News Release
For immediate release

SAPUTO REPORTS FINANCIAL RESULTS FOR THE FIRST QUARTER OF FISCAL 2023 ENDED JUNE 30, 2022

(*Montréal, August 4, 2022*) – Saputo Inc. (TSX: SAP) (we, Saputo or the Company) reported today its financial results for the first quarter of fiscal 2023, which ended on June 30, 2022. 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're off to a strong start to the year. The combination of our pricing actions, productivity improvements, and cost containment initiatives mitigated the impact of inflationary pressures in the first quarter. As input costs stabilize and price realization and efficiencies continue, this should result in further recovery for the balance of the year, with progress on margins and adjusted EBITDA[1]" said Lino A. Saputo, Chair of the Board, President and CEO. *"While the external environment has required a laser focus on short-term execution, we continue to lay the groundwork for our next chapter of sustained growth and we will continue to deploy our time and resources to our Global Strategic Plan, keeping a view on maximizing long-term value creation."*

Fiscal 2023 First Quarter Financial Highlights

- Revenues amounted to $4.327 billion, up $839 million or 24.1%.
- Net earnings totalled $139 million and net earnings per share (EPS) (basic and diluted) were $0.33, up from $53 million and EPS (basic and diluted) of $0.13, respectively.
- Adjusted EBITDA[1] amounted to $347 million, up $57 million or 19.7%.
- Adjusted net earnings[1] totalled $161 million, up from $122 million, and adjusted EPS[1] (basic and diluted) were $0.39 and $0.39, up from $0.30 and $0.29.

(unaudited)	For the three-month periods ended June 30	
	2022	2021
Revenues	**4,327**	3,488
Adjusted EBITDA[1]	**347**	290
Net earnings	**139**	53
Adjusted net earnings[1]	**161**	122
EPS (basic and diluted)	**0.33**	0.13
Adjusted EPS[1]		
Basic	**0.39**	0.30
Diluted	**0.39**	0.29

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.

- Improved results reflected a solid performance in the Canada Sector and the International Sector and signs of recovery in the USA Sector.
- Pricing initiatives implemented across all our sectors mitigated ongoing inflationary pressures.
- Higher international cheese and dairy ingredient market prices were favourable.
- USA Market Factors[2] continued to put pressure on adjusted EBITDA due to the persistent negative spread[2] between the average cheese block market price and the cost of milk as raw material.
- The Company announced capital investments and consolidation initiatives, as part of its Global Strategic Plan, intended to further streamline its manufacturing footprint in its USA Sector. This announcement marks the continuation of the Company's network optimization program that plays an integral role in its broader strategy to enhance operations and accelerate organic growth across its platforms. Costs related with these capital investments and consolidation initiatives will be approximately $15 million after tax, which include a non-cash fixed assets write-down of approximately $10 million after tax. These costs will start to be recorded in the second quarter of fiscal 2023.
- The Board of Directors reviewed the dividend policy and approved the quarterly dividend, which remains at $0.18 per share. The quarterly dividend will be payable on September 16, 2022, to common shareholders of record on September 6, 2022.
- The Company issued its 2022 Saputo Promise Report. The report highlights the Company's continued progress against key ESG initiatives and is available online at www.saputo.com/our-promise.

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

OUTLOOK

- We anticipate that input and logistics costs such as consumables, packaging, transportation and fuel will remain at elevated levels, but we expect strong pricing contribution across all sectors following recently announced price increases.

- We will implement further price increases over the course of the fiscal year, in line with our pricing protocols, if inflation continues to persist.

- Labour initiatives and the acceleration of our productivity and operational improvement projects are expected to improve our ability to service customers and return to historical order fill rate levels, particularly in the USA.

- We expect to benefit from our focus on cost containment measures aimed at minimizing the effect of inflation while maximizing efforts to prioritize efficiency and productivity initiatives.

- We will continue to closely monitor changing consumer trends in key categories and price elasticity. We anticipate the retail market segment to remain strong as at-home food spending should remain elevated, while the foodservice market segment is expected to remain competitive, particularly in the USA.

- Constraints on service and volumes are expected through the second quarter of fiscal 2023, but supply and demand of trucking capacity and containers show signs of stability.

- Supply chain conditions remain challenging, and we expect the disruption from longer lead times for sourced products to continue.

- USA Market Factors[2] will remain volatile, although we will adjust our pricing to reflect commodity prices.

- Despite the volatile nature of international cheese and dairy ingredient markets, our outlook on export prices remains cautiously positive.

- While inflation and supply chain disruptions are likely to persist, we expect a meaningful recovery in earnings in fiscal 2023, driven by the full impact of previously announced price increases, improved productivity and fixed cost absorption, a return to historical order fill rates, and benefits stemming from our Global Strategic Plan.

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

GLOBAL STRATEGIC PLAN HIGHLIGHTS

We will continue to leverage the momentum of our ongoing Global Strategic Plan initiatives to strengthen our position as a high-quality, low-cost processor with a relentless focus on productivity and efficiency.

We announced, on August 3, 2022, capital investments and consolidation initiatives as part of our Global Strategic Plan, intended to further streamline our manufacturing footprint in the USA Sector. This announcement marks the continuation of our network optimization program that plays an integral role in our broader strategy to enhance operations and accelerate organic growth across our platforms.

We plan to invest $45 million to convert our long-standing mozzarella cheese manufacturing facility in Reedsburg, Wisconsin, to a goat cheese manufacturing plant to increase capacity, expand our position in growing specialty cheese categories and improve productivity. In line with our strategy to modernize our mozzarella operations, current cheese manufacturing from this facility will be transferred to other existing Saputo facilities, increasing capacity utilization, improving operational efficiencies and reducing costs. Complementing these network optimization activities, we plan to close our existing goat cheese manufacturing facility in Belmont, Wisconsin. Approximately 200 impacted employees from this facility will be provided with financial support including severance. These initiatives will begin in the second quarter of fiscal 2023 and are expected to take up to 18 months to implement.

The capital investments and consolidation initiatives outlined above are expected to result in annual savings and benefits gradually, beginning in fiscal 2024, and reaching approximately $9 million ($6 million after tax) by fiscal 2025. Costs related with the capital investments and consolidation initiatives outlined above will be approximately $15 million after tax, which include a non-cash fixed assets write-down of approximately $10 million after tax. These costs will start to be recorded in the second quarter of fiscal 2023.

THE SAPUTO PROMISE

On August 4, 2022, we issued the 2022 Saputo Promise Report, which details our continued progress against key ESG initiatives.

The report outlines our long-term commitments associated with each of our seven strategic pillars: food quality and safety, our people, business ethics, responsible sourcing, environment, nutrition and healthy living, and community.

Focus on key areas where we look to create meaningful and measurable change over the next decade, highlights and achievements from this report include:

- 8% reduction in CO_2 intensity (compared to fiscal 2020 baseline)
- 2% reduction in energy intensity (compared to fiscal 2020 baseline)
- 1.7 million kilos of donated food; reducing the Company's food waste and saving 8,000 tonnes of CO_2
- 100% of the palm oil we use as an ingredient is now sourced sustainably and Roundtable on Sustainable Palm Oil (RSPO) certified
- Our community investment program efforts totalled $16 million in fiscal 2022.

Additional Information

For more information, reference is made to the condensed interim consolidated financial statements, the notes thereto and to the Management's Discussion and Analysis for the first quarter of fiscal 2023. 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.

Earnings Conference Call

A webcast and conference call to discuss the fiscal 2023 first quarter financial results will be held on Thursday, August 4, 2022, at 1:30 p.m. (Eastern Time)

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

To participate:

- **Webcast** : https://www.gowebcasting.com/11994
  Presentation slides will be included in the webcast and can also be accessed in the "Investors" section of Saputo's website (www.saputo.com), under "Calendar of Events".

- **Conference line** *(audio only)*: 1-800-705-7067
  Please dial-in five minutes prior to the start time.

Replay of the conference call and webcast presentation
For those unable to join, the webcast presentation will be archived on Saputo's website (www.saputo.com) in the "Investors" section, under "Calendar of Events". A replay of the conference call will also be available until Thursday, August 11, 2022, 11:59 p.m. (ET) by dialling 1-800-558-5253 (ID number: 22019666).

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, and the top dairy processor in Australia and 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. In addition to its dairy portfolio, Saputo produces, markets, and distributes a range of dairy alternative cheeses and beverages. Saputo products are sold in several countries under market-leading brands, as well as private label brands. Saputo Inc. is a publicly traded company and its shares are listed on the Toronto Stock Exchange under the symbol "SAP". Follow Saputo's activities at 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 9, 2022, available on SEDAR under the Company's profile at www.sedar.com

Such risks and uncertainties include the following: product liability; the COVID-19 pandemic and related ongoing impacts; the availability of raw materials (including as a result of climate change, extreme weather, or global or local supply chain disruptions caused by the COVID-19 pandemic, geopolitical developments, military conflicts and trade sanctions) and related price variations, along with our ability to transfer those increases, if any, to our customers in competitive market conditions; supply chain strain and supplier concentration; the price fluctuation of our products in the countries in which we operate, as well as in international markets, which are based on supply and demand levels for dairy products; our ability to identify, attract, and retain qualified individuals; 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 our industry; consolidation of clientele; unanticipated business disruption; 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.

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; 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 successful execution of our Global Strategic Plan; our ability to deploy capital expenditure projects as planned; our ability to correctly predict, identify, and interpret changes in consumer preferences and demand, to offer new products to meet those changes, and to respond to competitive innovation; our ability to leverage our brand value; our ability to drive revenue growth in our key product categories or platforms or add products that are in faster-growing and more profitable categories; the contribution of recent acquisitions; the anticipated market supply and demand levels for our products; the anticipated 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. 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.

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.

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.

SELECTED QUARTERLY FINANCIAL INFORMATION

Fiscal years	2023	2022				2021		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	**4,327**	3,957	3,901	3,689	3,488	3,438	3,763	3,702
Adjusted EBITDA[1]	**347**	260	322	283	290	303	431	370
Adjusted EBITDA margin[1]	**8.0 %**	6.6 %	8.3 %	7.7 %	8.3 %	8.8 %	11.5 %	10.0 %
Net earnings	**139**	37	86	98	53	103	210	171
UK tax rate change[3]	**—**	—	—	—	50	—	—	—
Acquisition and restructuring costs[2]	**6**	51	—	(1)	1	2	—	(5)
Gain on disposal of assets[2]	**—**	—	(8)	—	—	—	—	—
Impairment of intangible assets[2]	**—**	—	43	—	—	—	—	—
Amortization of intangible assets related to business acquisitions[2]	**16**	20	18	19	18	19	18	18
Adjusted net earnings [1]	**161**	108	139	116	122	124	228	184
Adjusted net earnings margin[1]	**3.7 %**	*2.7 %*	*3.6 %*	*3.1 %*	*3.5 %*	*3.6 %*	*6.1 %*	*5.0 %*
EPS basic	**0.33**	0.09	0.21	0.24	0.13	0.25	0.51	0.42
EPS diluted	**0.33**	0.09	0.21	0.24	0.13	0.25	0.51	0.42
Adjusted EPS basic[1]	**0.39**	0.26	0.34	0.28	0.30	0.30	0.56	0.45
Adjusted EPS diluted[1]	**0.39**	0.26	0.33	0.28	0.29	0.30	0.55	0.45

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2 Net of income taxes.
3 On June 10, 2021, the UK Finance Act 2021 was enacted, increasing the UK tax rate from 19% to 25%, effective April 1, 2023. Refer to Note 10 to the condensed interim consolidated financial statements for further information.

Selected factors positively (negatively) affecting financial performance

Fiscal years	2023	2022				2021		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
USA Market Factors[1,2]	**(7)**	(19)	(40)	(17)	(42)	(4)	34	4
Foreign currency exchange[2,3]	**(7)**	(12)	(18)	(21)	(21)	(2)	—	4

1 Refer to the "Glossary" section of the Management's Discussion and Analysis.
2 Reflects the effect on adjusted EBITDA as compared to same quarter of the previous fiscal year. Adjusted EBITDA is a total of segments measure. See the “Non-GAAP Measures” section of this news release for more information, including the definition and composition of the measure as well as the reconciliation to the most comparable measure in the primary financial statements, as applicable.
3 Foreign currency exchange includes the effect of conversion of US dollars, Australian dollars, British pounds sterling and Argentine pesos to Canadian dollars.

CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED JUNE 30, 2022

Revenues

Revenues totalled $4.327 billion, up $839 million or 24.1%, as compared to $3.488 billion for the same quarter last fiscal year.

Revenues increased due to higher domestic selling prices in line with the higher cost of milk as raw material, together with pricing initiatives implemented in all our sectors to mitigate increasing input costs.

The combined effect of the higher average block market price[2] and of the higher average butter market price[2] had a positive impact of $336 million. Higher international cheese and dairy ingredient market prices, as well as the effect of the fluctuation of the Argentine peso and the Australian dollar on export sales denominated in US dollars were favourable.

Sales volumes were stable compared to the same quarter last fiscal year. Both retail and foodservice market segments sales volumes are gradually returning closer to their respective pre-pandemic levels.

The contributions of the Recent Acquisitions[2] totalled $41 million.

Finally, the fluctuation of foreign currencies versus the Canadian dollar had an unfavourable impact of $7 million.

Operating costs excluding depreciation, amortization, and restructuring costs

Operating costs excluding depreciation, amortization, and restructuring costs totalled $3.980 billion, up $782 million or 24.5%, as compared to $3.198 billion for the same quarter last fiscal year. The increase was due to higher input costs in all our sectors in line with inflation. 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.

Net earnings

Net earnings totalled $139 million, up $86 million or 162.3%, as compared to $53 million for the same quarter last fiscal year. The increase is primarily due to higher adjusted EBITDA[1] , as described below, lower income tax expense and lower financial charges, partially offset by higher depreciation and amortization and higher restructuring costs.

Adjusted EBITDA[1]

Adjusted EBITDA[1] totalled $347 million, up $57 million or 19.7%, as compared to $290 million for the same quarter last fiscal year.

Improved results reflected a solid performance in the Canada Sector and the International Sector and signs of recovery in the USA Sector.

We benefited from previously announced pricing initiatives implemented to mitigate higher input and logistics costs such as consumables, packaging, transportation and fuel in line with ongoing inflation.

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. In the same quarter last fiscal year, fulfilling sales contracted at depressed commodity prices in our International Sector had an unfavourable impact.

USA Market Factors[2] continued to put pressure on adjusted EBITDA, as compared to the same quarter last fiscal year, with a negative impact of $7 million mainly due to the persistent negative spread[2].

Labour shortages in some of our facilities and supply chain disruptions put pressure on our ability to supply ongoing demand, which negatively impacted efficiencies and the absorption of fixed costs. We continued to actively manage these challenging market conditions as they started to slowly stabilize.

We began to benefit from our focus on cost containment measures aimed at minimizing the effect of inflation while maximizing efforts to prioritize efficiency and productivity initiatives.

The fluctuation of foreign currencies versus the Canadian dollar had an unfavourable impact of $7 million.

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

Depreciation and amortization

Depreciation and amortization totalled $145 million, up $14 million, as compared to $131 million for the same quarter last fiscal year. This increase was 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

Acquisition and restructuring costs

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

Acquisition and restructuring costs for the same quarter last fiscal year totalled $2 million and were comprised mainly of acquisition costs incurred for the Bute Island Acquisition[3].

Financial Charges

Financial charges totalled $12 million, down $6 million, mainly due to an increased gain on hyperinflation derived from the indexation to inflation of non-monetary assets and liabilities in Argentina.

Income tax expense

Income tax expense totalled $44 million, reflecting an effective tax rate of 24.0%, as compared to 61.9% for the same quarter last fiscal year.

The effective income tax rate for the first quarter of fiscal 2023 included the positive impact relating to the tax and accounting treatments of inflation in Argentina which varies from quarter to quarter.

The effective tax rate for the same quarter last fiscal year included a one-time non-cash $50 million income tax expense incurred to adjust deferred income tax liability balances due to the enactment on June 10, 2021, of an increase from 19% to 25% of the UK tax rate which will be effective as of April 1, 2023. Excluding the effect of this one-time non-cash expense, the effective income tax rate for the first quarter of fiscal 2022 would have been 26.0%.

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

Adjusted net earnings[1]

Adjusted net earnings totalled $161 million, up $39 million or 32.0%, as compared to $122 million for the same quarter last fiscal year. This is mainly due to an increase in net earnings, as described above, excluding higher acquisition and restructuring costs after tax and the one-time non-cash expense to adjust deferred income tax liability balances to reflect the increase in the corporate income tax rate in the United Kingdom that was recorded in the same quarter last fiscal year.

[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.

[3] Refer to the definition of Recent Acquisitions included in the "Glossary" section of the Management's Discussion and Analysis.

INFORMATION BY SECTOR

CANADA SECTOR

Fiscal years	2023	2022			
	Q1	Q4	Q3	Q2	Q1
Revenues	**1,142**	1,055	1,112	1,081	1,033
Adjusted EBITDA	**132**	117	121	124	113
Adjusted EBITDA margin	**11.6 %**	11.1 %	10.9 %	11.5 %	10.9 %

USA SECTOR

Fiscal years	2023	2022			
	Q1	Q4	Q3	Q2	Q1
Revenues	**2,043**	1,743	1,627	1,533	1,506
Adjusted EBITDA	**97**	42	83	67	96
Adjusted EBITDA margin	**4.7 %**	2.4 %	5.1 %	4.4 %	6.4 %

Selected factors positively (negatively) affecting financial performance

Fiscal years	2023	2022			
	Q1	Q4	Q3	Q2	Q1
USA Market Factors[1,2]	**(7)**	(19)	(40)	(17)	(42)
US currency exchange[2]	**3**	—	(6)	(8)	(18)

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	2023	2022			
	Q1	Q4	Q3	Q2	Q1
Block market price[1]					
Opening	**2.250**	1.980	1.873	1.553	1.738
Closing	**2.195**	2.250	1.980	1.873	1.553
Average	**2.287**	2.005	1.805	1.706	1.657
Butter market price[1]					
Opening	**2.700**	2.453	1.760	1.740	1.818
Closing	**2.995**	2.700	2.453	1.760	1.740
Average	**2.808**	2.692	1.975	1.716	1.805
Average whey market price[1]	**0.600**	0.759	0.622	0.522	0.626
Spread[1]	**(0.261)**	(0.253)	(0.099)	(0.034)	(0.164)
US average exchange rate to Canadian dollar[2]	**1.275**	1.266	1.260	1.259	1.231

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	2023	2022			
	Q1	Q4	Q3	Q2	Q1
Revenues	**916**	922	919	858	754
Adjusted EBITDA	**82**	62	85	56	45
Adjusted EBITDA margin	**9.0 %**	6.7 %	9.2 %	6.5 %	6.0 %

Selected factors positively (negatively) affecting financial performance

Fiscal years	2023	2022			
	Q1	Q4	Q3	Q2	Q1
Foreign currency exchange[1]	**(6)**	(12)	(13)	(14)	(4)

1 As compared to same quarter last fiscal year.

EUROPE SECTOR

Fiscal years	2023	2022			
	Q1	Q4	Q3	Q2	Q1
Revenues	**226**	237	243	217	195
Adjusted EBITDA	**36**	39	33	36	36
Adjusted EBITDA margin	**15.9 %**	16.5 %	13.6 %	16.6 %	18.5 %

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, including the following.

Term Used	Definition
Adjusted EBITDA	Net earnings before income taxes, financial charges, acquisition and restructuring costs, gain on disposal of assets, impairment of intangibles assets, and depreciation and amortization.
Adjusted net earnings	Net earnings before the UK tax rate change, acquisition and restructuring costs, gain on disposal of assets, impairment of intangibles assets, and amortization of intangible assets related to business acquisitions, net of applicable income taxes.
Adjusted EBITDA margin	Adjusted EBITDA expressed as a percentage of revenues.
Adjusted net earnings margin	Adjusted net earnings expressed as a percentage of revenues.
Adjusted EPS basic	Adjusted net earnings per basic common share.
Adjusted EPS diluted	Adjusted net earnings per diluted common share.

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

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

NON-GAAP FINANCIAL MEASURES AND RATIOS

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

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

Adjusted net earnings and adjusted net earnings margin

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

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

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

	For the three-month periods ended June 30	
	2022	2021
Net earnings	**139**	53
UK tax rate change[2]	**—**	50
Acquisition and restructuring costs[1]	**6**	1
Amortization of intangible assets related to business acquisitions[1]	**16**	18
Adjusted net earnings	**161**	122
Revenues	**4,327**	3,488
Margin	***3.7 %***	*3.5 %*

1 Net of income taxes.
2 On June 10, 2021, the UK Finance Act 2021 was enacted, increasing the UK tax rate from 19% to 25%, effective April 1, 2023. Refer to Note 10 to the condensed interim consolidated financial statements for further information.

Adjusted EPS basic and adjusted EPS diluted

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

We use adjusted EPS basic and adjusted EPS diluted, and we believe that certain securities analysts, investors, and other interested parties use these measures, among other ones, to assess the performance of our business without the effect of the UK tax rate change, acquisition and restructuring costs, gain on disposal of assets, impairment of intangibles assets, and amortization of intangible assets related to business acquisitions. 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 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. These measures are also key metrics of the Company's operational and financial performance without the variation caused by the impacts of the elements itemized below and provide an indication of the Company's ability to seize growth opportunities in a cost-effective manner, finance its ongoing operations, and service its long-term debt. Adjusted EBITDA is the key measure of profit used by management for the purpose of assessing the performance of each sector and of the Company as a whole, and to make decisions about the allocation of resources. We believe that securities analysts, investors, and other interested parties also use adjusted EBITDA to evaluate the performance of issuers. Adjusted EBITDA is also a component in the determination of short-term incentive compensation for management.

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

	For the three-month periods ended June 30	
	2022	2021
Net earnings	**139**	53
Income taxes	**44**	86
Financial charges	**12**	18
Acquisition and restructuring costs	**7**	2
Depreciation and amortization	**145**	131
Adjusted EBITDA	**347**	290
Revenues	**4,327**	3,488
Margin	***8.0 %***	*8.3 %*