News Release
For immediate release

Saputo

SAPUTO REPORTS FINANCIAL RESULTS FOR THE SECOND QUARTER OF FISCAL 2022 ENDED SEPTEMBER 30, 2021

(*Montréal, November 4, 2021*) – Saputo Inc. (TSX: SAP) (we, Saputo or the Company) reported today its financial results for the second quarter of fiscal 2022, which ended on September 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 Second Quarter Financial Highlights

- Revenues were stable at $3.7 billion.
- Adjusted EBITDA* amounted to $283 million, down $87 million or 23.5%.
- Net earnings totalled $98 million and EPS** (basic and diluted) were $0.24, down from $171 million and EPS (basic and diluted) of $0.42.
- Adjusted net earnings excluding amortization of intangible assets related to business acquisitions* totalled $116 million, down from $184 million, and the corresponding EPS** (basic and diluted) were $0.28, down from $0.45.

"This latest phase of the pandemic has brought its share of difficulties, and our second-quarter results reflect this challenging environment. As economies reopen, our business, like many others, has faced labour shortages, supply chain disruptions, and inflationary pressures, significantly hampering our profitability in the first half of fiscal 2022. In response, we are staying true to our disciplined approach, with a relentless focus on controlling the controllables and progressing our Global Strategic Plan. By combining our asset base and the strategic initiatives that underpin our Plan, many of which are currently underway, we firmly believe we can deliver on our Adjusted EBITDA* target of $2.125 billion by the end of fiscal 2025 and build solid foundations for generations to come."
—Lino A. Saputo, Chair of the Board and Chief Executive Officer

Selected Fiscal 2022 Second Quarter Global Strategic Plan Highlights

Strengthen core business

In the USA, we made progress on our simplification and SKU rationalization projects as we work to increase productivity while decreasing the complexity of our commercial and supply chain activities.

Accelerate product innovation

We continued to secure new co-packing business across North America to manufacture dairy alternative beverages, with our two facilities in the USA taking on additional volume.

Increase the value of ingredients portfolio

We have begun materializing on our ingredients strategy to enhance our portfolio in the USA and internationally and move up the value chain. Since the Reedsburg Facility Acquisition, we have made great strides towards taking a leadership role in manufacturing goat whey and other niche value-added ingredients.

Optimize and enhance operations

In Canada, we initiated several automation projects, which were originally slated to begin in fiscal 2023. And our new state-of-the-art fluid milk and dairy alternative beverage facility in Port Coquitlam, BC, is now open.

Create enablers to fuel investments

Under "One USA", we are making good progress as we continue to work on harmonizing our processes and procedures, to maximize synergies and support our Dairy Division (USA)'s future growth.

Board of Directors

On November 4, 2021, Ms. Olu Fajemirokun-Beck joined the Company's Board of Directors. Ms. Beck has more than 30 years of experience in the consumer goods industry and held several executive roles in the United States, the United Kingdom, and the European Union. Previously, she was the Chief Executive Officer and a Board Member of Wholesome Sweeteners Inc. Prior to that, she held senior executive positions at Mars, Incorporated, including as the Chief Financial Officer of Uncle Ben's, and at Johnson & Johnson. Ms. Beck has been consecutively named one ofthe Top 25 Most Influential Women CEO's of the Mid-Market in the USA by CEO Connection in 2017 and 2018. Ms. Beck is the founder and Chief Executive Officer of boutique management consulting firm, The Beck Group NJ LLC. She will sit on the Company's Audit Committee.

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

"I am sincerely delighted to welcome Olu to our Board of Directors. Her successful track record of transformational growth in the consumer goods sector and her proven leadership experience in key operational regions for Saputo, namely the USA, the UK, and the EU, will bring tremendous value to our Board. And as we pursue our strategic growth plans, we will also benefit from Olu's expertise in the areas of branding and innovation."
—Lino A. Saputo, Chair of the Board and Chief Executive Officer

Appointments in Senior Management
Following a successful transition period, the Company is pleased to announce the appointment ofMs. Lyne Castonguay as President and Chief Operating Officer, Dairy Division (USA), effective November 4, 2021. Ms. Castonguay joined Saputo in February 2021 as Deputy President and Chief Operating Officer, Dairy Division (USA). She will continue to report to Mr. Carl Colizza, President and Chief Operating Officer (North America).

Further, the appointment of Ms. Leanne Cutts as President and Chief Operating Officer (International and Europe), which was announced previously, became effective on September 20, 2021.

FINANCIAL RESULTS FOR FISCAL 2022 SECOND QUARTER ENDED SEPTEMBER 30, 2021

Revenues at $3.7 billion, down 0.4%
Adjusted EBITDA* at $283 million, down 23.5%
Net earnings at $98 million, down 42.7%
Adjusted net earnings excluding amortization of intangible assets
related to business acquisitions* at $116 million, down 37.0%

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

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2021	2020	**2021**	2020
Revenues	**3,689**	3,702	**7,177**	7,093
Adjusted EBITDA*	**283**	370	**573**	737
Net earnings	**98**	171	**151**	313
Adjusted net earnings excluding amortization of intangible assets related to business acquisitions*	**116**	184	**238**	363
Net earnings per share				
Basic	**0.24**	0.42	**0.37**	0.76
Diluted	**0.24**	0.42	**0.36**	0.76
Adjusted net earnings per share excluding amortization of intangible assets related to business acquisitions*				
Basic	**0.28**	0.45	**0.58**	0.89
Diluted	**0.28**	0.45	**0.57**	0.88

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

HIGHLIGHTS

- Challenging market conditions, including labour shortages, supply chain disruptions and inflationary pressures, continued to impact our sectors to varying degrees, with the USA Sector being the most impacted.
- The Canada Sector, our most balanced platform from a market segmentation standpoint, continued to show improved results.
- Inflation continued to create upward pressure on input costs, including an impact of $33 million on adjusted EBITDA* related to freight and logistical costs, mainly in North America, and USA Market Factors** negatively impacted adjusted EBITDA by $17 million.
- In the International Sector, lower export sales volumes due to supply chain challenges, including container shortages and port inefficiencies, continued to negatively impact results.
- In the Europe Sector, the contribution of the acquisitions of Bute Island Foods Ltd. (Bute Island Acquisition) and the business of Wensleydale Dairy Products Limited (Wensleydale Dairy Products Acquisition), completed on May25, 2021, and July 30, 2021, respectively, was positive.
- Consolidated sales volumes were stable, with sales volumes from our foodservice and retail market segments progressively rebalancing.
- The fluctuation of the Canadian dollar versus foreign currencies negatively impacted revenues and adjusted EBITDA by $143 million and $21 million, respectively.
- On August 31, 2021, we completed the acquisition of the Carolina Aseptic and Carolina Dairy businesses formerly operated by AmeriQual Group Holdings, LLC (Carolina Acquisition), increasing the USA Sector's capacity to manufacture and distribute products in the aseptic beverage and food categories, as well as the nutritional snacks space.
- The Board of Directors approved a dividend of $0.18 per share payable on December 17, 2021, to common shareholders of record on December 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 second 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 second quarter results will be held on Thursday, November 4, 2021, at 2:30 p.m. Eastern Time.

- **Webcast** *(recommended)*: https://www.gowebcasting.com/11526
  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)*: 1-888-221-1894
  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, November 11, 2021, 11:59 p.m. (ET) by dialing 1-800-558-5253 (ID number: 21998496).

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 ofour 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; changes in interest rates and access to capital markets. 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; theanticipated 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 SECOND QUARTER AND FISCAL PERIOD ENDED SEPTEMBER 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 for the **second quarter of fiscal 2022** totalled $3.689 billion, down $13 million or 0.4%, as compared to $3.702 billion for the same quarter last fiscal year.

Sales volumes were stable compared to those of the second quarter of fiscal 2021. Foodservice market segment sales volumes increased as COVID-19 restrictions continued to be gradually lifted by governments and vaccination rates rose. This was offset by lower retail market segment sales volumes as they returned to historical levels. Retail market segment sales in the second quarter of fiscal 2021 had benefited from increased levels in connection with the shift in consumer demand caused by the COVID-19 pandemic. Supply chain challenges, due to container shortages and port inefficiencies, negatively impacted export sales volumes in our International Sector, although the situation improved compared to the previous quarter.

The combined effect of the lower average block market price** and a higher average butter market price** had a negative impact of $119 million. Pricing initiatives implemented during the quarter to mitigate increasing input costs began to contribute positively in North America and in our Europe Sector. Also, 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. Higher international cheese and dairy ingredient market prices had a positive impact. On the other hand, fulfilling most of the remainder of the export sales contracts that had been entered into in previous quarters at depressed commodity prices in the International Sector continued to negatively impact revenues, although to a lesser extent than in the first quarter of fiscal 2022. The combined effect of the fluctuation of the Argentine peso and the Australian dollar on export sales denominated in US dollars was favourable.

The contributions of the Bute Island Acquisition and the Reedsburg facility of Wisconsin Specialty Protein, LLC (the Reedsburg Facility Acquisition) as well as the partial contributions of the Wensleydale Dairy Products Acquisition and the Carolina Acquisition (collectively, the Recent Acquisitions) totalled $26 million.

Finally, the fluctuation of foreign currencies, most particularly the US dollar, versus the Canadian dollar had an unfavourable impact of $143 million.

Revenues for the **first six months of fiscal 2022** totalled $7.177 billion, up $84 million or 1.2%, as compared to $7.093 billion for the same period last fiscal year.

Overall, sales volumes were higher than those of the first six months 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 lift restrictions and vaccination levels continued to rise. However, sales volumes decreased in the retail market segment when compared to the surge that occurred in the first quarter of fiscal 2021, although this surge began to level off during the second quarter of fiscal 2021. Supply chain challenges, due to container shortages and port inefficiencies, negatively impacted export sales volumes in our International Sector.

Pricing initiatives implemented during the second quarter to mitigate increasing input costs began to contribute positively in North America and in our Europe Sector. 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. Higher international cheese and dairy ingredient market prices had a positive impact. However, fulfilling the export sales contracts that had been entered into during previous quarters at depressed commodity prices in the International Sector had an unfavourable impact. The combined effect of the fluctuation of the Argentine peso and the Australian dollar on export sales denominated in US dollars was favourable. The combined effect of the lower average block market price** and a higher average butter market price** had a negative impact of $73 million.

The contributions of the Recent Acquisitions totalled $28 million.

Finally, the fluctuation of foreign currencies, most particularly the US dollar, versus the Canadian dollar had an unfavourable impact of $322 million.

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

Adjusted EBITDA*

Adjusted EBITDA for the **second quarter of fiscal 2022** totalled $283 million, down $87 million or 23.5%, as compared to $370 million for the same quarter last fiscal year.

As described above, overall sales volumes were stable compared to the same quarter last fiscal year. Both the labour shortages in some of our facilities and supply chain disruptions negatively impacted efficiencies and the absorption of fixed costs.

We continued to face rising inflation where pricing initiatives lagged cost surges, more so than historically. Input costs, such as transportation, fuel, consumables and packaging, increased in all our divisions due to inflationary pressures. This included an increase of $33 million related to freight and logistical costs, mainly in North America, which more than offset the positive effect of pricing initiatives undertaken during the quarter.

USA Market Factors** had a negative effect of $17 million. The relation between international cheese and dairy ingredient market prices and the cost of milk as raw material in the International Sector had a positive impact. On the other hand, the effect of fulfilling most of the remainder of the export sales contracts entered into at depressed commodity prices in previous quarters was unfavourable.

The contributions of the Recent Acquisitions described above were positive.

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

Adjusted EBITDA for the **first six months of fiscal 2022** totalled $573 million, down $164 million or 22.3%, as compared to $737 million for the same period last fiscal year.

Input costs, such as transportation, fuel, consumables and packaging, increased in all our divisions due to inflationary pressures. This included an increase of $56 million related to freight and logistical costs, mainly in North America, which more than offset the positive effect of the pricing initiatives discussed above.

In a volatile dairy commodity market, USA Market Factors** had a negative effect of $59 million. However. the favourable relation between international cheese and dairy ingredient market prices and the cost of milk as raw material in the International Sector had a positive impact. On the other hand, the effect of fulfilling export sales contracted in previous periods at depressed commodity prices was unfavourable.

Overall higher sales volumes had a favourable impact on efficiencies and the absorption of fixed costs, while both the labour shortages and supply chain disruptions continued to put pressure on our ability to supply demand.

The contributions of the Recent Acquisitions were positive.

The fluctuation of foreign currencies versus the Canadian dollar had an unfavourable impact of $42 million.

* 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.

Operating costs excluding depreciation, amortization, and restructuring costs

Operating costs excluding depreciation, amortization, and restructuring costs for the **second quarter of fiscal 2022** totalled $3.406 billion, up $74 million or 2.2%, as compared to $3.332 billion for the same quarter last fiscal year. The increase was due to higher input costs in all our divisions caused by inflationary pressures. The increase in the cost of raw material and consumables used was negligible reflecting the combined effect of stable revenues, dairy commodity market volatility and higher input costs. Employee salary and benefit expenses increased due to inflation and wage increases.

Operating costs excluding depreciation, amortization, and restructuring costs for the **first six months of fiscal 2022** totalled $6.604 billion, up $248 million or 3.9%, as compared to $6.356 billion for the same period last fiscal year. The increase was due to higher input costs in all our divisions caused by inflationary pressures. Higher revenues, dairy commodity market volatility and higher input costs contributed to the higher cost of raw materials and consumables used. Employee salary and benefit expenses increased due to inflation and wage increases.

Depreciation and amortization

Depreciation and amortization for the **second quarter of fiscal 2022** totalled $137 million, up $11 million, as compared to $126 million for the same quarter last fiscal year. In the **first six months of fiscal 2022**, depreciation and amortization totalled $268 million, up $16 million, as compared to $252 million for the same period last fiscal year. These increases were mainly attributable to additional depreciation and amortization related to the Recent Acquisitions, as well as additions to property, plant and equipment, which increased the depreciable base.

Impairment of intangible assets

Impairment of intangible assets was nil, as compared to 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 and restructuring costs for the **second quarter of fiscal 2022** amounted to a net gain of $2 million, which included a favourable $6 million ($4 million after tax) purchase price adjustment for a prior acquisition and costs incurred for the Recent Acquisitions in the second quarter of fiscal 2022. During the same quarter last fiscal year, a gain on disposal of assets was recorded in the amount of $6 million ($5 million after tax) related to the sale of aclosed facility in the Canada Sector.

Acquisition and restructuring costs for the **first six months of fiscal 2022** amounted to nil, which included a favourable $6 million ($4 million after tax) purchase price adjustment described above and costs incurred for the Recent Acquisitions. During the same period last fiscal year, a gain on disposal of assets was recorded in the amountof $6 million ($5 million after tax), as described above.

Financial charges

In the **second quarter and first six months of fiscal 2022**, financial charges totalled $19 million and $37 million, respectively, down $3 million and $10 million, respectively, 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 for the **second quarter of fiscal 2022** totalled $31 million, reflecting an effective tax rate of 24.0% as compared to 25.0% for the same quarter last fiscal year.

Income tax expense for the **first six months of fiscal 2022** totalled $117 million, reflecting an effective tax rate of 43.7% as compared to 26.4% for the same period 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. The effective rate also reflected the increase in the corporate income tax rate in Argentina from 25% to 35%, enacted in June 2021. During the same period last fiscal year, income tax expense reflected the tax treatment of an impairment of intangible assets charge of $19 million. Excluding the effects of these factors, the effective tax rates for the six-month periods ended September 30, 2021, and 2020, would have been 24.1% and 25.1%, respectively.

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 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 for the **second quarter of fiscal 2022** totalled $98 million, down $73 million or 42.7%, as compared to $171 million for the same quarter last fiscal year. In the **first six months of fiscal 2022**, net earnings totalled $151 million, down $162 million or 51.8%, as compared to $313 million for the same period last fiscal year. These decreases were 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 for the **second quarter of fiscal 2022** totalled $116 million, down $68 million or 37.0%, as compared to $184 million for the same quarter last fiscal year. In the **first six months of fiscal 2022**, adjusted net earnings excluding amortization of intangible assets related to business acquisitions totalled $238 million, down $125 million or 34.4%, as compared to $363 million for the same period last fiscal year. These decreases were 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	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	**3,689**	3,488	3,438	3,763	3,702	3,391	3,719	3,891
Adjusted EBITDA*	**283**	290	303	431	370	367	299	417
Adjusted EBITDA margin**	**7.7 %**	8.3 %	8.8 %	11.5 %	10.0 %	10.8 %	8.0 %	10.7 %
Net earnings	**98**	53	103	210	171	142	89	198
Impairment of intangible assets[1]	**—**	—	—	—	—	19	—	—
UK tax rate change[2]	**—**	50	—	—	—	—	—	—
Acquisition and restructuring costs[1]	**(1)**	1	2	—	(5)	—	10	6
Amortization of intangible assets related to business acquisitions[1]	**19**	18	19	18	18	18	18	25
Adjusted net earnings excluding amortization of intangible assets related to business acquisitions*	**116**	122	124	228	184	179	117	229
Per share								
Net earnings								
Basic	**0.24**	0.13	0.25	0.51	0.42	0.35	0.22	0.49
Diluted	**0.24**	0.13	0.25	0.51	0.42	0.35	0.22	0.48
Adjusted net earnings per share excluding amortization of intangible assets related to business acquisitions*								
Basic	**0.28**	0.30	0.30	0.56	0.45	0.44	0.29	0.56
Diluted	**0.28**	0.29	0.30	0.55	0.45	0.44	0.28	0.56

* 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**			
	Q2	Q1	Q4	Q3	Q2	Q1
USA Market Factors*,[1]	**(17)**	(42)	(4)	34	4	23
Foreign currency exchange[1,2]	**(21)**	(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 challenges by focusing on our key priorities:

- safeguarding the health, safety, and well-being of our employees;
- mitigating the impacts of the current landscape on our production and supply chain activities;
- adapting commercial initiatives and supporting customers with insights to adapt their offerings and address changing needs.

Factors currently impacting our performance

We continue to feel the lingering disruptions of the COVID-19 pandemic on global economic conditions, commodity pricing, consumer demand, access to labour, supply chains, and business productivity.

- The **global economy recovery remains uneven**. And as economies re-open, we are faced with **labour challenges, supply chain bottlenecks, and inflationary pressures**.

- While we had expected the **availability of labour** to improve with the back-to-school transition and the expiration of pandemic stimulus measures, particularly in the USA, this recovery has yet to materialize and we anticipate it **could take at least another 12 months** before this situation normalizes. Moreover, filling open positions will remain a challenge in selected regions. In response, we continue to deploy and test several initiatives, including wage adjustments, bonus referrals, and increased advertising. These efforts have yet to yield any tangible benefits as we continue to run certain facilities well below optimal staffinglevels in the USA. Labour challenges are compounded by the fact that many of the rural areas where we operate have lower vaccination rates as compared to the general population, which can lead to higher infection rates in the community and therefore higher absenteeism. This situation will improve should the USA government's anticipated vaccine mandate for companies with more than 100 employees come into effect, a process that involves the Occupational Safety and Health Administration (OSHA) issuing an Emergency Temporary Standard (ETS) to implement this requirement.
  Addressing labour availability issues is top-of-mind as we continue to deploy our Global Strategic Plan:

  a. We are currently prioritizing network optimization initiatives in those facilities where we see a more stable and sustained talent pool for the long-term.
  b. Focusing on a "less is more" approach, we have begun rationalizing the number of SKUs we produce, thereby reducing complexity in our commercial, manufacturing, and supply chain operations.
  c. As our Plan progresses, we intend to increase automation in selected facilities.

- Labour challenges are also impacting our **third-party transport and logistics** partners in the USA, leading to reduced service levels and higher costs.

- **Input costs**, including overtime wages, transportation, fuel, consumables, and packaging, are expected to remain at sustained high levels due to **inflationary pressures**. As a mitigating measure, we implemented multiple phases of pricing initiatives in the USA. Cost recovery initiatives have also been successfully implemented in Canada, Australia, and the UK. These measures can take up to 90 days to take effect and should be fully reflected in the third quarter. We are reserving the right to pass through future increases, as required, in response to rising inflation and cost surges.

- Overall, the **retail market segment** continues to perform well, and we expect our sales will keep exceeding pre-pandemic levels. However, in the USA, the internal **labour challenges** and **supply chain difficulties** described above are impacting our ability to maintain order fill rates at historical levels.

- Ongoing (but varied) public health-driven restrictions globally continue to depress **demand levels in the foodservice market segment**. Should vaccination levels continue to progress, and vaccines remain effective against different variants, it is expected that consumer mobility, and therefore foodservice demand will continue to recover, as compared to pre-pandemic levels. The timing and magnitude of recovery will varyby geography. The situation continues to be volatile and remains in flux.

- The **COVID-related oversupply (large quantities in frozen storage) 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.

- We are exposed to **fluctuations in dairy commodity prices, which remain volatile**. Following a record negative impact of USA Market Factors in the first quarter of fiscal 2022, led by an unfavourable Spread, we started seeing signs of improvement in the second quarter. USA Market Factors will continue to fluctuate from quarter to quarter based on market conditions, but we expect this more favourable trend to carry on as we move into the back half of fiscal 2022. Although we adjust our pricing to reflect commodity prices, there may be a lag which may cause swings in operating income and cash flow from one quarter to another.

- Despite the volatile nature of **international cheese and dairy ingredient markets**, we expect **export prices to be more stable** over the next few quarters.

- In the **industrial market segment**, volumes destined for export markets continue to recover, however, the pace and timing of the recovery to pre-pandemic levels will be variable and depend on the export market and improvements within the **supply chain**. Although access to containers is slowly improving, it remains difficult to find vessels to get our products to market, due to COVID-related port closures and inefficiencies. In our International Sector, we have worked through the tail end of the unfavourable export contract pricing we locked in last year, but the team continues to mitigate transport delays and constraints where possible. As COVID-impacted ports slowly began reopening late in the second quarter, the situation should improve over the coming months.

- In Australia, the **increased competition for raw material** remains high, 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.

Magnitude of the impact on our fiscal 2022 financial performance
The magnitude of the impact of these factors on our financial performance in fiscal 2022 remains difficult to estimate. With the slower than anticipated recovery and the difficulties we faced in the first half, we expect **overall performance in fiscal 2022 to be below that of fiscal 2021**.

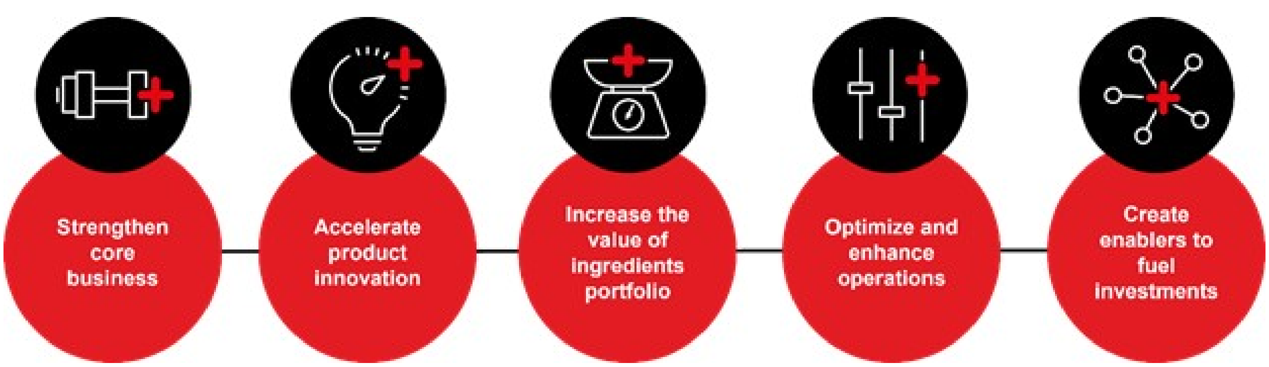
Looking at the remainder of fiscal 2022, we expect the third quarter to be our strongest, but still below the same period in fiscal 2021, which included highly favourable USA Market Factors that are unlikely to reach similar levels in fiscal 2022. We do not expect to see year-over-year improvement before the fourth quarter of fiscal 2022. As we move into the back half of fiscal 2022, we expect to see benefits from our labour-focused efforts, price increases, and strategic initiatives.

We are focused on "controlling the controllables" and moving our business forward
Many of the issues outlined above, most of which are transitory in nature, are not unique to Saputo or our industry, and we are focused on managing those that are within our control. We will stay agile and flexible, both commercially and operationally, to proactively respond to further changes and disruptions. We believe we have a strong foundation to build on as we remain steadfast in the execution of our growth strategy.

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 four-year Global Strategic Plan (the Plan), based on five key pillars, is designed to deliver accelerated organic growth across all our platforms.



Growth target and progression:

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 over the four-year period, or approximately 44%, compared to our fiscal 2021 performance. The three main areas which are expected to deliver this growth over the next four years are as follows:

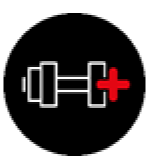
1. We plan to grow our sales volumes at more than double the annual growth rate of global per capita dairy consumption in all regions, except for Australia, where we do not expect the milk pool to grow. We expect this increase in our revenues to deliver incremental Adjusted EBITDA* growth of roughly $200 million.
2. We anticipate an additional $200 million of Adjusted EBITDA* growth will be generated by initiatives centred on optimizing and enhancing operations.
3. The remaining $250 million is expected to come from our other four pillars: Strengthen core business, Accelerate product innovation, Increase the value of our ingredients portfolio, and Create enablers to fuel investments, with the latter having the smallest contribution.

The anticipated cost efficiencies derived from optimizing and enhancing our operations are expected to be realized in the back half of our Plan. Therefore, Adjusted EBITDA* growth is not expected to be linear. Moreover, while our goal continues to be to pursue Adjusted EBITDA* growth in every year of our Plan, the challenging market conditions in the first two quarters and our outlook for the remainder of fiscal 2022, as described above, are impeding our ability to meet our goal in year one.

Looking ahead:

- We **remain very bullish** about our organic Global Strategic Plan.
- We **believe in the initiatives we are implementing to deliver $650 million in Adjusted EBITDA* growth** by the end of fiscal 2025.
- We stand firm in **maintaining our Adjusted EBITDA* target of $2.125 billion** by the end of fiscal 2025 as this is **what we believe we can achieve with the asset base at our disposal**.

Detailed below are selected initiatives by pillar that were either completed or in progress during the first half of fiscal 2022:



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.

In the first quarter, we entered into a long-term exclusive partnership with Hochland to expand distribution of our market-leading *Cathedral City* brand into Germany, starting in the fourth quarter of fiscal 2022, and we continued to pursue opportunities to increase distribution to NorthAmerica.

Our new filling production line in the USA has been up and running since the end of August, as planned. It enables us to manufacture aseptic nutritional products sold in the retail market segment under a partner's well-known brand name.

Also in the USA, we made progress on our simplification and SKU rationalization projects as we work to reduce the number of formats we manufacture in order to increase productivity while decreasing the complexity of our commercial and supply chain activities.

As part of our e-commerce strategy, our Dairy Division (Canada) launched *Nibbl*, an innovative B2C platform, in September. A first in the Canadian marketplace, *Nibbl* delivers curated specialty cheese boxes direct to consumers in Ontario and Québec, and we are actively workingon expanding our distribution across Canada.

* 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.

Accelerate 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.

For dairy alternative cheese, we now have the manufacturing capabilities in-house following the acquisition of UK-based Bute Island Foods, and we have a product with the right sensory attributes that was well-received by North American foodservice partners during the trial phase. 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. Our two facilities in the USA took on additional volume in the second quarter, and we are adding more capacity with our Port Coquitlam, BC, facility.

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.

Since the acquisition of the Reedsburg facility of Wisconsin Specialty Protein, LLC, we have begun materializing on our ingredients strategy to enhance our portfolio in the USA and internationally and move up the value chain. 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. As a leading goat cheese manufacturer in North America, we are now in a position to take a leadership role in manufacturing goat whey and other niche value-added products. We made great strides towards that goal during the first half of the fiscal year, as we evaluate our ingredients portfolio and develop specialized whey products to bring to market.

Across the pond, our Dairy Division (UK) worked diligently on diversifying our dairy ingredient customer base and reaching a more flexible arrangement in relation to an exclusive arrangement that hampered our ability to diversify our customer and market mix. We expect the benefits to come through in the second half of fiscal 2022.

Optimize and enhance operations - we are undertaking specific operations-focused initiatives in our manufacturing, supply chain and logistics activities.

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 alreadymade 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, we initiated several automation projects during the second quarter, which were originally slated to begin in fiscal 2023, as part of our global focus to accelerate our operational plans where possible. Also, our new state-of-the-art fluid milk and dairy alternative beverage facility in Port Coquitlam, BC, is now open. Fluid dairy production started at the end of August and plant-based beverage production is still slated to begin later this fall. Following a transition period, we completed the transfer of production and staff from certain neighbouring facilitiesover 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.

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, although we may re-plan deployment activities based on the evolution of the COVID-19 pandemic and imperatives relative to our Global Strategic Plan.

As for the merge of our two USA divisions into "One USA", we are making good progress as we continue to work on harmonizing our processes and procedures, 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.

Strategic Acquisitions

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. Then, on August 31, 2021, we completed the Carolina Acquisition. Carolina Aseptic develops, manufactures, packages, and distributes aseptic shelf-stable food products and beverages, while Carolina Dairy manufactures, packages, and distributes refrigerated yogurt in spouted pouches. By complementing our network in the USA and bringing new, innovative capacity and capabilities in-house, the Carolina Acquisition expands our presence in attractive and growing market segments, including aseptic formats, nutritional beverages, and dairy snacking through long-term strategic customer partnerships.

The incremental post-acquisition Adjusted EBITDA* we expect to derive over time through organic growth will contribute to strengthening our core business in value-added 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.

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

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, in August 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.

In August, we unveiled our **new 2025 Supply Chain Pledges** as part of our planned efforts to help address sustainability considerations beyond the scope of our operations. We are currently allocating the right expertise and resources towards our Supply Chain Pledges and defining the practices which will form part of our sustainability standards. Reinforcing and aligning with these efforts, in September, we announced our support for **Pathways to Dairy Net Zero**, an initiative to accelerate climate change action in the global dairy sector. We are committed to doingour part to help transition to a net zero food system by 2050 by helping create a sustainable and equitable food system, working in partnership with our farmers, suppliers and industry partners.

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. We completed the capital allocation for the 24 new projects we are undertaking in fiscal 2022, which are currently in the execution stage, 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.

INFORMATION BY SECTOR

CANADA SECTOR

(in millions of CDN dollars)

Fiscal years	2022		2021			
	Q2	**Q1**	Q4	Q3	Q2	Q1
Revenues	**1,081**	1,033	1,001	1,089	1,063	982
Adjusted EBITDA	**124**	113	108	118	117	104
Adjusted EBITDA margin	**11.5 %**	10.9 %	10.8 %	10.8 %	11.0 %	10.6 %

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

USA SECTOR

(in millions of CDN dollars)

Fiscal years	2022		2021			
	Q2	**Q1**	Q4	Q3	Q2	Q1
Revenues	**1,533**	1,506	1,399	1,657	1,649	1,417
Adjusted EBITDA	**67**	96	93	171	140	163
Adjusted EBITDA margin	**4.4 %**	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			
	Q2	**Q1**	Q4	Q3	Q2	Q1
USA Market Factors*,[1]	**(17)**	(42)	(4)	34	4	23
US currency exchange[1]	**(8)**	(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			
	Q2	**Q1**	Q4	Q3	Q2	Q1
Block market price*						
Opening	**1.553**	**1.738**	1.650	2.573	2.640	1.330
Closing	**1.873**	**1.553**	1.738	1.650	2.573	2.640
Average	**1.706**	**1.657**	1.687	2.129	2.249	1.778
Butter market price*						
Opening	**1.740**	**1.818**	1.420	1.510	1.765	1.335
Closing	**1.760**	**1.740**	1.818	1.420	1.510	1.765
Average	**1.716**	**1.805**	1.480	1.444	1.571	1.500
Average whey market price*	**0.522**	**0.626**	0.517	0.388	0.311	0.356
Spread*	**(0.034)**	**(0.164)**	0.001	0.168	0.141	0.047
US average exchange rate to Canadian dollar[1]	**1.259**	**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			
	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**858**	754	827	807	806	781
Adjusted EBITDA	**56**	45	62	105	78	60
Adjusted EBITDA margin	**6.5 %**	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			
	Q2	Q1	Q4	Q3	Q2	Q1
Foreign currency exchange[1]	**(14)**	(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			
	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**217**	195	211	210	184	211
Adjusted EBITDA	**36**	36	40	37	35	40
Adjusted EBITDA margin	**16.6 %**	18.5 %	19.0 %	17.6 %	19.0 %	19.0 %

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