SAPUTO REPORTS FINANCIAL RESULTS FOR THE SECOND QUARTER OF FISCAL 2025 ENDED SEPTEMBER 30, 2024

(*Montréal, November 7, 2024*) – Saputo Inc. (TSX: SAP) (we, Saputo or the Company) reported today its financial results for the second quarter of fiscal 2025, which ended on September 30, 2024. All amounts in this news release are in millions of Canadian dollars (CDN), except per share amounts, unless otherwise indicated, and are presented according to International Financial Reporting Standards (IFRS).

"We made further progress during the second quarter, both in the execution of our long-term strategy and with the achievement of important milestones related to innovation, efficiency and network optimization," said Carl Colizza, President and CEO. "Our steady cash generation enabled us to attain a pivotal step within our capital allocation program, as we announce today our intention to make a normal course issuer bid. While we remain focused on executing on our strategic initiatives, we believe this initiative will optimize our capital structure and underscore our commitment to drive long-term value creation."

Fiscal 2025 Second Quarter Financial Highlights

- Revenues amounted to $4.708 billion, up $385 million or 8.9%.
- Net earnings totalled $126 million, down from $156 million. Net earnings per share (EPS) (basic and diluted) were $0.30, down from $0.37.
- Adjusted EBITDA[1] amounted to $389 million, down $9 million or 2.3%.
- Adjusted net earnings[1] totalled $157 million, down from $181 million, and adjusted EPS[1] (basic and diluted) were $0.37, down from $0.43.

(unaudited)	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2024	2023	**2024**	2023
Revenues	**4,708**	4,323	**9,314**	8,530
Adjusted EBITDA[1]	**389**	398	**772**	760
Net earnings	**126**	156	**268**	297
Adjusted net earnings[1]	**157**	181	**324**	335
EPS				
Basic and Diluted	**0.30**	0.37	**0.63**	0.70
Adjusted EPS[1]				
Basic and Diluted	**0.37**	0.43	**0.76**	0.79

- Results reflected the following:
  - Higher revenues in all our sectors;
  - Our Canada Sector's adjusted EBITDA was up 9.5%, driven by operational efficiencies;
  - Our USA Sector continued to deliver benefits from operational improvements;
  - USA Market Factors[2] had a negative impact due to the unfavourable milk-cheese Spread[2]. Pricing protocols for our dairy food products mitigated the impact of fluctuations of the average butter market price[2];
  - In our International Sector, the Argentine peso devaluation did not keep pace with inflation, which has led to higher costs of production, including higher milk costs while, in Australia, we benefited from lower milk costs;
  - In our Europe Sector, results have increased for the third consecutive quarter, driven by higher branded cheese sales volumes; and
  - Steady cash generation from operating activities of $162 million.
- Normal course issuer bid (NCIB):
  - Saputo intends to file with the Toronto Stock Exchange (TSX) a notice of intention to make an NCIB to purchase up to 2% of its issued and outstanding common shares, during the 12 months following TSX acceptance.
- Dividend:
  - The Board of Directors approved a dividend of $0.19 per share payable on December 20, 2024, to shareholders of record on December 10, 2024.

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

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

FY25 OUTLOOK

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

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

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

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

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

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

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

- Cash flow generation should increase as we harvest the benefits from operational improvements and from a reduction in capital expenditures following the completion of the bulk of our Global Strategic Plan investments.

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

Normal Course Issuer Bid

Saputo intends to file with the Toronto Stock Exchange (TSX) a notice of intention to make a normal course issuer bid (NCIB) to purchase up to 2% of Saputo’s issued and outstanding common shares, during the 12 months following TSX acceptance.

The NCIB will be conducted in accordance with applicable regulations, by means of open market transactions, through the facilities of the TSX or of alternative Canadian trading systems. Subject to TSX acceptance, Saputo anticipates the NCIB to commence on or about November 19, 2024, and in any event, at least two trading days after TSX acceptance of the NCIB. The exact amount of common shares subject to the NCIB will be determined on the date of acceptance of the notice of intention by the TSX. Although Saputo presently intends to purchase common shares under the NCIB, there can be no assurances that any such purchases will be completed. Saputo also intends to enter into an automatic purchase plan with a designated broker during the NCIB. The automatic purchase plan would allow for purchases by Saputo of common shares during certain predetermined blackout periods, subject to certain parameters and approval of the TSX. Saputo has not purchased any of its common shares in the last 12 months.

The NCIB reflects Saputo's continued commitment to returning value to shareholders, while maintaining the flexibility to allocate capital for growth opportunities. Saputo believes that the purchase of its own shares may, under appropriate circumstances, be a responsible allocation of cash.

[1] This is a total of segments measure, a non-GAAP financial measure, or a non-GAAP ratio. See the “Non-GAAP Measures” section of this news release for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the primary financial statements, as applicable.

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 2025. These documents can be obtained on SEDAR+ under the Company's profile at www.sedarplus.ca and in the "Investors" section of the Company's website, at www.saputo.com.

Webcast and Conference Call

A webcast and conference call will be held on Friday, November 8, 2024, at 8:30 a.m. (Eastern Time).

The webcast will begin with a short presentation followed by a question and answer period. The speakers will be Carl Colizza, President and CEO, and Maxime Therrien, Chief Financial Officer and Secretary.

To participate:

- **Webcast** : A live webcast of the event can be accessed using this **link**.
  Presentation slides will be included in the webcast and can also be accessed in the "Investors" section of Saputo's website (www.saputo.com), under "Calendar of Events".

- **Conference line**: 1-888-596-4144 Conference ID: 2345364
  Please dial-in five minutes prior to the start time.

Replay of the conference call and webcast presentation
For those unable to join, the webcast presentation will be archived on Saputo's website (www.saputo.com) in the "Investors" section, under "Calendar of Events".

About Saputo

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

- 30 -

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This news release contains statements which are forward-looking statements within the meaning of applicable securities laws. These forward-looking statements include, among others, statements with respect to our objectives, outlook, business projects, strategies, beliefs, expectations, targets, commitments, goals, ambitions and strategic plans including our ability to achieve these targets, commitments, goals, ambitions and strategic plans, and statements other than historical facts. The words “may”, “could”, “should”, “will”, “would”, “believe”, “plan”, “expect”, “intend”, “anticipate”, “estimate”, “foresee”, “objective”, “continue”, “propose”, “aim”, “commit”, “assume”, “forecast”, “predict”, “seek”, “project”, “potential”, “goal”, “target”, or “pledge”, or the negative of these terms or variations of them, the use of conditional or future tense or words and expressions of similar nature, are intended to identify forward-looking statements. All statements other than statements of historical fact included in this news release may constitute forward-looking statements within the meaning of applicable securities laws.

By their nature, forward-looking statements are subject to inherent risks and uncertainties. Actual results could differ materially from those stated, implied, or projected in such forward-looking statements. As a result, we cannot guarantee that any forward-looking statements will materialize, and we warn readers that these forward-looking statements are not statements of historical fact or guarantees of future performance in any way. Assumptions, expectations, and estimates made in the preparation of forward-looking statements and risks and uncertainties that could cause actual results to differ materially from current expectations are discussed in our materials filed with the Canadian securities regulatory authorities from time to time, including the “Risks and Uncertainties” section of the Management's Discussion and Analysis dated June 6, 2024, available on SEDAR+ under the Company's profile at www.sedarplus.ca.

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

Forward-looking statements are based on Management’s current estimates, expectations and assumptions regarding, among other things; the projected revenues and expenses; the economic, industry, competitive, and regulatory environments in which we operate or which could affect our activities; our ability to identify, attract, and retain qualified and diverse individuals; our ability to attract and retain customers and consumers; our environmental performance; the results of our sustainability efforts; the effectiveness of our environmental and sustainability initiatives; our operating costs; the pricing of our finished products on the various markets in which we carry on business; the successful execution of our Global Strategic Plan; our ability to deploy capital expenditure projects as planned; reliance on third parties; our ability to gain efficiencies and cost optimization from strategic initiatives; our ability to correctly predict, identify, and interpret changes in consumer preferences and demand, to offer new products to meet those changes, and to respond to competitive innovation; our ability to leverage our brand value; our ability to drive revenue growth in our key product categories or platforms or add products that are in faster-growing and more profitable categories; the successful execution of our M&A strategy; the market supply and demand levels for our products; our warehousing, logistics, and transportation costs; our effective income tax rate; the exchange rate of the Canadian dollar to the currencies of cheese and dairy ingredients. To set our financial performance targets, we have made assumptions regarding, among others: the absence of significant deterioration in macroeconomic conditions; our ability to mitigate inflationary cost pressure; the USA Market Factors[2], ingredient markets, commodity prices, foreign exchange; labour market conditions and staffing levels in our facilities; the impact of price elasticity; our ability to increase the production capacity and productivity in our facilities; and the demand growth for our products. Our ability to achieve our environmental targets, commitments, and goals is further subject to, among others: our ability to access and implement all technology necessary to achieve our targets, commitments, and goals; the development and performance of technology, innovation and the future use and deployment of technology and associated expected future results; the accessibility of carbon and renewable energy instruments for which a market is still developing and which are subject to risk of invalidation or reversal; and environmental regulation. Our ability to achieve our 2025 Supply Chain Pledges is further subject to, among others, our ability to leverage our supplier relationships and our sustainability advocacy efforts.

[2] Refer to the ‘‘Glossary’’ section of the Management’s Discussion and Analysis.

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

Unless otherwise indicated by Saputo, forward-looking statements in this news release describe our estimates, expectations and assumptions as of the date hereof, and, accordingly, are subject to change after that date. Except as required under applicable securities legislation, Saputo does not undertake to update or revise forward-looking statements, whether written or verbal, that may be made from time to time by itself or on our behalf, whether as a result of new information, future events, or otherwise. All forward-looking statements contained herein are expressly qualified by this cautionary statement.

SELECTED QUARTERLY FINANCIAL INFORMATION

Fiscal years	2025		2024				2023	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	**4,708**	4,606	4,545	4,267	4,323	4,207	4,468	4,587
Adjusted EBITDA[1]	**389**	383	379	370	398	362	392	445
Adjusted EBITDA margin[1]	**8.3 %**	8.3 %	8.3 %	8.7 %	9.2 %	8.6 %	8.8 %	9.7 %
Net earnings (loss)	**126**	142	92	(124)	156	141	159	179
Restructuring costs[2]	**5**	—	15	4	—	—	21	27
Goodwill impairment charge	**—**	—	—	265	—	—	—	—
Loss (gain) on hyperinflation	**11**	10	34	3	9	(2)	—	—
Amortization of intangible assets related to business acquisitions[2]	**15**	15	15	15	16	15	16	15
Adjusted net earnings[1]	**157**	167	156	163	181	154	196	221
Adjusted net earnings margin[1]	**3.3 %**	3.6 %	3.4 %	3.8 %	4.2 %	3.7 %	4.4 %	4.8 %
Earnings (loss) per share (basic and diluted)	**0.30**	0.33	0.22	(0.29)	0.37	0.33	0.38	0.43
Adjusted EPS basic[1]	**0.37**	0.39	0.37	0.38	0.43	0.37	0.47	0.53
Adjusted EPS diluted[1]	**0.37**	0.39	0.37	0.38	0.43	0.36	0.46	0.53

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

Fiscal years	2025		2024				2023	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
USA Market Factors[3,4]	**(17)**	15	(61)	(27)	32	(14)	29	(6)
Inventory write-down	**—**	—	—	(14)	(7)	(10)	—	—
Foreign currency exchange and hyperinflation accounting[4,5]	**(14)**	(5)	(6)	(33)	(3)	4	(12)	(7)

1. This is a total of segments measure, a non-GAAP financial measure, or a non-GAAP ratio. See the "Non-GAAP Measures" section of this news release for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the primary financial statements, as applicable.
2. Net of applicable income taxes.
3. Refer to the "Glossary" section of the Management's Discussion and Analysis.
4. As compared to the same quarter of the previous fiscal year.
5. Foreign currency exchange includes the effect of conversion of US dollars, Australian dollars, British pounds sterling, and Argentine pesos to Canadian dollars. Amounts presented also include the effects of the application of hyperinflation accounting to the results of the Dairy Division (Argentina).

CONSOLIDATED RESULTS FOR THE SECOND QUARTER AND FISCAL PERIOD ENDED SEPTEMBER 30, 2024

Revenues

Revenues for the **second quarter of fiscal 2025** totalled $4.708 billion, up $385 million or 8.9%, as compared to $4.323 billion for the same quarter last fiscal year.

Revenues increased in all our sectors. Revenues reflected higher sales volumes and higher domestic selling prices. The effects of pressures from lower international cheese and dairy ingredient market prices in our export markets started tapering off.

The combined effect of the higher average block market price[2] and of the higher average butter market price[2] in our USA Sector had a positive impact of $175 million.

The more moderate Argentine peso devaluation, as compared to the second quarter of fiscal 2024, led to a reduction of the favourable impact on revenues derived from US dollar denominated export sales.

The conversion of foreign currencies to the Canadian dollar had a favourable impact of approximately $69 million. This includes the effects of inflation indexation and of the application of hyperinflation accounting to the results of the Dairy Division (Argentina).

In the **first six months of fiscal 2025**, revenues totalled $9.314 billion, up $784 million or 9.2%, as compared to $8.530 billion.

Revenues increased in all our sectors. Revenues reflected higher sales volumes and higher domestic selling prices. The effects of pressures from lower international cheese and dairy ingredient market prices in our export markets started tapering off.

The combined effect of the higher average block market price[2] and of the average butter market price[2] in our USA Sector had a positive impact of $209 million.

The more moderate Argentine peso devaluation, as compared to the first six months of fiscal 2024, led to a reduction of the favourable impact on revenues derived from US dollar denominated export sales.

The conversion of foreign currencies to the Canadian dollar had a favourable impact of approximately $128 million. This includes the effects of inflation indexation and of the application of hyperinflation accounting to the results of the Dairy Division (Argentina).

Operating costs excluding depreciation, amortization, and restructuring costs

Operating costs excluding depreciation, amortization, and restructuring costs for the **second quarter of fiscal 2025** totalled $4.319 billion, up $394 million or 10.0%, as compared to $3.925 billion for the same quarter last fiscal year. In the **first six months of fiscal 2025**, operating costs excluding depreciation, amortization, and restructuring costs totalled $8.542 billion, up $772 million or 9.9%, as compared to $7.770 billion for the same period last fiscal year.

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

Net earnings

Net earnings for the **second quarter of fiscal 2025** totalled $126 million, down $30 million or 19.2%, as compared to $156 million for the same quarter last fiscal year. The decrease is mainly due to the factors which have led to a lower adjusted EBITDA[1], as described below, increased depreciation and amortization, restructuring costs, and higher financial charges.

In the **first six months of fiscal 2025**, net earnings totalled $268 million, down $29 million or 9.8%, as compared to $297 million for the same period last fiscal year. The decrease is mainly due to increased depreciation and amortization, restructuring costs, an increased loss on hyperinflation and increased income tax expense which have offset the factors which have led to a higher adjusted EBITDA[1], as described below.

[1] This is a total of segments measure, a non-GAAP financial measure, or a non-GAAP ratio. See the “Non-GAAP Measures” section of this news release for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the primary financial statements, as applicable.
[2] Refer to the "Glossary" section of the Management's Discussion and Analysis.

Adjusted EBITDA[1]

Adjusted EBITDA[1] for the **second quarter of fiscal 2025** totalled $389 million, down $9 million or 2.3%, as compared to $398 million for the same quarter last fiscal year.

Results included a 9.5% increase, or $14 million, in adjusted EBITDA[1] in our Canada Sector.

In our USA Sector, results included approximately $18 million in benefits derived from capital investments in our cheese network, operational improvements, including increased capacity utilization and productivity impacting volumes, supply chain initiatives, cost reductions, and lower selling, general and administrative expenses.

USA Market Factors[2] had a negative impact of $17 million due to the unfavourable milk-cheese Spread[2]. This was partially mitigated through the favourable impact of our pricing protocols for our dairy food products relative to fluctuations of the average butter market price[2].

In our International Sector, the Argentine peso devaluation did not keep pace with inflation, which has led to higher costs of production including higher milk costs in Argentina. Reduced milk availability in Argentina further contributed to higher milk costs. In Australia, we benefited from lower milk costs in effect since July 1, 2024. The more moderate Argentine peso devaluation, as compared to the second quarter of fiscal 2024, led to less profitability from US dollar denominated export sales. The results of the International Sector include a negative impact of $17 million due to the application of hyperinflation accounting to the results of the Dairy Division (Argentina).

In our Europe Sector, improved results were driven by higher branded cheese sales volumes.

The conversion of foreign currencies to the Canadian dollar, together with the application of hyperinflation accounting, had a total unfavourable impact of approximately $14 million.

Adjusted EBITDA[1] in the **first six months of fiscal 2025** totalled $772 million, up $12 million or 1.6%, as compared to $760 million for the same period last fiscal year.

Results included a 7.9% increase in adjusted EBITDA[1] in our Canada Sector.

In our USA Sector, results included approximately $44 million in benefits derived from capital investments in our cheese network, operational improvements, including increased capacity utilization and productivity impacting volumes impacts, supply chain initiatives, cost reductions, and lower selling, general and administrative expenses.

Under volatile market conditions, USA Market Factors[2] were favourable in the first quarter while they were unfavourable in the second quarter as compared to the same quarters last fiscal year.

The unfavourable disconnect in the relation between international cheese and dairy ingredient market prices and the cost of milk as raw material had a negative impact on the International Sector's results. This was partially offset by the favourable impact of lower milk costs in Australia in effect since July 1, 2024.

In Argentina, the peso devaluation did not keep pace with inflation which has led to higher production costs including higher milk costs. Reduced milk availability in Argentina further contributed to higher milk costs. The more moderate Argentine peso devaluation, as compared to the first six months of fiscal 2024, led to less profitability from US dollar denominated export sales. The results of the International Sector include a negative impact of $27 million due to the application of hyperinflation accounting to the results of the Dairy Division (Argentina).

In our Europe Sector, results were negatively impacted by the cycling through of remaining excess high-cost inventory which was partially offset by higher branded cheese sales volumes.

The conversion of foreign currencies to the Canadian dollar, together with the application of hyperinflation accounting, had a total unfavourable impact of approximately $19 million.

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

Depreciation and amortization

Depreciation and amortization for the **second quarter of fiscal 2025** totalled $153 million, up $8 million, as compared to $145 million for the same quarter last fiscal year. Depreciation and amortization in the **first six months of fiscal 2025** totalled $301 million, up $10 million, as compared to $291 million for last fiscal year.

These increases were mainly attributable to the net effect of commissioning and decommissioning of assets in connection with capital projects under our Global Strategic Plan.

Depreciation and amortization also includes the impacts of the conversion of foreign currencies, as well as inflation indexation and hyperinflation accounting for the Dairy Division (Argentina).

Restructuring costs

Restructuring costs for the **second quarter and first six months of fiscal 2025** totalled $7 million ($5 million after tax) and were related to severance and site closure costs incurred mainly in connection with our decision to commence the final operating season of our King Island Dairy facility in the Dairy Division (Australia), with the intention of closing the facility in mid calendar 2025.

There were no restructuring costs in the first quarter of fiscal 2025 nor in year-to-date fiscal 2024.

Loss on hyperinflation

Loss on hyperinflation for the **second quarter of fiscal 2025** totalled $11 million ($9 million in fiscal 2024). In the **first six months of fiscal 2025**, the loss on hyperinflation totalled $21 million ($7 million in fiscal 2024). The change in the loss on hyperinflation is relative to the application of hyperinflation accounting for the Dairy Division (Argentina), and includes the effects of inflation indexation and currency conversion on its balance sheet amounts.

Financial charges

Financial charges for the **second quarter of fiscal 2025** totalled $49 million, up $5 million compared to the same quarter last fiscal year. In the **first six months of fiscal 2025**, financial charges totalled $87 million, up $3 million compared to the same period last fiscal year. These increases were mainly due to the unfavourable impacts of the conversion of foreign currencies, as well as inflation indexation and hyperinflation accounting for the Dairy Division (Argentina).

Income tax expense

Income tax expense for the **second quarter of fiscal 2025** totalled $43 million reflecting an effective tax rate of 25%, as compared to 22% for the same quarter last fiscal year. Income tax expense for the **first six months of fiscal 2025** totalled $88 million, reflecting an effective tax rate of 25%, as compared to 21% in the corresponding period last fiscal year.

The effective tax rate varies and could increase or decrease based on the geographic mix of quarterly and year-to-date earnings across the various jurisdictions in which we operate, the tax and accounting treatments of inflation in Argentina, the amount and source of taxable income, amendments to tax legislations and income tax rates, changes in assumptions, as well as estimates we use for tax assets and liabilities.

Adjusted net earnings[1]

Adjusted net earnings[1] for the **second quarter of fiscal 2025** totalled $157 million, down $24 million or 13.3%, as compared to $181 million for the same quarter last fiscal year.

Adjusted net earnings[1] for the **first six months of fiscal 2025** totalled $324 million, down $11 million or 3.3%, as compared to $335 million for the same period last fiscal year.

These decreases are mainly due to the factors which have led to decreases in net earnings, as described above, excluding the impact of restructuring costs and the loss on hyperinflation.

[1] This is a total of segments measure, a non-GAAP financial measure, or a non-GAAP ratio. See the "Non-GAAP Measures" section of this news release for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the primary financial statements, as applicable.

INFORMATION BY SECTOR

CANADA SECTOR

Fiscal years	2025		2024			
	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**1,294**	1,253	1,192	1,271	1,248	1,211
Adjusted EBITDA	**162**	153	138	150	148	144
Adjusted EBITDA margin	**12.5 %**	12.2 %	11.6 %	11.8 %	11.9 %	11.9 %

USA SECTOR

Fiscal years	2025		2024			
	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**2,225**	2,085	1,928	2,056	1,950	1,876
Adjusted EBITDA	**145**	162	138	133	147	103
Adjusted EBITDA margin	**6.5 %**	7.8 %	7.2 %	6.5 %	7.5 %	5.5 %

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

Fiscal years	2025		2024			
	Q2	Q1	Q4	Q3	Q2	Q1
USA Market Factors[1,2]	**(17)**	15	(61)	(27)	32	(14)
Inventory write-down	**—**	—	—	—	—	(10)
US currency exchange[2]	**2**	2	—	—	3	5

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

Other pertinent information

(in US dollars, except for average exchange rate)

Fiscal years	2025		2024			
	Q2	Q1	Q4	Q3	Q2	Q1
Block market price[1]						
Opening	**1.910**	1.418	1.470	1.720	1.335	1.850
Closing	**2.120**	1.910	1.418	1.470	1.720	1.335
Average	**2.057**	1.793	1.516	1.620	1.817	1.579
Butter market price[1]						
Opening	**3.125**	2.843	2.665	3.300	2.440	2.398
Closing	**2.805**	3.125	2.843	2.665	3.300	2.440
Average	**3.093**	3.029	2.737	2.898	2.706	2.394
Average whey powder market price[1]	**0.506**	0.401	0.436	0.370	0.265	0.358
Spread[1]	**(0.196)**	(0.127)	(0.125)	(0.061)	0.075	(0.061)
US average exchange rate to Canadian dollar[2]	**1.364**	1.368	1.349	1.359	1.344	1.343

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

INTERNATIONAL SECTOR

Fiscal years	2025		2024			
	Q2	**Q1**	Q4	Q3	Q2	Q1
Revenues	**912**	1,004	1,135	636	879	868
Adjusted EBITDA	**54**	45	88	85	83	77
Adjusted EBITDA margin	**5.9 %**	4.5 %	7.8 %	13.4 %	9.4 %	8.9 %

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

Fiscal years	2025		2024			
	Q2	**Q1**	Q4	Q3	Q2	Q1
Inventory write-down	**—**	—	—	(14)	(7)	—
Foreign currency exchange and hyperinflation accounting[1]	**(15)**	(8)	(7)	(36)	(12)	(2)

[1] Foreign currency exchange includes the effect of conversion of Australian dollars and Argentine pesos to Canadian dollars, as compared to same quarter last fiscal year. Amounts presented also include the effects of the application of hyperinflation accounting to the results of the Dairy Division (Argentina), as compared to same quarter last fiscal year.

EUROPE SECTOR

Fiscal years	2025		2024			
	Q2	**Q1**	Q4	Q3	Q2	Q1
Revenues	**277**	264	290	304	246	252
Adjusted EBITDA	**28**	23	15	2	20	38
Adjusted EBITDA margin	**10.1 %**	8.7 %	5.2 %	0.7 %	8.1 %	15.1 %

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

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

[1] Foreign currency exchange includes the effect of conversion of British pounds sterling to Canadian dollars, as compared to same quarter last fiscal year.

NON-GAAP MEASURES

We report our financial results in accordance with GAAP and generally assess our financial performance using financial measures that are prepared using GAAP. However, this news release also refers to certain non-GAAP and other financial measures which do not have a standardized meaning under GAAP, and are described in this section.

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

These non-GAAP measures have no standardized meaning under GAAP and are unlikely to be comparable to similar measures presented by other issuers. Our method of calculating these measures may differ from the methods used by others, and, accordingly, our definition of these non-GAAP financial measures may not be comparable to similar measures presented by other issuers. In addition, non-GAAP financial measures should not be viewed as a substitute for the related financial information prepared in accordance with GAAP. This section provides a description of the components of each non-GAAP measure used in this news release and the classification thereof.

NON-GAAP FINANCIAL MEASURES AND RATIOS

A non-GAAP financial measure is a financial measure that depicts the Company's financial performance, financial position, or cash flow and either excludes an amount that is included in or includes an amount that is excluded from the composition of the most directly comparable financial measures disclosed in the Company's financial statements. A non-GAAP ratio is a financial measure disclosed in the form of a ratio, fraction, percentage, or similar representation and that has a non-GAAP financial measure as one or more of its components.

Below are descriptions of the non-GAAP financial measures and ratios that we use as well as reconciliations to the most comparable GAAP financial measures, as applicable.

Adjusted net earnings and adjusted net earnings margin

We believe that adjusted net earnings and adjusted net earnings margin provide useful information to investors because this financial measure and this ratio provide precision with regards to our ongoing operations by eliminating the impact of non-operational or non-cash items. We believe that in the context of our history of business acquisitions, adjusted net earnings provide a more effective measure to assess performance against the Company's peer group, including due to the application of various accounting policies in relation to the amortization of acquired intangible assets.

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

The following table provides a reconciliation, net of applicable income taxes, of net earnings to adjusted net earnings

	For the three-month periods ended September 30		**For the six-month periods ended September 30**	
	2024	2023	**2024**	2023
Net earnings	**126**	156	**268**	297
Restructuring costs	**5**	—	**5**	—
Amortization of intangible assets related to business acquisitions	**15**	16	**30**	31
Goodwill impairment charge	**—**	—	**—**	—
Loss on hyperinflation	**11**	9	**21**	7
Adjusted net earnings	**157**	**181**	**324**	335
Revenues	**4,708**	4,323	**9,314**	8,530
Margin (expressed as a percentage of revenues)	***3.3 %***	*4.2 %*	***3.5 %***	*3.9 %*

Adjusted EPS basic and adjusted EPS diluted

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

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

TOTAL OF SEGMENTS MEASURES

A total of segments measure is a financial measure that is a subtotal or total of two or more reportable segments and is disclosed within the notes to Saputo's condensed interim consolidated financial statements, but not in its primary financial statements. Consolidated adjusted EBITDA is a total of segments measure.

Consolidated adjusted EBITDA is the total of the adjusted EBITDA of our four geographic sectors. We report our business under four sectors: Canada, USA, International, and Europe. The Canada Sector consists of the Dairy Division (Canada), the USA Sector consists of the Dairy Division (USA), the International Sector consists of the Dairy Division (Australia) and the Dairy Division (Argentina), and the Europe Sector consists of the Dairy Division (UK). We sell our products in three different market segments: retail, foodservice, and industrial.

Adjusted EBITDA and adjusted EBITDA margin

We believe that adjusted EBITDA and adjusted EBITDA margin provide investors with useful information because they are common industry measures. Adjusted EBITDA margin consists of adjusted EBITDA expressed as a percentage of revenues. These measures are also key metrics of the Company's operational and financial performance without the variation caused by the impacts of the elements itemized below and provide an indication of the Company's ability to seize growth opportunities in a cost-effective manner, finance its ongoing operations, and service its long-term debt. Adjusted EBITDA is the key measure of profit used by management for the purpose of assessing the performance of each sector and of the Company as a whole, and to make decisions about the allocation of resources. We believe that securities analysts, investors, and other interested parties also use adjusted EBITDA to evaluate the performance of issuers. Adjusted EBITDA is also a component in the determination of short-term incentive compensation for management.

The following table provides a reconciliation of net earnings to adjusted EBITDA on a consolidated basis.

	For the three-month periods ended September 30		**For the six-month periods ended September 30**	
	2024	2023	**2024**	2023
Net earnings	**126**	156	**268**	297
Income taxes	**43**	44	**88**	81
Financial charges	**49**	44	**87**	84
Loss on hyperinflation	**11**	9	**21**	**7**
Restructuring costs	**7**	—	**7**	—
Goodwill impairment charge	**—**	—	**—**	—
Depreciation and amortization	**153**	145	**301**	291
Adjusted EBITDA	**389**	398	**772**	760
Revenues	**4,708**	4,323	**9,314**	8,530
Adjusted EBITDA margin	***8.3 %***	*9.2 %*	***8.3 %***	*8.9 %*