 p.m. (ET) by dialling 1-800-558-5253 (ID number: 22027517).

**About Saputo**

Saputo, one of the top ten dairy processors in the world, 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 a leading cheese manufacturer and fluid milk and cream processor in Canada, a leading dairy processor in Australia and the top dairy processor in Argentina. In the USA, Saputo ranks among the top three cheese producers and is one of the top producers of extended shelf-life and cultured dairy products. In the United Kingdom, Saputo is the leading manufacturer of branded cheese and dairy spreads. In addition to its dairy portfolio, Saputo produces, markets, and distributes a range of dairy alternative cheeses and beverages. 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 www.saputo.com or via Facebook, Instagram, and LinkedIn.

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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 inherent risks and uncertainties. Actual results could differ materially from those stated, implied, or projected in such forward-looking statements. As a result, we cannot guarantee that any forward-looking statements will materialize, and we warn readers that these forward-looking statements are not statements of historical fact or guarantees of future performance in any way. Assumptions, expectations, and estimates made in the preparation of forward-looking statements and risks and uncertainties that could cause actual results to differ materially from current expectations are discussed in our materials filed with the Canadian securities regulatory authorities from time to time, including the “Risks and Uncertainties” section of the Management's Discussion and Analysis dated June 8, 2023, available on SEDAR+ under Saputo's profile at www.sedarplus.ca.

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

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

Management believes that these estimates, expectations, and assumptions are reasonable as of the date hereof, and are inherently subject to significant business, economic, competitive, and other uncertainties and contingencies regarding future events, and are accordingly subject to changes after such date. Forward-looking statements are intended to provide shareholders with information regarding Saputo, including our assessment of future financial plans, and may not be appropriate for other purposes. Undue importance should not be placed on forward-looking statements, and the information contained in such forward-looking statements should not be relied upon as of any other date.

Unless otherwise indicated by Saputo, forward-looking statements in this news release describe our estimates, expectations and assumptions as of the date hereof, 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

| Fiscal years | 2024 | 2023 | | | | 2022 | | |
|---|---|---|---|---|---|---|---|---|
| | **Q1** | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 |
| Revenues | **4,207** | 4,468 | 4,587 | 4,461 | 4,327 | 3,957 | 3,901 | 3,689 |
| Adjusted EBITDA[1] | **362** | 392 | 445 | 369 | 347 | 260 | 322 | 283 |
| Adjusted EBITDA margin[1] | **8.6 %** | 8.8 % | 9.7 % | 8.3 % | 8.0 % | 6.6 % | 8.3 % | 7.7 % |
| Net earnings | **141** | 159 | 179 | 145 | 139 | 37 | 86 | 98 |
| Acquisition and restructuring costs[2] | **—** | 21 | 27 | 16 | 6 | 51 | — | (1) |
| Gain on disposal of assets[2] | **—** | — | — | — | — | — | (8) | — |
| Impairment of intangible assets[2] | **—** | — | — | — | — | — | 43 | — |
| Gain on hyperinflation[2] | **(2)** | — | — | (26) | (18) | (15) | (14) | (9) |
| Amortization of intangible assets related to business acquisitions[2] | **15** | 16 | 15 | 16 | 16 | 20 | 18 | 19 |
| Adjusted net earnings[1] | **154** | 196 | 221 | 151 | 143 | 93 | 125 | 107 |
| Adjusted net earnings margin[1] | **3.7 %** | 4.4 % | 4.8 % | 3.4 % | 3.3 % | 2.4 % | 3.2 % | 2.9 % |
| EPS basic | **0.33** | 0.38 | 0.43 | 0.35 | 0.33 | 0.09 | 0.21 | 0.24 |
| EPS diluted | **0.33** | 0.38 | 0.43 | 0.35 | 0.33 | 0.09 | 0.21 | 0.24 |
| Adjusted EPS basic[1] | **0.37** | 0.47 | 0.53 | 0.36 | 0.34 | 0.22 | 0.30 | 0.26 |
| Adjusted EPS diluted[1] | **0.36** | 0.47 | 0.53 | 0.36 | 0.34 | 0.22 | 0.30 | 0.26 |

### *Selected factor(s) positively (negatively) impacting Adjusted EBITDA[1,4]*

| Fiscal years | 2024 | **2023** | | | | 2022 | | |
|---|---|---|---|---|---|---|---|---|
| | **Q1** | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 |
| USA Market Factors[3] | **(14)** | 29 | (6) | (27) | (7) | (19) | (40) | (17) |
| USA Sector inventory write-down | **(10)** | — | — | — | — | — | — | — |
| Foreign currency exchange[5] | **4** | (12) | (7) | (12) | (7) | (12) | (18) | (21) |

1 This is a total of segments measure, a non-GAAP financial measure, or a non-GAAP ratio. These measures and ratios do not have a standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers. See the "Non-GAAP Measures" section of this news release for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the primary financial statements, as applicable. Adjusted net earnings and adjusted EPS for comparative periods were aligned to meet the current presentation.
2 Net of income taxes.
3 Refer to the ''Glossary'' section of the Management's Discussion and Analysis.
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.

# CONSOLIDATED RESULTS FOR THE FIRST QUARTER  ENDED JUNE 30, 2023

## Revenues

Revenues totalled $4.207 billion, down $120 million or 2.8%, as compared to $4.327 billion for the same quarter last fiscal year.

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

The combined effect of the lower average block market price[2] and of the lower average butter market price[2] in our USA Sector had a negative impact of $207 million.

Sales volumes were lower compared to the same quarter last fiscal year due to the softening of global demand for dairy products and competitive market conditions, particularly in the USA Sector.

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

Finally, the fluctuation of foreign currencies versus the Canadian dollar had a favourable impact of approximately $106 million.

## Operating costs excluding depreciation, amortization, and restructuring costs

Operating costs excluding depreciation, amortization, and restructuring costs totalled $3.845 billion, down $135 million or 3.4%, as compared to $3.980 billion for the same quarter last fiscal year. The decrease was in line with lower sales volumes and lower commodity market prices, which decreased the cost of raw materials and consumables used. Lower logistics costs, including the effect of lower fuel costs, also contributed to this decrease. The decrease was partially offset by the negative impacts of ongoing inflation on costs including employee salary and benefits.

## Net earnings

Net earnings totalled $141 million, up $2 million  or 1.4%, as compared to $139 million for the same quarter last fiscal year. The increase was due to the net effect of higher adjusted EBITDA[1], as described below, lower acquisition and restructuring costs, and lower income tax expense, offset by a lower gain on hyperinflation and higher financial charges.

## Adjusted EBITDA[1]

Adjusted EBITDA[1] totalled $362 million, up $15 million or 4.3%, as compared to $347 million for the same quarter last fiscal year.

Results reflected a solid performance in the Canada Sector and modest increases in the USA Sector and the Europe Sector whereas the International Sector's performance was slightly lower. However, the softening of global demand for dairy products negatively impacted our volumes and performance.

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

In our USA Sector, despite the positive effect of the milk-cheese Spread[2], results included a $24 million unfavourable impact relative to, USA Market Factors[2] and, an inventory write-down due to the decrease in certain market selling prices. Furthermore, lower sales volumes negatively impacted operational efficiencies and absorption of fixed costs.

Cost containment measures and efficiency and productivity initiatives aimed at minimizing the effects of macroeconomic conditions had a favourable impact.

We also benefited from lower logistics costs, including lower fuel prices, mainly in North America.

The fluctuation of foreign currencies versus the Canadian dollar had a favourable impact of approximately $4 million.

[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 news release 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] Refer to the "Glossary" section of the Management's Discussion and Analysis.

## Depreciation and amortization

Depreciation and amortization totalled $146 million, up $1 million, as compared to $145 million for the same quarter last fiscal year.

## Acquisition and restructuring costs

There were no acquisition and restructuring costs in the first quarter of fiscal 2024.

Acquisition and restructuring costs for the first quarter of fiscal 2023 totalled $7 million and were comprised of site closure costs of $9 million relating to the consolidation activities in the Europe Sector. These costs were offset by a $2 million gain on disposal of assets related to the sale of a closed facility in the Canada Sector.

## Gain on hyperinflation

Gain on hyperinflation totalled $2 million, down $16 million from $18 million for the same quarter last fiscal year. The decrease of the gain on hyperinflation is relative to the application of hyperinflation accounting for the Dairy Division (Argentina).

## Financial Charges

Financial charges totalled $40 million, up $10 million, as compared to $30 million for the same quarter last fiscal year mainly due to higher interest rates.

## Income tax expense

Income tax expense totalled $37 million, reflecting an effective tax rate of 21%, as compared to 24% for the same quarter last fiscal year.

The effective income tax rate for both the first quarter of fiscal 2024 and the first quarter of fiscal 2023 included the favourable effect of approximately 5% and 3%, respectively, relating to the tax and accounting treatments of inflation in Argentina.

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 $154 million, up $11 million or 7.7%, as compared to $143 million for the same quarter last fiscal year. This is mainly due to an increase in net earnings, as described above, excluding lower gain on hyperinflation, and lower acquisition and restructuring costs after tax.

[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 news release for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the primary financial statements, as applicable. Adjusted net earnings and adjusted EPS for comparative periods were aligned to meet the current presentation.

# INFORMATION BY SECTOR

## CANADA SECTOR

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

## USA SECTOR

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

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

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

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

### *Other pertinent information*

*(in US dollars, except for average exchange rate)*

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

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

## INTERNATIONAL SECTOR

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

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

| Fiscal years | 2024 | 2023 | | | |
|---|---|---|---|---|---|
| | **Q1** | Q4 | Q3 | Q2 | Q1 |
| Foreign currency exchange[1] | **(2)** | (15) | (13) | (9) | (6) |

1 As compared to same quarter last fiscal year.

## EUROPE SECTOR

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

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

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

1 As compared to same quarter last fiscal year.

# 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 news release also refers to certain non-GAAP and other financial measures which do not have a standardized meaning under GAAP, and are described in this section.

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

These non-GAAP measures have no standardized meaning under GAAP and are unlikely to be comparable to similar measures presented by other issuers. Our method of calculating these measures may differ from the methods used by others, and, accordingly, our definition of these non-GAAP financial measures may not be comparable to similar measures presented by other issuers. In addition, non-GAAP financial measures should not be viewed as a substitute for the related financial information prepared in accordance with GAAP. This section provides a description of the components of each non-GAAP measure used in this news release 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 provides a more effective measure to assess performance against the Company's peer group, including due to the application of various accounting policies in relation to the amortization of acquired intangible assets.

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

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

| | **For the three-month periods ended June 30** | |
|---|---|---|
| | **2023** | 2022 |
| Net earnings | **141** | 139 |
| Acquisition and restructuring costs[1] | **—** | 6 |
| Amortization of intangible assets related to business acquisitions[1] | **15** | 16 |
| Gain on hyperinflation[1,2] | **(2)** | (18) |
| Adjusted net earnings | **154** | **143** |
| Revenues | **4,207** | 4,327 |
| Adjusted net earnings margin (expressed as a percentage of revenues) | ***3.7 %*** | *3.3 %* |

1 Net of applicable income taxes.
2 Starting in the first quarter of fiscal 2024:
- the gain on hyperinflation is presented on a separate line on the consolidated income statements (Refer to Note 14 of the condensed interim consolidated financial statements for further information); and
- adjusted net earnings exclude the gain on hyperinflation to provide investors with more useful information with regards to our ongoing operations.

Comparative periods included in this news release were aligned to meet the current presentation.

## Adjusted EPS basic and adjusted EPS diluted

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

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

## 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** | |
|---|---|---|
| | **2023** | 2022 |
| Net earnings | **141** | 139 |
| Income taxes | **37** | 44 |
| Financial charges[1] | **40** | 30 |
| Gain on hyperinflation[1] | **(2)** | (18) |
| Acquisition and restructuring costs | **—** | 7 |
| Depreciation and amortization | **146** | 145 |
| Adjusted EBITDA | **362** | 347 |
| Revenues | **4,207** | 4,327 |
| Adjusted EBITDA margin | ***8.6 %*** | *8.0 %* |

1 Starting in the first quarter of fiscal 2024, the gain on hyperinflation is presented on a separate line on the consolidated income statements (Refer to Note 14 of the condensed interim consolidated financial statements for further information).
Comparative periods included in this news release were aligned to meet the current presentation.