

## FINANCIAL RESULTS FOR THE THIRD QUARTER OF FISCAL 2021 ENDED DECEMBER 31, 2020

**Revenues at \$3.763 billion, down 3.3%**  
**Adjusted EBITDA at \$431.1 million, up 3.4%**  
**Net earnings at \$209.8 million, up 6.1%**  
**Adjusted net earnings excluding amortization of intangible assets  
related to business acquisitions at \$227.8 million, down 0.6%**

(Montréal, February 4, 2021) – Saputo Inc. (TSX: SAP) (Saputo or the Company) reported today its financial results for the third quarter of fiscal 2021, which ended on December 31, 2020. All amounts in this news release are in Canadian dollars (CDN), unless otherwise indicated, and are presented according to International Financial Reporting Standards (IFRS).

- Revenues amounted to \$3.763 billion, a decrease of \$127.9 million or 3.3%.
- Adjusted EBITDA\* amounted to \$431.1 million, an increase of \$14.1 million or 3.4%.
- Net earnings totalled \$209.8 million and EPS\*\* (basic and diluted) were \$0.51, an increase as compared to \$197.8 million and EPS (basic and diluted) of \$0.49 and \$0.48.
- Adjusted net earnings excluding amortization of intangible assets related to business acquisitions\* totalled \$227.8 million, as compared to \$229.1 million, and the corresponding EPS\*\* (basic and diluted) were \$0.56 and \$0.55, as compared to \$0.56.

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

(unaudited)	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2020	2019	2020	2019
Revenues	<b>3,762.9</b>	3,890.8	<b>10,855.9</b>	11,224.8
Adjusted EBITDA*	<b>431.1</b>	417.0	<b>1,168.1</b>	1,169.4
Net earnings	<b>209.8</b>	197.8	<b>522.5</b>	494.1
Adjusted net earnings excluding amortization of intangible assets related to business acquisitions*	<b>227.8</b>	229.1	<b>591.1</b>	607.1
Net earnings per share				
Basic	<b>0.51</b>	0.49	<b>1.28</b>	1.24
Diluted	<b>0.51</b>	0.48	<b>1.27</b>	1.23
Adjusted net earnings per share excluding amortization of intangible assets related to business acquisitions*				
Basic	<b>0.56</b>	0.56	<b>1.44</b>	1.53
Diluted	<b>0.55</b>	0.56	<b>1.44</b>	1.52

\* See the "Non-IFRS Financial Measures" section of the Management's Discussion and Analysis for the third quarter of fiscal 2021 for the reconciliations to IFRS measures.

- The shift in consumer demand due to the COVID-19 pandemic continued to impact all the Company's sectors to varying degrees. During the quarter, overall sales volumes reached similar levels compared to the same period last fiscal year, with the Company benefiting from increased sales volumes in the retail and industrial market segments, despite lower sales volumes in the foodservice market segment.
  - USA Market Factors\*\* positively impacted adjusted EBITDA by approximately \$34 million. Lower sales volumes in the USA Sector affected efficiencies and the absorption of fixed costs.
  - In the Canada Sector, the continued positive impact of increased sales volumes in the retail market segment outweighed the impact of decreased sales volumes in the foodservice market segment.
  - The International Sector benefited from increased milk availability and the contribution of the specialty cheese business purchased from Lion Dairy & Drinks Pty Ltd (Specialty Cheese Business Acquisition) for the full quarter.
  - Higher sales volumes in the retail market segment benefited the Europe Sector.
  - A decrease in international cheese and dairy ingredient market prices negatively affected revenues and adjusted EBITDA.
- The Board of Directors approved a dividend of \$0.175 per share payable on March 26, 2021, to common shareholders of record on March 16, 2021.

\* See the "Non-IFRS Financial Measures" section of the Management's Discussion and Analysis for the third quarter of fiscal 2021 for the reconciliations to IFRS measures.

\*\* Refer to the "Glossary" section of the Management's Discussion and Analysis for the third quarter of fiscal 2021.

## **Appointments in Senior Management**

The Company welcomes Ms. Lyne Castonguay in the position of Deputy President and Chief Operating Officer, Dairy Division (USA), effective February 5, 2021. Ms. Castonguay will report to Mr. Carl Colizza, President and Chief Operating Officer (North America) and Dairy Division (USA). In the upcoming year, Mr. Colizza will ensure a transition of the Dairy Division (USA)'s leadership to Ms. Castonguay to focus on his strategic role as President and Chief Operating Officer (North America). Ms. Castonguay previously held executive positions with a major Canadian food retailer, as well as senior roles at a large retailer both in Canada and in the United States.

The Company is also pleased to announce that Mr. Marcelo Cohen will be appointed President and Chief Operating Officer, Dairy Division (Argentina), effective April 1, 2021. He will continue to report to Mr. Kai Bockmann, President and Chief Operating Officer, Saputo Inc. and International Sector. Mr. Cohen joined the Company in 2003 and has held the position of Senior Vice President, Operations, Dairy Division (Argentina) since 2015.

## **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 third quarter of fiscal 2021. These documents can be obtained on SEDAR under the Company's profile at [www.sedar.com](http://www.sedar.com) and in the "Investors" section of the Company's website, at [www.saputo.com](http://www.saputo.com).

## **Conference Call**

A conference call to discuss the fiscal 2021 third quarter results will be held on Thursday, February 4, 2021, at 2:30 p.m. Eastern Time. To participate in the conference call, dial 1-800-941-4658. To ensure your participation, please dial in approximately five minutes before the call.

To listen to this call on the Web, please enter <http://www.gowebcasting.com/11052> in your Web browser.

For those unable to participate, a replay of the conference will be available until 11:59 p.m., Thursday, February 11, 2021. To access the replay, dial 1-800-558-5253, ID number 21989605. A webcast will also be archived on [www.saputo.com](http://www.saputo.com), in the "Investors" section, under "Calendar of Events".

## **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".

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## **Media Inquiries**

1-514-328-3141 / 1-866-648-5902

## 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 the Company's objectives, outlook, business projects, strategies, beliefs, plans, expectations, targets, commitments and goals, including the Company's ability to achieve these targets, commitments and goals, 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" or "target", 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, the Company cannot guarantee that any forward-looking statements will materialize, and the Company warns 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 the Company's 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 4, 2020, available on SEDAR under the Company's profile at [www.sedar.com](http://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 the ability for the Company to transfer those increases, if any, to its customers in competitive market conditions; the price fluctuation of its products in the countries in which it operates, as well as in international markets, which are based on supply and demand levels for dairy products; 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; cyber threats and other Information Technology-related risks relating to business disruptions, confidentiality, and data integrity; the Company's ability to identify, attract and retain qualified individuals; the failure to adequately integrate acquired businesses in a timely and efficient manner; changes in consumer trends. The Company's ability to achieve its environmental targets, commitments and goals is further subject to, among others, the Company's ability to access and implement all technology necessary to achieve its targets, commitments and goals, as well as the development and performance of technology and technological innovations and the future use and development of technology and associated expected future results, and environmental regulation.

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 the Company operates or which could affect its activities, its ability to attract and retain customers and consumers, its environmental performance, its sustainability efforts, the effectiveness of its environmental and sustainability initiatives, the availability and cost of milk and other raw materials and energy supplies, its operating costs, the pricing of its finished products on the various markets in which it carries on business, and the effects of the COVID-19 pandemic. 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 the Company, including its 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 its 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

The Company reports its 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).

**Consolidated revenues** for the three-month period ended December 31, 2020, totalled \$3.763 billion, a decrease of \$127.9 million or 3.3%, as compared to \$3.891 billion for the same quarter last fiscal year. Since the beginning of fiscal 2021, the Company has experienced the shift in consumer demand caused by the COVID-19 pandemic. Overall sales volumes reached similar levels compared to the same period last fiscal year, with the Company benefiting from increased sales volumes in the retail and industrial market segments, despite lower sales volumes in the foodservice market segment. The decrease in revenues was mainly in the USA Sector due to the large proportion of its foodservice activities and also as a result of lower international cheese and dairy ingredient market prices. Additional sales volumes in the Company's export markets positively impacted revenues despite varying government-imposed restrictions throughout the quarter. The combined effect of the higher average block market price\*\* and the lower average butter market price\*\* increased revenues by approximately \$30 million. Revenues were also positively impacted by higher domestic selling prices in the Canada Sector, which increased due to the higher cost of milk as raw material. The combined effect of the fluctuation of the Argentine peso and the Australian dollar versus the US dollar in the export markets had a positive impact on revenues. The inclusion of the Specialty Cheese Business Acquisition in the International Sector for the full quarter, as compared to a nine-week contribution during the same quarter last fiscal year, also increased revenues. Finally, the fluctuation of foreign currencies versus the Canadian dollar decreased revenues by approximately \$75 million.

For the nine-month period ended December 31, 2020, revenues totalled \$10.856 billion, a decrease of \$368.9 million or 3.3%, as compared to \$11.225 billion for the same period last fiscal year. The global shift in consumer demand caused by the COVID-19 pandemic negatively impacted sales volumes in the foodservice market segment, mostly in the USA Sector, although partially offset by increased sales volumes in the retail and industrial market segments. Additional sales volumes in the Company's export markets positively impacted revenues despite varying government-imposed restrictions throughout the period. However, lower international cheese and dairy ingredient market prices negatively impacted revenues. Higher domestic selling prices in the Canada Sector and the International Sector, which increased due to the higher cost of milk as raw material, positively impacted revenues. The combined effect of the higher average block market price and the lower average butter market price decreased revenues by approximately \$7 million. In the International Sector, the combined effect of the fluctuation of the Argentine peso and the Australian dollar versus the US dollar in the export markets had a positive impact on revenues. The contributions of the Specialty Cheese Business Acquisition in the International Sector and the acquisition of Dairy Crest Group plc (Dairy Crest Acquisition) in the Europe Sector for the full period, as compared to partial contributions during the same period last fiscal year, positively impacted revenues. Lastly, the fluctuation of foreign currencies versus the Canadian dollar decreased revenues by approximately \$58 million.

**Consolidated adjusted EBITDA\*** for the three-month period ended December 31, 2020, totalled \$431.1 million, an increase of \$14.1 million or 3.4%, as compared to \$417.0 million for the same quarter last fiscal year. In a volatile dairy commodity market, USA Market Factors\*\* had a positive effect on adjusted EBITDA of approximately \$34 million, while the unfavourable relation between international cheese and dairy ingredient market prices and the cost of milk as raw material negatively impacted adjusted EBITDA. As a result of the shift in consumer demand, higher sales volumes in the retail and industrial market segments positively impacted adjusted EBITDA, not fully offsetting the negative impact of lower sales volumes in the foodservice market segment on efficiencies and the absorption of fixed costs, particularly in the USA Sector. In the International Sector, improved efficiencies, resulting from increased milk availability, positively impacted adjusted EBITDA. The inclusion of the Specialty Cheese Business Acquisition for the full quarter, as compared to a nine-week contribution during the same quarter last fiscal year, also contributed positively to adjusted EBITDA. Lower administrative costs positively impacted adjusted EBITDA as part of the Company's ongoing ban on non-essential business travel, the reduction of promotional activity and other initiatives in the context of the COVID-19 pandemic. The effect on adjusted EBITDA of foreign currency fluctuations versus the Canadian dollar was negligible.

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\*\* Refer to the "Glossary" section of the Management's Discussion and Analysis for the third quarter of fiscal 2021.

For the nine-month period ended December 31, 2020, consolidated adjusted EBITDA totalled \$1.168 billion, a decrease of \$1.3 million or 0.1%, as compared to \$1.169 billion for the same period last fiscal year. Overall lower sales volumes negatively impacted efficiencies and the absorption of fixed costs, particularly in the USA Sector. In an extremely volatile dairy commodity market, USA Market Factors had a positive impact on adjusted EBITDA of approximately \$61 million, while the unfavourable relation between international cheese and dairy ingredient market prices and the cost of milk as raw material had a negative impact. Higher sales volumes and improved efficiencies in the International Sector, resulting from increased milk availability, and higher sales volumes in the retail market segment in the Canada Sector and Europe Sector, had a positive effect on adjusted EBITDA. The contributions of the Specialty Cheese Business Acquisition and the Dairy Crest Acquisition for the full period, as compared to partial contributions during the same period last fiscal year, also contributed positively to adjusted EBITDA. The ban on non-essential business travel, the reduction of promotional activity and other initiatives in the context of the COVID-19 pandemic mitigated the negative impacts on adjusted EBITDA of higher operational costs, including those related to additional supplies of personal protective equipment for employees and unproductive labour. The effect on adjusted EBITDA of foreign currency fluctuations versus the Canadian dollar was negligible.

**Consolidated operating costs excluding depreciation, amortization, inventory revaluation resulting from a business acquisition, and restructuring costs** for the three-month period ended December 31, 2020, totalled \$3.332 billion, a decrease of \$142.0 million or 4.1%, as compared to \$3.474 billion for the same quarter last fiscal year. The decrease was consistent with lower revenues, as described above, and dairy commodity market volatility, which, together, contributed to the lower cost of raw materials and consumables used. Employee salary and benefit expenses increased due to wage increases and the inclusion of the Specialty Cheese Business Acquisition for the full quarter, as compared to a nine-week contribution during the same quarter last fiscal year.

For the nine-month period ended December 31, 2020, operating costs excluding depreciation, amortization, inventory revaluation resulting from a business acquisition, and restructuring costs totalled \$9.688 billion, a decrease of \$367.6 million or 3.7%, as compared to \$10.055 billion for the same period last fiscal year. The decrease was consistent with lower revenues, as described above, and extreme dairy commodity market volatility, which, together, contributed to the lower cost of raw materials and consumables used. Employee salary and benefit expenses increased due to wage increases and the contributions of the Specialty Cheese Business Acquisition and the Dairy Crest Acquisition for the full period, as compared to partial contributions during the same period last fiscal year.

**Depreciation and amortization** for the three-month period ended December 31, 2020, totalled \$128.5 million, an increase of \$6.7 million, as compared to \$121.8 million for the same quarter last fiscal year. For the nine-month period ended December 31, 2020, depreciation and amortization expenses amounted to \$380.2 million, an increase of \$40.8 million, as compared to \$339.4 million for the same period last fiscal year. These increases were mainly attributable to additional depreciation and amortization related to recent acquisitions, as well as additions to property, plant and equipment, which increased the depreciable base.

In the second quarter of fiscal 2021, the Company realized a **gain on disposal of assets** of \$6.2 million (\$4.6 million after tax) relating to the sale of a facility within the Canada Sector.

**Impairment of intangible assets** for the three and nine-month periods ended December 31, 2020, totalled nil and \$19.0 million, respectively. This charge was related to the Company's decision to retire the COON cheese brand name from its Australian portfolio of brands and is part of a commitment to share in the responsibility to eliminate racism in all its forms.

**Inventory revaluation resulting from a business acquisition** for the three and nine-month periods ended December 31, 2019, amounted to nil and \$40.1 million, respectively, as compared to nil in the current fiscal year. This revaluation relating to the Dairy Crest Acquisition stemmed from added value attributed to the acquired inventory as part of the purchase price allocation and was fully amortized during fiscal 2020.

**Acquisition and restructuring costs** for the three and nine-month periods ended December 31, 2019, amounted to \$9.4 million and \$32.2 million, respectively, and were incurred mainly for the Dairy Crest Acquisition and the Specialty Cheese Business Acquisition, as compared to nil in the current fiscal year.

\* See the "Non-IFRS Financial Measures" section of the Management's Discussion and Analysis for the third quarter of fiscal 2021 for the reconciliations to IFRS measures.

**Financial charges** for the three-month period ended December 31, 2020, totalled \$25.5 million, a decrease of \$1.3 million or 4.9%, as compared to \$26.8 million for the same quarter last fiscal year. This includes a decrease in interest expense of \$5.8 million, mainly attributable to lower interest rates, and a decreased gain on hyperinflation of \$4.5 million derived from the indexation of non-monetary assets and liabilities. For the nine-month period ended December 31, 2020, financial charges amounted to \$73.4 million, a decrease of \$16.4 million or 18.3%, as compared to \$89.8 million for the same period last fiscal year. This includes a decrease in interest expense of \$21.1 million, mainly attributable to a lower level of long-term debt and lower interest rates, and a decreased gain on hyperinflation of \$4.7 million.

**Income taxes** for the three-month period ended December 31, 2020, totalled \$67.3 million, reflecting an effective tax rate of 24.3% as compared to 23.6% for the same quarter last fiscal year. During the three-month periods ended December 31, 2020, and December 31, 2019, the Company recorded an income tax benefit related to a tax inflation adjustment pursuant to Argentine tax legislation. Excluding the effects of this tax inflation adjustment for both periods, the effective tax rates for the three-month periods ended December 31, 2020, and December 31, 2019, would have been 26.0% and 26.2%, respectively.

Income taxes for the nine-month period ended December 31, 2020, totalled \$179.2 million, reflecting an effective tax rate of 25.5% as compared to 26.0% for the same period last fiscal year. During the nine-month period ended December 31, 2020, the Company recorded an impairment of intangible assets charge and an income tax benefit related to a tax inflation adjustment pursuant to Argentine tax legislation. Income taxes during the nine-month period ended December 31, 2019, included the impact of the tax treatment of acquisition costs and of the income tax benefit related to a tax inflation adjustment in Argentina. Excluding these costs and this tax inflation adjustment, the effective tax rate would have been 25.5% and 26.4%, respectively.

The effective tax rate varies and could increase or decrease based on the geographic mix of earnings across the various jurisdictions in which Saputo operates, the amount and source of taxable income, amendments to tax legislations and income tax rates, changes in assumptions, as well as estimates used for tax assets and liabilities by the Company and its affiliates.

**Net earnings** for the three-month period ended December 31, 2020, totalled \$209.8 million, an increase of \$12.0 million or 6.1%, as compared to \$197.8 million for the same quarter last fiscal year. For the nine-month period ended December 31, 2020, net earnings totalled \$522.5 million, an increase of \$28.4 million or 5.7%, as compared to \$494.1 million for the same period last fiscal year. These increases were mainly due to the aforementioned factors.

**Adjusted net earnings excluding amortization of intangible assets related to business acquisitions\*** for the three-month period ended December 31, 2020, totalled \$227.8 million, a decrease of \$1.3 million or 0.6%, as compared to \$229.1 million for the same quarter last fiscal year. For the nine-month period ended December 31, 2020, adjusted net earnings excluding amortization of intangible assets related to business acquisitions totalled \$591.1 million, a decrease of \$16.0 million or 2.6%, as compared to \$607.1 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 third quarter of fiscal 2021 for the reconciliations to IFRS measures.

## SELECTED QUARTERLY FINANCIAL INFORMATION

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

Fiscal years	2021			2020				2019
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	3,762.9	3,702.2	3,390.8	3,718.7	3,890.8	3,665.6	3,668.4	3,236.5
Adjusted EBITDA*	431.1	370.5	366.5	298.4	417.0	394.4	358.0	275.1
Net earnings	209.8	170.8	141.9	88.7	197.8	174.9	121.4	124.2
Gain on disposal of assets <sup>1</sup>	—	(4.6)	—	—	—	—	—	—
Impairment of intangible assets <sup>1</sup>	—	—	19.0	—	—	—	—	—
Inventory revaluation resulting from a business acquisition <sup>1</sup>	—	—	—	—	—	10.5	22.0	—
Acquisition and restructuring costs <sup>1</sup>	—	—	—	10.1	6.4	0.4	21.5	1.6
Adjusted net earnings*	209.8	166.2	160.9	98.8	204.2	185.8	164.9	125.8
Adjusted net earnings excluding amortization of intangible assets related to business acquisitions*	227.8	184.1	179.2	116.5	229.1	198.3	179.7	133.8
Per share								
Net earnings								
Basic	0.51	0.42	0.35	0.22	0.49	0.44	0.31	0.32
Diluted	0.51	0.42	0.35	0.22	0.48	0.44	0.31	0.32
Adjusted net earnings*								
Basic	0.51	0.41	0.39	0.24	0.50	0.47	0.42	0.32
Diluted	0.51	0.40	0.39	0.24	0.50	0.47	0.42	0.32
Adjusted net earnings per share excluding amortization of intangible assets related to business acquisitions*								
Basic	0.56	0.45	0.44	0.29	0.56	0.50	0.46	0.34
Diluted	0.55	0.45	0.44	0.28	0.56	0.50	0.46	0.34

\* See the "Non-IFRS Financial Measures" section of the Management's Discussion and Analysis for the third quarter of fiscal 2021 for the reconciliations to IFRS measures.

<sup>1</sup> Net of income taxes.

### Selected factors positively (negatively) affecting financial performance

(in millions of CDN dollars)

Fiscal years	2021			2020			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
USA Market Factors <sup>*1</sup>	34	4	23	(8)	14	10	(8)
Inventory write-down	—	—	—	(18)	—	—	—
Foreign currency exchange <sup>1,2</sup>	—	4	(4)	(3)	(15)	(14)	(4)

\* Refer to the "Glossary" section of the Management's Discussion and Analysis for the third quarter of fiscal 2021.

<sup>1</sup> As compared to same quarter last fiscal year.

<sup>2</sup> 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

The COVID-19 pandemic continues to disrupt global economic conditions, financial markets (including pricing of commodities), supply chains and business productivity. With public authorities around the world continuing to impose restrictions, including social distancing and temporary closures in the foodservice space, consumer demand for the Company's products has been significantly impacted. Furthermore, the overall economy continues to perform below pre-pandemic levels in many of the regions where Saputo operates and sells its products.

Although the dairy commodities market remains volatile, for the remainder of fiscal 2021, and into the start of fiscal 2022, the Company expects this volatility to be more moderate than it has been in the previous nine months. In these unique global conditions, it remains impossible to predict if this volatility, as well as the fluctuations in international cheese and ingredient market prices, will have a positive or negative impact on future financial performance. It remains equally impossible to predict the magnitude of such impact.

Sales in the foodservice and industrial market segments will continue to be impacted as long as government-imposed restrictions are in flux. Saputo continues to work closely with customers in the foodservice market segment in developing innovative product offerings adapted to new consumer trends, such as take-out for in-home dining, which are expected to outlast the pandemic. In relation to the industrial market segment, volumes of products destined for export markets began to recover during the third quarter. This trend is expected to continue during the remainder of fiscal 2021, although unevenly, depending on the export market destination. Following the upward trend seen in the past quarters of fiscal 2021, retail market segment sales continue to perform well compared to pre-pandemic levels.

The Company is currently working to develop an accelerated global strategic plan laying out the Company's strategy to drive accelerated organic growth across all its platforms over the coming years. As part of this plan, Saputo made key hires in the USA Sector with the appointment of Ms. Lyne Castonguay, a leader with strong executive management experience in retail, as the new Deputy President and Chief Operating Officer, Dairy Division (USA). The Dairy Division (USA) also hired a head of marketing with a proven track record in marketing and category management. The Company intends to grow its USA Sector to outpace the growth in market consumption and its efforts are facilitated by the merger of its two former USA divisions into a single Dairy Division (USA) aligned under a common strategy. Indeed, this more agile structure will enable the Division to further its retail growth trajectory, to increase efficiencies in customer service and to better respond to evolving consumer needs and expectations.

Thanks to its strong portfolio of retail brands, and by adapting its product offering early on in the pandemic, the Company has captured opportunities arising from the increase in consumer demand in the retail market segment. The Company also recently expanded online direct to consumer strategies such as The Saputo Fridge in Canada, which was launched in the spring of 2020, to offer consumers limited shelf-life overstocked products and has since expanded its home delivery zone. Similarly, the Company recently launched an online ordering website for its multi-award-winning Cornish cheddar, *Davidstow* in the United Kingdom.

The Company will continue to explore further avenues to increase customer and consumer loyalty, as well as make disciplined investments in the diversification of its product portfolio and in brand recognition initiatives, including the following examples:

- Taking advantage of the *Armstrong* brand's popularity in Canada, building upon the success of its recent repositioning with new line extensions.
- Taking an early leadership position in the growing global plant-based cheese market, capitalizing on the Europe Sector's know-how and investing further in the development of products with the right taste and texture.
- Growing the *Cathedral City* brand through the continued development of new markets in Europe and North America and through innovation, such as the recyclable packaging program.
- Continuing to successfully respond to increasing demand for *Frylight*, the UK's 1-calorie oil spray, which has experienced sustained levels of demand and activity from customers.
- Introducing new updated packaging for *Vitalite* with plant-based messaging in the UK, highlighting key functional and nutritional benefits to facilitate consumer choice.
- The recent announcement of *CHEER* Cheese as the new name for *COON* cheese in Australia. The name change follows Saputo's careful and diligent review to honour the brand-affinity felt by consumers while aligning with current attitudes and perspectives. *CHEER* Cheese will start appearing on supermarket shelves across Australia as of July 2021.



As an essential provider, Saputo continues to navigate through the COVID-19 pandemic with limited operational disruption focusing on the following key operational priorities:

- safeguarding the health and safety of employees;
- adapting commercial initiatives, production and supply chain to consumer demand
- supporting customers with insights to adapt their offerings and address changing needs; and
- supporting communities through donations and financial support.

Saputo employees are a top priority, and the Company offers them well-being programs and initiatives as well as enhanced safety measures that complement the already robust protocols in each facility. Additionally, Saputo continues to carry out initiatives to recognize employees and patron farmers for their hard work and dedication. Since the onset of the pandemic, Saputo has been supporting communities through product donations to food banks, with ongoing financial and in-kind contributions reaching \$8.0 million to date.

The Company is confident in its ability to apply the learnings acquired since the onset of the pandemic. It has demonstrated its capacity to swiftly pivot its operations to new circumstances as they arise while staying on course with strategic investments aimed at fueling growth and honouring its long-standing commitment to manufacture quality products. After adapting manufacturing operations to local realities in a cost-efficient manner, the Company remains agile and flexible, from both a commercial and a production perspective, to adjust to further changes in consumer demand and, most notably, to the expected recovery in foodservice market segment demand. Furthermore, the Company is advancing as planned with its major investments in Canada to increase production capacity.

In both Argentina and Australia, Saputo is in a favourable position to realize operational efficiencies, with milk intake outpacing national milk production growth rates. The Company is pursuing efforts to capture additional opportunities derived from the combination of all its operations in Australia under a single platform, and to leverage its vast portfolio of brands.

After the successful integration of the Australian Specialty Cheese Business into its global Enterprise Resource Planning (ERP) platform, the Company is pursuing its ERP deployment with upcoming scheduled integration phases in the Dairy Division (USA) and the Dairy Division (Australia). Saputo may re-plan deployment activities based on the evolution of the COVID-19 pandemic.

Saputo benefits from steady operational cash generation and a low debt position. This solid financial position and flexibility will allow the Company to grow organically through strategic capital investments in designated manufacturing facilities, new product development and the expansion of its export markets. In addition, the Company is well positioned to seize acquisition opportunities that are the right fit under the right conditions. With its strong appetite and acquisition strategy, Saputo is committed to product portfolio diversification by pursuing dairy alternative opportunities while remaining very bullish about dairy products. Saputo pursues sustainable opportunities in the dairy space through strategies, such as increasing milk intake from current suppliers in certain regions and entering into toll manufacturing contracts using third-party milk.

Furthermore, the Company is focused on delivering its Environmental, Social and Governance (ESG) objectives as part of the Saputo Promise. In fiscal 2020, Saputo pledged to accelerate its global climate, water, and waste (including packaging) performance and announced clear targets and a formal commitment to allocate additional resources, including a three-year investment of \$50 million. Since, the Company has undertaken to deploy 12 specific projects globally which are currently on track to be completed by the end of the fiscal year and are expected to deliver estimated savings of more than 60,000 GJ of energy, 8,000 tons of CO<sub>2</sub> and 700 million L of water annually.

Saputo is also proud to have been awarded a score of B for its climate disclosure by CDP, the world's leading environmental disclosure platform. This is an improvement on prior results and places the Company well above the food and beverage processing group's average of D. This new score is a direct reflection of the significant steps Saputo took in 2020 as part of its pledge to accelerate its environmental performance by 2025.

Saputo is focused on managing through the current challenges to emerge an even stronger partner to its customers, and a stronger Company for its shareholders and other stakeholders. Profitability enhancement and stakeholder value creation remain the cornerstones of its objectives.

## INFORMATION BY SECTOR

### CANADA SECTOR

(in millions of CDN dollars)

Fiscal years	2021			2020			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	1,088.7	1,063.8	981.6	960.1	1,049.0	1,029.4	968.8
Adjusted EBITDA*	118.3	117.0	104.2	91.0	111.7	103.2	98.5

\* See the "Non-IFRS Financial Measures" section of the Management's Discussion and Analysis for the third quarter of fiscal 2021 for the reconciliations to IFRS measures.

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

### USA SECTOR

(in millions of CDN dollars)

Fiscal years	2021			2020			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	1,656.8	1,649.1	1,416.7	1,694.8	1,848.7	1,792.4	1,757.7
Adjusted EBITDA*	171.0	140.4	162.2	94.3	172.1	175.4	173.6

\* See the "Non-IFRS Financial Measures" section of the Management's Discussion and Analysis for the third quarter of fiscal 2021 for the reconciliations to IFRS measures.

### Selected factors positively (negatively) affecting financial performance

(in millions of CDN dollars)

Fiscal years	2021			2020			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
USA Market Factors* <sup>1</sup>	34	4	23	(8)	14	10	(8)
Inventory write-down	—	—	—	(18)	—	—	—
US currency exchange <sup>1</sup>	(2)	2	5	1	—	1	6

\* Refer to the "Glossary" section of the Management's Discussion and Analysis for the third quarter of fiscal 2021.

<sup>1</sup> As compared to same quarter last fiscal year.

## Other pertinent information

(in US dollars, except for average exchange rate)

Fiscal years	2021			2020			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Block market price*</b>							
Opening	2.573	2.640	1.330	1.910	1.958	1.858	1.645
Closing	1.650	2.573	2.640	1.330	1.910	1.958	1.858
Average	2.129	2.249	1.778	1.835	1.971	1.912	1.711
<b>Butter market price*</b>							
Opening	1.510	1.765	1.335	1.950	2.128	2.410	2.255
Closing	1.420	1.510	1.765	1.335	1.950	2.128	2.410
Average	1.444	1.571	1.500	1.799	2.043	2.284	2.330
Average whey market price*	0.388	0.311	0.356	0.353	0.326	0.352	0.370
Spread*	0.168	0.141	0.047	0.113	(0.018)	0.029	0.001 <sup>2</sup>
US average exchange rate to Canadian dollar <sup>1</sup>	1.306	1.333	1.378	1.330	1.320	1.320	1.337

\* Refer to the "Glossary" section of the Management's Discussion and Analysis for the third quarter of fiscal 2021.

<sup>1</sup> Based on Bank of Canada published information.

<sup>2</sup> Updated to conform to the current Spread definition.

The USA Sector consists of the Dairy Division (USA). During the second quarter of fiscal 2021, the two former USA divisions, the Cheese Division (USA) and the Dairy Foods Division (USA), were merged into a single division now known as the Dairy Division (USA).

## INTERNATIONAL SECTOR

(in millions of CDN dollars)

Fiscal years	2021			2020			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	806.8	805.7	781.6	832.4	797.0	657.0	790.3
Adjusted EBITDA*	104.7	78.2	59.8	66.5	98.5	80.2	59.7

\* See the "Non-IFRS Financial Measures" section of the Management's Discussion and Analysis for the third quarter of fiscal 2021 for the reconciliations to IFRS measures.

## Selected factors positively (negatively) affecting financial performance

(in millions of CDN dollars)

Fiscal years	2021			2020			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Foreign currency exchange <sup>1</sup>	4	(1)	(9)	(5)	(14)	(16)	(10.0)

<sup>1</sup> 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	2021			2020			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	210.6	183.6	210.9	231.4	196.1	186.8	151.6
Adjusted EBITDA*	37.1	34.9	40.3	46.6	34.7	35.6	26.2

\* See the "Non-IFRS Financial Measures" section of the Management's Discussion and Analysis for the third quarter of fiscal 2021 for the reconciliations to IFRS measures.

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