

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENTS

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

	For the three-month periods ended June 30	
	2024	2023
Revenues	\$ 4,606	\$ 4,207
Operating costs excluding depreciation and amortization (Note 4)	4,223	3,845
Earnings before income taxes, financial charges, loss (gain) on hyperinflation, and depreciation and amortization	383	362
Depreciation and amortization	148	146
Loss (gain) on hyperinflation	10	(2)
Financial charges (Note 9)	38	40
Earnings before income taxes	187	178
Income taxes	45	37
Net earnings	\$ 142	\$ 141
Net earnings per share (Note 10)		
Basic and diluted	\$ 0.33	\$ 0.33

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of CDN dollars)
(unaudited)

	For the three-month periods ended June 30	
	2024	2023
Net earnings	\$ 142	\$ 141
Other comprehensive income (loss):		
<i>Items that may be reclassified to net earnings:</i>		
Effects of, exchange differences arising from foreign currency translation and, application of hyperinflation	149	(151)
Unrealized gains (losses) on cash flow hedges (Note 13)	6	(5)
Reclassification of (gains) losses on cash flow hedges to net earnings	—	4
Income taxes relating to items that may be reclassified to net earnings	(2)	1
	153	(151)
<i>Items that will not be reclassified to net earnings:</i>		
Actuarial loss	(24)	(29)
Income taxes relating to items that will not be reclassified to net earnings	6	7
	(18)	(22)
Other comprehensive income (loss)	135	(173)
Total comprehensive income (loss)	\$ 277	\$ (32)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in millions of CDN dollars, except common shares)
(unaudited)

	Share capital		Reserves					Retained Earnings	Total Equity
	Common Shares	Amount	Foreign Currency Translation and Hyperinflation	Cash Flow Hedges	Stock Option Plan	Total Reserves			
For the three-month period ended June 30, 2024									
Balance, beginning of year	424,326,415	\$ 2,180	\$ 265	\$ 8	\$ 186	\$ 459	\$ 4,411	\$ 7,050	
Net earnings	—	—	—	—	—	—	142	142	
Other comprehensive income	—	—	149	4	—	153	(18)	135	
Total comprehensive income								277	
Dividends (Note 8)	—	—	—	—	—	—	(79)	(79)	
Stock options	—	—	—	—	4	4	—	4	
Exercise of stock options (Note 8)	6,320	—	—	—	—	—	—	—	
Balance, end of period	424,332,735	\$ 2,180	\$ 414	\$ 12	\$ 190	\$ 616	\$ 4,456	\$ 7,252	

	Share capital		Reserves					Retained Earnings	Total Equity
	Common Shares	Amount	Foreign Currency Translation and Hyperinflation	Cash Flow Hedges	Stock Option Plan	Total Reserves			
For the three-month period ended June 30, 2023									
Balance, beginning of year	421,604,856	\$ 2,102	\$ 347	\$ 9	\$ 176	\$ 532	\$ 4,506	\$ 7,140	
Net earnings	—	—	—	—	—	—	141	141	
Other comprehensive income	—	—	(151)	—	—	(151)	(22)	(173)	
Total comprehensive income								(32)	
Dividends (Note 8)	—	—	—	—	—	—	(76)	(76)	
Shares issued under dividend reinvestment plan (Note 8)	894,823	26	—	—	—	—	—	26	
Stock options	—	—	—	—	3	3	—	3	
Exercise of stock options (Note 8)	146,613	5	—	—	(1)	(1)	—	4	
Balance, end of period	422,646,292	\$ 2,133	\$ 196	\$ 9	\$ 178	\$ 383	\$ 4,549	\$ 7,065	

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of CDN dollars)
(unaudited)

As at	June 30, 2024	March 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 393	\$ 466
Receivables	1,447	1,401
Inventories	2,865	2,860
Income taxes receivable	27	32
Prepaid expenses and other assets	84	75
	4,816	4,834
Property, plant and equipment	4,584	4,531
Right-of-use assets	441	465
Goodwill	3,127	3,098
Intangible assets	1,142	1,166
Other assets	78	95
Deferred tax assets	79	71
Total assets	\$ 14,267	\$ 14,260
LIABILITIES		
Current liabilities		
Bank loans (Note 5)	\$ 283	\$ 418
Accounts payable and accrued liabilities	2,138	2,193
Income taxes payable	27	23
Current portion of long-term debt (Note 6)	529	414
Current portion of lease liabilities	54	85
	3,031	3,133
Long-term debt (Note 6)	2,584	2,699
Lease liabilities	406	370
Other liabilities	129	154
Deferred tax liabilities	865	854
Total liabilities	\$ 7,015	\$ 7,210
EQUITY		
Share capital (Note 8)	2,180	2,180
Reserves	616	459
Retained earnings	4,456	4,411
Total equity	\$ 7,252	\$ 7,050
Total liabilities and equity	\$ 14,267	\$ 14,260

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of CDN dollars)
(unaudited)

	For the three-month periods ended June 30	
	2024	2023
Cash flows related to the following activities:		
Operating		
Net earnings	\$ 142	\$ 141
Adjustments for:		
Stock-based compensation	15	19
Financial charges (Note 9)	38	40
Income tax expense	45	37
Depreciation and amortization	148	146
Foreign exchange loss (gain) on debt	1	(2)
Loss (gain) on hyperinflation	10	(2)
Share of joint venture earnings, net of dividends received and other	—	(1)
Changes in non-cash operating working capital items (Note 11)	(114)	30
Cash generated from operating activities	285	408
Interest and financial charges paid	(60)	(54)
Income taxes paid	(34)	(91)
Net cash generated from operating activities	\$ 191	\$ 263
Investing		
Additions to property, plant and equipment	(97)	(156)
Additions to intangible assets	(1)	(4)
Proceeds from disposal of property, plant and equipment (Note 12)	96	—
Net cash used for investing activities	\$ (2)	\$ (160)
Financing		
Bank loans	(140)	68
Repayment of long-term debt	—	(27)
Repayment of lease liabilities	(47)	(17)
Net proceeds from issuance of share capital	—	4
Payment of dividends	(79)	(50)
Net cash used in financing activities	\$ (266)	\$ (22)
(Decrease) increase in cash and cash equivalents	(77)	81
Cash and cash equivalents, beginning of period	466	263
Effect of exchange rate changes and Argentina hyperinflation	4	32
Cash and cash equivalents, end of period	\$ 393	\$ 376

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended June 30, 2024, and 2023.

(All dollar amounts are in millions of CDN dollars, except per share amounts or unless otherwise indicated.)
(unaudited)

NOTE 1 CORPORATE INFORMATION

Saputo Inc. (the Company) is a publicly traded company incorporated and domiciled in Canada. The Company's shares are listed on the Toronto Stock Exchange under the symbol "SAP". The Company produces, markets, and distributes a wide array of dairy products from Canada, the United States, Australia, Argentina, and the United Kingdom. In addition to its dairy portfolio, the Company produces, markets, and distributes a range of dairy alternative products. The address of the Company's head office is 1000 de la Gauchetière Street West, Suite 2900, Montréal, Québec, Canada, H3B 4W5. The condensed interim consolidated financial statements of the Company for the three-month period ended June 30, 2024 (financial statements) comprise the financial results of the Company and its subsidiaries.

The financial statements were authorized for issuance by the Board of Directors on August 8, 2024.

NOTE 2 BASIS OF PRESENTATION

The financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB). Accordingly, certain disclosure requirements that are necessary in the preparation of an annual financial statement in compliance with International Financial Reporting Standards (IFRS) have been omitted or condensed and, therefore, these financial statements should be read in conjunction with the Company's audited annual consolidated financial statements as at March 31, 2024, and 2023, and for the years then ended.

NOTE 3 MATERIAL ACCOUNTING POLICIES

The accounting policies and methods of computation applied in these financial statements are the same as those applied by the Company in its audited annual consolidated financial statements as at and for the year ended March 31, 2024.

RECENT ACCOUNTING STANDARDS, INTERPRETATIONS, AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

IFRS 18, Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 to improve reporting of financial performance. IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. It carries forward many requirements from IAS 1 unchanged and introduces increased disclosure of management defined performance measures as well as new principles for aggregation and disaggregation of information included in the consolidated income statement.

IFRS 18 is applicable to the Company beginning on April 1, 2027. The Company is currently evaluating the impact of the adoption of IFRS 18 on its consolidated financial statements.

NOTE 4 OPERATING COSTS EXCLUDING DEPRECIATION AND AMORTIZATION

	For the three-month periods ended June 30	
	2024	2023
Changes in inventories of finished goods and work in process	\$ 3	\$ (17)
Raw materials and consumables used	3,220	2,904
Foreign exchange loss (gain)	(6)	1
Employee benefits expense	593	545
Selling costs	187	178
General and administrative costs	226	234
	\$ 4,223	\$ 3,845

NOTE 5 BANK LOANS

Credit Facilities	Maturity	Available for use		Amount drawn as at	
		Canadian Currency Equivalent	Base Currency (in millions)	June 30, 2024	March 31, 2024
North America-USA	December 2028 ¹	\$ 410	300 USD	\$ —	\$ —
North America-Canada	December 2028 ¹	\$ 958	700 USD	—	71
Australia	Yearly ²	\$ 342	375 AUD	131	181
Australia	Yearly ²	\$ 68	50 USD	—	26
Japan	Yearly ³	\$ 68	8,000 JPY	52	41
United Kingdom	Yearly ⁴	\$ 216	125 GBP	90	91
Argentina	Yearly ⁵	\$ 321	234 USD	10	8
		\$ 2,383		\$ 283	\$ 418

¹ Main revolving credit facility. Bears monthly interest at rates ranging from lender's prime rates plus a maximum of 1.00% or SOFR or SONIA or BBSY or CORRA plus a minimum of 0.80% and a maximum of 2.00% depending on the Company credit ratings, plus an adjustment to the applicable margins based on the Company's achievement of its sustainability targets.

² Bears monthly interest at SOFR or Australian Bank Bill Rate plus up to 1.85% and can be drawn in AUD or USD.

³ Bears monthly interest at TIBOR plus 0.70%.

⁴ Bears monthly interest at rates ranging from base rate plus 0.80% or SONIA plus 0.80%.

⁵ Bears monthly interest at local rate and can be drawn in USD or ARS.

As at June 30, 2024, receivables totalling \$294 million (\$308 million as at March 31, 2024), were sold under receivables purchase agreements. These receivables were derecognized upon sale as substantially all risks and rewards were passed to the purchaser under the terms of the agreements.

NOTE 6 LONG-TERM DEBT

	June 30, 2024	March 31, 2024
Unsecured bank term loan facilities		
Obtained April 2019 and due in June 2025 ¹	\$ 115	\$ 115
Senior unsecured notes ²		
3.60%, issued in August 2018 and due in August 2025 (Series 5)	350	350
2.88%, issued in November 2019 and due in November 2024 (Series 6)	400	400
2.24%, issued in June 2020 and due in June 2027 (Series 7)	700	700
1.42%, issued in November 2020 and due in June 2026 (Series 8)	350	350
2.30%, issued in June 2021 and due in June 2028 (Series 9)	300	300
5.25%, issued in November 2022 and due in November 2029 (Series 10)	300	300
5.49%, issued in November 2023 and due in November 2030 (Series 11)	550	550
Other	48	48
	\$ 3,113	\$ 3,113
Current portion	(529)	(414)
	\$ 2,584	\$ 2,699
Principal repayments are as follows:		
Less than 1 year	\$ 529	\$ 414
1-2 years	700	465
2-3 years	700	350
3-4 years	334	734
4-5 years	—	300
More than 5 years	850	850
	\$ 3,113	\$ 3,113

¹ Bears monthly interest at lender's prime rates plus a maximum of 1.00% or SOFR or CORRA rates plus 0.80% up to a maximum of 2.00%, depending on the Company's credit ratings. Interest is paid every one, two, three or six months, as selected by the Company. As at June 30, 2024, US\$84 million was drawn.

² Issued under the Company's medium term note program. Interest payments are semi-annual.

NOTE 7 NET DEBT

The Company's capital is composed of net debt and equity. Net debt consists of long-term debt, bank loans, and lease liabilities, net of cash and cash equivalents. The net debt amounts as at June 30, 2024, and March 31, 2024, are as follows:

	June 30, 2024		March 31, 2024	
Long-term debt, including current portion	\$	3,113	\$	3,113
Bank loans		283		418
Lease liabilities, including current portion		460		455
Less: Cash and cash equivalents		(393)		(466)
Net debt	\$	3,463	\$	3,520

The primary measure used by the Company to monitor its financial leverage is its ratio of net debt to trailing twelve months net earnings before income taxes, financial charges, loss (gain) on hyperinflation, acquisition and restructuring costs, depreciation and amortization and goodwill impairment charge. The ratio at June 30, 2024 was 2.26 (2.33 at March 31, 2024).

NOTE 8 SHARE CAPITAL

AUTHORIZED

Authorized share capital of the Company consists of an unlimited number of common shares. Common shares are voting and participating.

STOCK OPTION PLAN

Changes in the number of outstanding stock options for the three-month periods ended June 30 are as follows:

	June 30, 2024		June 30, 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	20,315,399	\$ 37.79	19,988,303	\$ 38.02
Granted	3,022,337	\$ 26.16	2,231,026	\$ 34.90
Exercised	(6,320)	\$ 29.59	(146,613)	\$ 30.34
Cancelled	(1,452,198)	\$ 33.84	(336,482)	\$ 38.87
Balance, end of period	21,879,218	\$ 36.45	21,736,234	\$ 37.74

The weighted average exercise price of \$26.16 of the stock options granted in fiscal 2025 corresponds to the weighted average market price for the five trading days immediately preceding the date of the grant (\$34.90 in fiscal 2024).

The weighted average fair value of stock options granted in fiscal 2025 was estimated at \$5.55 per option (\$7.83 in fiscal 2024), using the Black-Scholes option pricing model with the following assumptions:

	Fiscal 2025 grant	Fiscal 2024 grant
Weighted average:		
Risk-free interest rate	3.58 %	3.10 %
Life of options	6.5 years	6.6 years
Volatility ¹	23.60 %	22.89 %
Dividend rate	2.83 %	2.06 %

¹ Expected volatility is based on the historic share price volatility over a period similar to the life of the options.

NOTE 8 SHARE CAPITAL (CONT'D)

DIVIDENDS AND DIVIDEND REINVESTMENT PLAN

The Company has a dividend reinvestment plan (DRIP), which provides eligible shareholders with the opportunity to have all or a portion of their cash dividends automatically reinvested into additional common shares.

Dividends paid in cash and settled through the DRIP during the three-month periods ended June 30, 2024 and 2023 were as follows:

	For the three-month periods ended June 30	
	2024	2023
Cash	\$ 79	\$ 50
DRIP	—	26
Total	\$ 79	\$ 76

In the fourth quarter of fiscal 2024, the Company suspended the DRIP until further notice.

NOTE 9 FINANCIAL CHARGES

	For the three-month periods ended June 30	
	2024	2023
Interest on long-term debt	\$ 26	\$ 25
Other finance costs, net	7	12
Interest on lease liabilities	5	4
Net interest revenue from defined benefit obligation	—	(1)
	\$ 38	\$ 40

NOTE 10 NET EARNINGS PER SHARE

	For the three-month periods ended June 30	
	2024	2023
Net earnings	\$ 142	\$ 141
Weighted average number of common shares outstanding	424,326,693	421,737,789
Dilutive shares	174,198	574,676
Weighted average diluted number of common shares outstanding	424,500,891	422,312,465
Net earnings per share (basic and diluted)	\$ 0.33	\$ 0.33

When calculating diluted net earnings per share for the three-month period ended June 30, 2024, 18,856,881 stock options were excluded from the calculation because their exercise price is higher than the average fair value of common shares (18,361,699 options, were excluded for the three-month period ended June 30, 2023).

NOTE 11 CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	For the three-month periods ended June 30	
	2024	2023
Receivables	\$ (38)	\$ 286
Inventories	23	(89)
Prepaid expenses and other assets	(7)	(13)
Accounts payable, accrued liabilities and other	(92)	(156)
Current income taxes	—	2
Changes in non-cash operating working capital items	\$ (114)	\$ 30

NOTE 12 PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

On June 24, 2024, the Company completed the previously announced sale of its two fresh milk processing facilities, located in Australia, for proceeds of approximately \$95 million (A\$105 million) resulting in a minimal gain on disposal of assets.

NOTE 13 FINANCIAL INSTRUMENTS

The Company determined that the fair value of certain of its financial assets and financial liabilities with short-term maturities approximates their carrying value. These financial instruments include cash and cash equivalents, receivables, bank loans, accounts payable, and accrued liabilities. The table below presents the fair value and the carrying value of other financial instruments as at June 30, 2024, and March 31, 2024. Since estimates are used to determine fair value, they must not be interpreted as being realizable in the event of a settlement of the instruments.

	June 30, 2024		March 31, 2024	
	Fair value	Carrying value	Fair value	Carrying value
Cash flow hedges				
Commodity derivatives (Level 2)	3	3	4	4
Foreign exchange derivatives (Level 2)	4	4	(2)	(2)
Derivatives not designated in a formal hedging relationship				
Commodity derivatives (Level 2)	1	1	1	1
Long-term debt (Level 2)	3,029	3,113	3,010	3,113

NOTE 14 SEGMENTED INFORMATION

The Company reports under four geographic sectors. The Canada Sector consists of the Dairy Division (Canada). The USA Sector consists of the Dairy Division (USA). The International Sector comprises the Dairy Division (Australia) and the Dairy Division (Argentina). The Europe Sector consists of the Dairy Division (UK).

These reportable sectors are managed separately as each sector represents a strategic business unit that offers different products and serves different markets.

NOTE 14 SEGMENTED INFORMATION (CONT'D)

The President and Chief Executive Officer, the Chief Financial Officer, the President and Chief Operating Officer (North America), and the President and Chief Operating Officer (International and Europe) are, collectively, the chief operating decision maker of the Company and regularly review operations and performance by sector. They review adjusted EBITDA as the key measure of profit for the purpose of assessing performance of each sector and to make decisions about the allocation of resources. Adjusted EBITDA is defined as net earnings (loss) before income taxes, financial charges, loss (gain) on hyperinflation, acquisition and restructuring costs, depreciation and amortization and goodwill impairment charge.

The divisions within the International Sector were combined due to similarities in global market factors and production processes.

INFORMATION ON REPORTABLE SECTORS

	For the three-month periods ended June 30	
	2024	2023
Revenues		
Canada	\$ 1,253	\$ 1,211
USA	2,085	1,876
International ¹	1,004	868
Europe	264	252
	\$ 4,606	\$ 4,207
Operating costs excluding depreciation and amortization (Note 4)		
Canada	\$ 1,100	\$ 1,067
USA	1,923	1,773
International	959	791
Europe	241	214
	\$ 4,223	\$ 3,845
Adjusted EBITDA		
Canada	\$ 153	\$ 144
USA	162	103
International	45	77
Europe	23	38
	\$ 383	\$ 362
Depreciation and amortization		
Canada	\$ 29	\$ 26
USA	63	60
International	29	33
Europe	27	27
	\$ 148	\$ 146
Loss (gain) on hyperinflation	10	(2)
Financial charges (Note 9)	38	40
Earnings before income taxes	187	178
Income taxes	45	37
Net earnings	\$ 142	\$ 141

¹ Australia accounted for \$742 million and \$623 million of the International Sector's revenues while Argentina accounted for \$262 million and \$245 million for the three-month periods ended June 30, 2024 and 2023, respectively.

NOTE 14 SEGMENTED INFORMATION (CONT'D)

MARKET SEGMENT INFORMATION

The Company sells its products in three different market segments: retail, foodservice, and industrial.

For the three-month periods ended June 30										
	Total		Canada		USA		International		Europe	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenues										
Retail	\$ 2,199	\$ 2,100	\$ 688	\$ 665	\$ 907	\$ 837	\$ 388	\$ 397	\$ 216	\$ 201
Foodservice	1,569	1,438	461	459	986	874	114	98	8	7
Industrial	838	669	104	87	192	165	502	373	40	44
	\$ 4,606	\$ 4,207	\$ 1,253	\$ 1,211	\$ 2,085	\$ 1,876	\$ 1,004	\$ 868	\$ 264	\$ 252