FISCAL 2026

FIRST QUARTER

Management's discussion & analysis
Consolidated financial statements

Saputo

MANAGEMENT'S DISCUSSION AND ANALYSIS

The goal of this management's discussion and analysis ("MD&A") is to analyze the results of, and the financial position of Saputo Inc. ("we", "Saputo" or the "Company"), for the three-month period ended June 30, 2025. It should be read while referring to the condensed interim consolidated financial statements of the Company and accompanying notes for the three-month periods ended June 30, 2025, and 2024, which are prepared in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board, and generally accepted accounting principles in Canada ("GAAP") as set out in the CPA Canada Handbook - Accounting under Part 1, which incorporates IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board. All dollar amounts are in millions of Canadian dollars, unless otherwise indicated. The information in this report is being presented as at June 30, 2025, unless otherwise specified. In preparing this report, we have taken into account material elements between June 30, 2025, and August 7, 2025, the date on which this report was approved by the Company's Board of Directors. Additional information about the Company, including its Annual Report and Annual Information Form for the year ended March 31, 2025, can be obtained on SEDAR+ at www.sedarplus.ca.

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 MD&A also refers to certain non-GAAP and other financial measures, including the following: adjusted EBITDA; adjusted net earnings; adjusted EBITDA margin; adjusted EPS basic; adjusted EPS diluted; and net debt to adjusted EBITDA. These measures have no standardized meaning under GAAP and are unlikely to be comparable to similar measures presented by other issuers. Refer to the "Non-GAAP Measures" section of this MD&A 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.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This report 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 report 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 significantly differ 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 significantly differ 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 5, 2025, 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 dairy ingredients, 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; continuing economic and geopolitical uncertainties; changes in international trade agreements and policies, including those that may result from tariffs, quotas, trade barriers and other similar restrictions; actual or perceived changes in the condition of the economy or economic slowdowns or recessions; changes in consumer trends; 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; changes to or removal of tariff protection on dairy; unanticipated business disruption; changes in environmental laws and regulations; the potential effects of climate change; increased focus on environmental sustainability matters; public health threats; the failure to execute our growth strategy 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; international trade policies; our ability to identify, attract, and retain qualified and diverse individuals; our ability to attract and retain customers and consumers; 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 growth strategy; 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 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. Our financial performance goals and ambitions are set using assumptions regarding, among others: the absence of significant deterioration in macroeconomic conditions; tariffs, quotas, trade barriers and other similar restrictions; our ability to mitigate inflationary cost pressure; ingredient markets, commodity prices, foreign exchange; labour market conditions; the impact of price elasticity; our ability to increase the production capacity and productivity in our facilities; the efficiency of our network and cost optimization initiatives, and the demand growth for our products. Our ability to achieve our environmental targets, pledges, commitments, and goals (together, our “environmental targets”) is further subject to, among others: the development, effectiveness and costs of solutions to reduce emissions in dairy production systems; the ability of the Company and our industry to develop sustainable incentive models to reduce emissions; the availability of and our ability to access and implement the technology necessary to achieve our environmental targets at reasonable and sustainable costs; the development and performance of technology, innovation and the future use and deployment of technology and associated expected future results; the accessibility at sustainable costs of carbon and renewable energy instruments for which a market is still developing and which are subject to risk of invalidation or reversal; environmental regulation, and our ability to leverage our supplier relationships and our sustainability advocacy efforts.

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 report describe our estimates, expectations, and assumptions as of August 7, 2025, 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.

FINANCIAL HIGHLIGHTS & KEY EVENTS

First quarter of fiscal 2026

(unaudited)	**For the three-month periods ended June 30**	
	2025	2024
Revenues	**4,631**	4,606
Adjusted EBITDA[1]	**426**	383
Adjusted EBITDA margin[1]	***9.2 %***	*8.3 %*
Net earnings	**165**	142
Earnings per share (EPS)		
Basic and Diluted	**0.40**	0.33
Adjusted net earnings[1]	**184**	167
Adjusted EPS[1]		
Basic and Diluted	**0.44**	0.39
Net Cash from Operating Activities	**317**	191
Capital Expenditures	**65**	98

FINANCIAL HIGHLIGHTS

We delivered a record first quarter adjusted EBITDA[1] performance, supported by strong results across all our Sectors. We realized the benefits of strong execution related to operational improvements, commercial initiatives, and our continued efforts toward our sustained cost optimization measures.

- Revenues of $4.631 billion, up $25 million or 0.5%, driven by higher selling prices in both domestic and international cheese and dairy ingredient markets, while US dairy commodity market pricing[3] was lower. Sales volumes were higher, on a relative basis, given the impact of the divestitures in our Dairy Division (Australia).

- Adjusted EBITDA[1] of $426 million, up $43 million or 11.2%, with a margin[1] of 9.2%, up from 8.3%.
    - Operational improvements, primarily driven by ongoing efficiency initiatives stemming from our recent capital investments, disciplined execution on customer fulfillment, and proactive cost management, supported margin enhancement;
    - In our domestic markets, higher selling prices implemented across key product categories to mitigate inflationary pressures preserved margin performance;
    - In our export markets, the favourable relation between the international cheese and dairy ingredient market prices and the cost of milk as raw material had a positive impact on our results;
    - Sales volumes and favourable product mix were significant drivers;
    - Unfavourable US dairy commodity market conditions[3] compared to the same quarter last fiscal year; and
    - Lower selling, general, and administrative costs.

- Net earnings totalled $165 million or $0.40 per share (basic and diluted), up $23 million or $0.07 per share, respectively. The increase in net earnings was mainly due to higher adjusted EBITDA[1] and a gain on hyperinflation (Argentina net monetary position)[3] as compared to a loss for the same quarter last fiscal year, partially offset by higher financial charges, restructuring costs, and depreciation and amortization. The increase in EPS also reflects common shares purchased under our normal course issuer bid (NCIB).

- Adjusted net earnings[1] totalled $184 million or $0.44 per share[1] (basic and diluted), up $17 million or $0.05 per share, respectively. The increase in adjusted EPS[1] is mainly due to higher net earnings and reflects common shares purchased under our NCIB.

- Net cash from operating activities totalled $317 million, up $126 million or 66%. The increase is mainly due to higher adjusted EBITDA[1] and lower working capital usage.

- The Company returned capital to shareholders through the purchase of approximately 4.7 million common shares for a total purchase price of $123 million and the payment of dividends totalling $79 million.

- Capital expenditures totalled $65 million and the balance of operating cash was directed primarily toward the reduction of net debt[2].

[1] This is a total of segments measure, a non-GAAP financial measure, or a non-GAAP ratio. See the "Non-GAAP Measures" section below of this MD&A 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 this MD&A.
[3] Refer to the section "Discussion of factors impacting the Company's operations and results" of this MD&A.

KEY EVENTS:

- The Board of Directors reviewed the dividend policy and increased the quarterly dividend from $0.19 per share to $0.20 per share, representing a 5.3% increase. The quarterly dividend will be payable on September 12, 2025, to shareholders of record on September 2, 2025.

- On June 1, 2025, the new milk pricing formula approved for all federal milk marketing orders in which we operate in the US became effective. The new milk pricing formula did not materially impact results in the first quarter.

- In June 2025, we announced our environmental objectives through to 2030, including our science-based targets, which have been validated by the Science-Based Targets initiative (SBTi). On August 7, 2025, we published our Climate Roadmap, which provides additional details on our action plan to achieve our science-based targets, and is available in the "Our Promise" section of the Company's website at www.saputo.com.

SECTOR OPERATING REVIEW

CANADA SECTOR

(in millions of CDN dollars)

	For the three-month periods ended June 30	
	2025	2024
Revenues	**1,321**	1,253
Adjusted EBITDA	**170**	153
Adjusted EBITDA margin	***12.9 %***	*12.2 %*
Depreciation and amortization	**29**	29

Revenues

Revenues for the **first quarter of fiscal 2026** totalled $1.321 billion, up $68 million or 5.4%, as compared to $1.253 billion for the same quarter last fiscal year.

Revenues increased due to higher sales volumes in all our market segments: retail, foodservice, and industrial. The increase was mainly driven by our milk, cheese, and dairy foods categories. We also benefited from favourable product mix due to growth in value-added milk, cultured products, and specialty cheese, which had a positive impact on revenues. In our everyday cheese category, *Armstrong* became the national category leader, reflecting strong brand momentum and effective commercial execution.

Revenues also increased due to higher selling prices implemented to mitigate inflationary pressures and the higher cost of milk as raw material.

Adjusted EBITDA

Adjusted EBITDA for the **first quarter of fiscal 2026** totalled $170 million, up $17 million or 11.1%, as compared to $153 million for the same quarter last fiscal year. Adjusted EBITDA margin was 12.9%, up from 12.2%.

Commercial initiatives driving higher sales volumes, favourable product mix, and higher pricing, as described above, positively impacted results.

Selling, general, and administrative cost efficiencies contributed to the adjusted EBITDA increase, primarily due to cost optimization measures.

Other elements

Depreciation and amortization for the **first quarter of fiscal 2026** totalled $29 million, flat, as compared to the same quarter last fiscal year.

USA SECTOR

(in millions of CDN dollars)

	For the three-month periods ended June 30	
	2025	2024
Revenues	**2,128**	2,085
Adjusted EBITDA	**171**	162
Adjusted EBITDA margin	***8.0 %***	*7.8 %*
Depreciation and amortization	**67**	63

Revenues

Revenues for the **first quarter of fiscal 2026** totalled $2.128 billion, up $43 million or 2.1%, as compared to $2.085 billion for the same quarter last fiscal year.

Revenues increased due to higher sales volumes in both our retail and foodservice market segments. We benefited from favourable product mix, driven by increased sales volumes of dairy foods and value-added categories. Volume growth was supported by stronger demand from several of our largest customers, reflecting the strength of our commercial relationships, the continued relevance of our offering, and our ability to serve their evolving needs.

Revenues were negatively impacted by lower US dairy commodity market pricing[3], primarily driven by the lower average butter market price[2] and partially offset by the fluctuation of the average block market price[2]. However, higher selling prices implemented to mitigate inflationary pressures contributed positively to revenues.

The conversion of the US dollar to the Canadian dollar had a favourable impact.

Adjusted EBITDA

Adjusted EBITDA for the **first quarter of fiscal 2026** totalled $171 million, up $9 million or 5.6%, as compared to $162 million for the same quarter last fiscal year. Adjusted EBITDA margin was 8.0%, up from 7.8%.

The increase in adjusted EBITDA reflects operational improvements, primarily driven by ongoing efficiency initiatives stemming from our recent capital investments. These initiatives contributed to a reduction in duplicate operating costs. In addition, disciplined execution on customer fulfillment and proactive cost management, reflecting our commitment to operational excellence, supported margin enhancement.

Higher sales volumes and favourable product mix, driven by our commercial initiatives, positively impacted results.

Selling, general, and administrative cost efficiencies contributed to the adjusted EBITDA increase, primarily due to cost optimization measures.

Compared to the same quarter last fiscal year, US dairy commodity market conditions[3] were unfavourable. This was due to more stable US dairy commodity market prices[3] this fiscal year in comparison to the favourable fluctuations of those market prices last fiscal year. The new milk pricing formula, effective for one month of the quarter, did not materially impact results.

The conversion of the US dollar versus the Canadian dollar had a favourable impact.

Other elements

Depreciation and amortization for the **first quarter of fiscal 2026** totalled $67 million, up $4 million, as compared to $63 million for the same quarter last fiscal year.

This increase was mainly attributable to the net effect of the commissioning and decommissioning of assets in connection with our strategic capital projects.

[2] Refer to the "Glossary" section of this MD&A.
[3] Refer to the section "Discussion of factors impacting the Company's operations and results" of this MD&A.

INTERNATIONAL AND EUROPE SECTORS

(in millions of CDN dollars)

	For the three-month periods ended June 30	
	2025	2024
Revenues International Sector	**865**	1,004
Revenues Europe Sector	**317**	264
Revenues International Sector and Europe Sector[1]	**1,182**	1,268
Adjusted EBITDA International Sector	**55**	45
Adjusted EBITDA margin International Sector	***6.4 %***	*4.5 %*
Adjusted EBITDA Europe Sector	**30**	23
Adjusted EBITDA margin Europe Sector	***9.5 %***	*8.7 %*
Adjusted EBITDA International Sector and Europe Sector[1]	**85**	68
Adjusted EBITDA margin International Sector and Europe Sector[1]	***7.2 %***	*5.4 %*
Depreciation and amortization International Sector	**30**	29
Depreciation and amortization Europe Sector	**27**	27
Depreciation and amortization International Sector and Europe Sector[1]	**57**	56

[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 MD&A 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.

INTERNATIONAL SECTOR

Revenues

Revenues for the **first quarter of fiscal 2026** totalled $865 million, down $139 million or 13.8%, as compared to $1.004 billion for the same quarter last fiscal year.

Our sales volumes were lower compared to the same quarter last fiscal year, in both our domestic and export markets. The decrease in domestic sales volumes is mainly due to the divestitures of our two fresh milk plants and the King Island Dairy business in our Dairy Division (Australia). Our export sales volumes decreased in line with our strategy to reposition sales volumes toward our domestic markets.

Higher international cheese and dairy ingredient market prices for our products in our export markets had a favourable impact.

The non-cash negative impact due to the application of hyperinflation accounting[2,3] to the revenues of the Dairy Division (Argentina) was unfavorable by $17 million as compared to the same quarter last fiscal year.

The conversion of Australian dollars to Canadian dollars had an unfavourable impact.

Adjusted EBITDA

Adjusted EBITDA for the **first quarter of fiscal 2026** totalled $55 million, up $10 million or 22.2%, as compared to $45 million for the same quarter last fiscal year. Adjusted EBITDA margin was 6.4%, up from 4.5%.

The favourable relation between the international cheese and dairy ingredient market prices and the cost of milk as raw material had a positive impact on our results. In Australia, we benefited from lower milk costs. In Argentina, milk costs were higher, however results reflected a more favourable alignment between inflation and the devaluation of the Argentine peso.

Reduced milk availability in Australia, due mostly to ongoing drought conditions in key milk-producing regions, negatively impacted efficiencies and the absorption of fixed costs. This impact was mitigated by our product mix optimization strategy.

[2] Refer to the ‘‘Glossary’’ section of this MD&A.
[3] Refer to the section "Discussion of factors impacting the Company's operations and results" of this MD&A.

The non-cash negative impact due to the application of hyperinflation accounting[2,3] to the results of the Dairy Division (Argentina) was unfavorable by $5 million as compared to the same quarter last fiscal year.

Other elements

Depreciation and amortization for the **first quarter of fiscal 2026** totalled $30 million, up $1 million, as compared to $29 million for the comparative quarter last fiscal year.

Gain on hyperinflation (Argentina net monetary position)[3] for the **first quarter of fiscal 2026** totalled $1 million ($10 million loss in the first quarter of fiscal 2025).

EUROPE SECTOR

Revenues

Revenues for the **first quarter of fiscal 2026** totalled $317 million, up $53 million or 20.1%, as compared to $264 million for the same quarter last fiscal year.

Revenues increased due to higher selling prices implemented to mitigate inflationary pressures and the higher cost of milk and other input costs.

Revenues also increased due to higher sales volumes. Bulk cheese sales volumes increased, as a result of higher milk intake, at higher selling prices. Dairy ingredients sales volumes also increased at higher selling prices. These increases were partially offset by lower retail market segment sales volumes in non-cheese categories.

The conversion of the British pound sterling to the Canadian dollar had a favourable impact.

Adjusted EBITDA

Adjusted EBITDA for the **first quarter of fiscal 2026** totalled $30 million, up $7 million or 30.4%, as compared to $23 million for the same quarter last fiscal year. Adjusted EBITDA margin was 9.5%, up from 8.7%.

The improved performance was mainly driven by the more favourable relation between selling prices and input costs, which supported overall margin recovery, partially offsetting the impact of an unfavourable product mix.

The conversion of the British pound sterling to the Canadian dollar had a favourable impact.

Other elements

Depreciation and amortization for the **first quarter of fiscal 2026** totalled $27 million, flat, as compared to the same quarter last fiscal year.

Restructuring costs for the **first quarter of fiscal 2026** totalled $6 million and comprised severance costs in connection to our previously announced decision to stop manufacturing certain functional dairy ingredient products by mid-fiscal 2026 as well as in relation to the optimization of selling, general, and administrative costs. There were no restructuring costs during the first quarter of fiscal 2025.

[2] Refer to the "Glossary" section of this MD&A.
[3] Refer to the section "Discussion of factors impacting the Company's operations and results" of this MD&A.

FY26 OUTLOOK

- We remain confident in the long-term outlook for the business and its ability to navigate current macroeconomic challenges.

- The direct impact of trade-related tariffs on our business is expected to be limited and manageable at this time. However, we anticipate that the evolving global trade landscape and consumer sentiment may impact consumer spending patterns in the short term.

- We expect organic sales growth, notably in our USA Sector, with a more balanced contribution of volumes and price, supported by growth in key retail categories, expansion with major food distributors, the phased ramp-up of our Franklin, Wisconsin, facility, higher brand support, and innovation.

- We expect further contribution from optimization and capacity expansion initiatives, notably in our USA Sector, which is expected to drive operating margin expansion. The previously announced closure of the Green Bay, Wisconsin, facility is expected to occur by the end of the third quarter.

- We expect US dairy markets to be driven by milk supply and dairy demand, with continued volatility in the short to medium term.

- On June 1, 2025, the new milk pricing formula approved for all federal milk marketing orders in which we operate in the US became effective. This change is expected to positively impact our USA Sector results.

- We anticipate continued strong performance in the Canada Sector, supported by ongoing operational efficiencies, favourable volume and mix trends, targeted commercial initiatives, and disciplined cost reduction efforts.

- The International Sector is expected to benefit from product mix optimization and cost reductions in Australia, despite higher milk costs driven by competitive market dynamics, while Argentina is expected to see increased milk availability, lower milk costs, a stronger export business, and a more stable relationship between currency and inflation.

- The Europe Sector is expected to see an improved performance supported by margin recovery initiatives, including disciplined pricing and volume acceleration, the maturation of previously launched initiatives, and continued focus on cost efficiency.

- We expect to benefit from the recent improvements in global dairy ingredient market prices, including firmer pricing across key commodity categories in the first half of the fiscal year.

- We anticipate our selling, general, and administrative expenses to be impacted by higher labour costs, including wage increases, and higher planned advertising and promotional spending. We expect to partially mitigate these higher costs through the ongoing optimization of our selling, general, and administrative costs and structural simplifications.

- We will continue to focus on improving our working capital and generating strong cash flow from operations. We expect capital expenditures totalling approximately $360 million in fiscal 2026.

- We expect to continue repurchasing shares under our NCIB program given the strength of our balance sheet and our expected strong cash flow from operations.

CONSOLIDATED FINANCIAL INFORMATION

(in millions of CDN dollars, except ratios)

	For the three-month periods ended June 30	
	2025	2024
Revenues	**4,631**	4,606
Operating costs excluding depreciation, amortization and restructuring costs	**4,205**	4,223
Adjusted EBITDA[1]	**426**	383
Adjusted EBITDA margin[1]	***9.2 %***	*8.3 %*
Depreciation and amortization	**153**	148
Restructuring costs	**6**	—
Loss (gain) on hyperinflation (Argentina net monetary position)[2, 3]	**(1)**	10
Financial charges	**46**	38
Earnings before income taxes	**222**	187
Income taxes	**57**	45
Net earnings	**165**	142
EPS (basic and diluted)	**0.40**	0.33
Adjusted net earnings[1]	**184**	167
Adjusted EPS[1] (basic and diluted)	**0.44**	0.39

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 MD&A 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 this MD&A.
3 Refer to the section "Discussion of factors impacting the Company's operations and results" of this MD&A.

CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED JUNE 30, 2025

Revenues

Revenues totalled $4.631 billion, up $25 million or 0.5%, as compared to $4.606 billion for the same quarter last fiscal year.

Revenues increased due to higher domestic selling prices implemented across key product categories to mitigate inflationary pressures. However, lower US dairy commodity market pricing[3], primarily driven by the lower average butter market price[2] and partially offset by the fluctuation of the average block market price[2], had a negative impact. Higher international cheese and dairy ingredient market prices in our export markets were also favourable.

Sales volumes were higher on a relative basis, mainly led by our Canada and USA Sectors, given the impact of the divestitures in our Dairy Division (Australia).

The non-cash negative impact due to the application of hyperinflation accounting[2,3] to the revenues of the Dairy Division (Argentina) was unfavourable.

The conversion of foreign currencies, other than the Argentine peso, to the Canadian dollar had a favourable impact.

Operating costs

(in millions of CDN dollars)

	For the three-month periods ended June 30	
	2025	2024
Operating costs excluding depreciation, amortization, and restructuring costs	**$ 4,205**	$ 4,223
Add:		
Depreciation and amortization	**153**	148
Restructuring costs	**6**	—
Operating costs	**$ 4,364**	$ 4,371

Operating costs totalled $4.364 billion, down $7 million or 0.2%, as compared to $4.371 billion for the same quarter last fiscal year.

This decrease reflected lower spending on raw materials and consumables used, following the divestitures in our Dairy Division (Australia), as well as the favourable impacts from the optimization of selling, general, and administrative costs and improved operational efficiencies. This decrease was partially offset by the impact of higher labour costs, which included the effect of wage increases.

The higher depreciation and amortization was mainly attributable to the net effect of commissioning and decommissioning of assets in connection with our strategic capital projects.

Restructuring costs for the **first quarter of fiscal 2026** totalled $6 million ($5 million after tax) and comprised severance costs in connection to our previously announced decision to stop manufacturing certain functional dairy ingredient products by mid-fiscal 2026 as well as in relation to the optimization of selling, general, and administrative costs. There were no restructuring costs during the first quarter of fiscal 2025.

[2] Refer to the "Glossary" section of this MD&A.
[3] Refer to the section "Discussion of factors impacting the Company's operations and results" of this MD&A.

Adjusted EBITDA[1]

Adjusted EBITDA[1] totalled $426 million, up $43 million or 11.2%, as compared to $383 million for the same quarter last fiscal year. Adjusted EBITDA margin[1] was 9.2%, up from 8.3%.

Adjusted EBITDA[1] increased in all our Sectors reflecting the benefits of strong execution related to operational improvements, commercial initiatives, and our continued efforts toward our sustained cost optimization measures.

Operational improvements, primarily driven by ongoing efficiency initiatives stemming from our recent capital investments, disciplined execution on customer fulfillment, and proactive cost management, supported margin enhancement.

In our export markets, the favourable relation between the international cheese and dairy ingredient market prices and the cost of milk as raw material had a positive impact on our results. In our domestic markets, higher selling prices implemented across key product categories to mitigate inflationary pressures preserved margin performance.

Sales volumes and favourable product mix were signicant drivers of our increased results.

Lower selling, general, and administrative costs also provided an additional tailwind, driven by disciplined cost control and organizational streamlining.

These benefits were partially offset by unfavourable US dairy commodity market conditions[3] compared to the same quarter last fiscal year and the non-cash negative impact due to the application of hyperinflation accounting[2,3] to the results of the Dairy Division (Argentina).

The effect of the conversion of foreign currencies, other than the Argentine peso, to the Canadian dollar, had a minimal impact.

Loss (gain) on hyperinflation (Argentina net monetary position)[3]

Gain on hyperinflation (Argentina net monetary position)[3] totalled $1 million ($10 million loss in the first quarter of fiscal 2025).

Financial Charges

Financial charges totalled $46 million, up $8 million, as compared to $38 million for the same quarter last fiscal year, mainly due to higher outstanding bank loans partially offset by the impact of lower long-term debt. Financial charges also increased due to the impacts of the conversion of foreign currencies, as well as inflation indexation and hyperinflation accounting[2,3] for the Dairy Division (Argentina).

Income tax expense

Income tax expense totalled $57 million, reflecting an effective tax rate of 25.7%, as compared to 24.1% for the same quarter last fiscal year, mainly due to the favourable impact of the tax and accounting treatments of inflation in Argentina last fiscal year.

The effective tax rate varies 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.

Net earnings and EPS

Net earnings totalled $165 million or $0.40 per share (basic and diluted), up $23 million or $0.07 per share, respectively, as compared to the same quarter last fiscal year. The increase in net earnings is due to higher adjusted EBITDA[1], as described above, and a gain on hyperinflation (Argentina net monetary position)[3] as compared to a loss for the same quarter last fiscal year, partially offset by higher income tax expense, financial charges, restructuring costs and depreciation and amortization. The increase in EPS also reflects common shares purchased under our NCIB.

Adjusted net earnings[1] and Adjusted EPS[1]

Adjusted net earnings[1] totalled $184 million, or $0.44 per share[1] (basic and diluted), up $17 million or $0.05 per share, respectively, as compared to the same quarter last fiscal year. This is mainly due to the increase in net earnings, as described above, excluding the impact of the loss (gain) on hyperinflation (Argentina net monetary position)[3] and restructuring costs. The increase in adjusted EPS[1] also reflects common shares purchased under our NCIB.

[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 MD&A 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 this MD&A.
[3] Refer to the section "Discussion of factors impacting the Company's operations and results" of this MD&A.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

This section provides insight into our cash and capital management strategies and how they drive operational objectives, and also provides details on how we manage our liquidity risk to meet Saputo's financial obligations as they come due.

As we navigate through the challenging environment, including geopolitical developments, inflationary pressures, elevated interest rates, and the related uncertainties, we are focused on our capital allocation priorities, as well as cash flow generation. Our capital allocation priorities include capital expenditures, dividends, debt reduction, and a focus on share repurchases in the near-term. These priorities allow us to support organic growth, strategic investments, and our Saputo Promise.

As at June 30, 2025, cash and cash equivalents totalled $256 million and we had $2.036 billion of available borrowing capacity under our bank credit facilities. We believe we are well positioned to face current market conditions given our well-balanced capital structure.

The Company's liquidity needs are funded from cash generated by operations, bank credit facilities, and senior unsecured notes. These funds are used principally towards our capital allocation priorities, as described above, and are expected to be sufficient to meet the Company’s liquidity requirements. We do not foresee any difficulty in securing financing beyond what is currently available through existing arrangements, public or private offerings, when appropriate, to fund possible strategic investments and/or to refinance debt obligations.

Saputo’s cash flows are summarized as follows:

(in millions of CDN dollars)

	For the three-month periods ended June 30	
	2025	2024
Net cash generated from operating activities	**317**	191
Cash used for investing activities	**(47)**	(2)
Cash used for financing activities	**(262)**	(266)
Increase (decrease) in cash and cash equivalents	**8**	(77)

Operating Activities

Net cash generated from operating activities amounted to $317 million, in comparison to $191 million for the same quarter last fiscal year. This increase of $126 million was mainly due to lower usage related to changes in non-cash operating working capital items of $99 million, a higher adjusted EBITDA[1] of $43 million, and was partially offset by higher income taxes paid of $18 million.

Changes in non-cash operating working capital were mainly driven by the fluctuations in accounts receivable, inventories, and accounts payable in line with the fluctuation of market prices, foreign exchange rates, and ongoing inflation, including the effects of the hyperinflationary economy in Argentina, the timing of collections of accounts receivable, and of the payments of accounts payable.

Investing Activities

Cash used for investing activities amounted to $47 million, which included $64 million used for additions to property, plant and equipment. Investing activities also included $18 million in proceeds from the completion of the previously announced sale of our King Island Dairy business in our Dairy Division (Australia).

Financing Activities

Cash used for financing activities amounted to $262 million and were mainly attributable to the purchase of common shares under the NCIB, the repayment of outstanding indebtedness, and the payment of dividends to shareholders.

1 This is a total of segments measure, a non-GAAP financial measure, or a non-GAAP ratio. See the “Non-GAAP Measures” section below of this MD&A 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.

Liquidity

(in millions of CDN dollars, except ratio)

	June 30, 2025	March 31, 2025
Current assets	**4,596**	4,855
Current liabilities	**3,266**	3,202
Working capital[1]	**1,330**	1,653
Working capital ratio[1]	**1.41**	1.52

1 Refer to the "Glossary" section of this MD&A.

The working capital ratio is an indication of the Company's ability to cover short-term liabilities with short-term assets, without having excess dormant assets.

Capital management

Our capital management strategy requires a well-balanced financing structure to maintain the flexibility needed to support growth initiatives, pursue disciplined capital investments, and return capital to shareholders.

We continue to aim for a long-term target leverage of approximately 2.25 times net debt to adjusted EBITDA[2]. It is possible that we may deviate from our long-term target leverage to pursue strategic opportunities.

(in millions of CDN dollars, except ratio and number of shares and options)

	June 30, 2025	March 31, 2025
Net debt[1]	**3,262**	3,337
Trailing twelve months adjusted EBITDA[2]	**1,608**	1,565
Net debt to adjusted EBITDA[2]	**2.03**	2.13
Number of common shares	**413,640,199**	418,335,124
Number of stock options	**23,212,460**	21,054,531

1 Refer to the "Glossary" section of this MD&A and Note 7 to the consolidated financial statements.
2 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 MD&A 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.

As at June 30, 2025, the Company had $256 million in cash and cash equivalents and available bank credit facilities of $2.450 billion, of which $414 million were drawn. See Note 5 and Note 6 to the condensed interim consolidated financial statements for additional information related to bank loans and long-term debt.

Authorized share capital is comprised of an unlimited number of common shares. The common shares are voting and participating. As at July 31, 2025, 412,162,672 common shares and 22,862,903 stock options were outstanding.

Normal course issuer bid

The Company's NCIB began November 19, 2024, and will end no later than November 18, 2025. This NCIB reflects the Company's continued commitment to returning value to shareholders, while maintaining the flexibility to allocate capital for growth opportunities. In the first quarter of fiscal 2026, the Company purchased 4,708,149 common shares, at an average price per share of $26.21, for a total purchase price of approximately $123 million.

2 This is a total of segments measure, a non-GAAP financial measure, or a non-GAAP ratio. See the "Non-GAAP Measures" section below of this MD&A 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.

CONTRACTUAL OBLIGATIONS

We manage and continually monitor the Company's commitments and contractual obligations to ensure that these can be met with funding provided by operations and capital structure optimization.

Saputo's contractual obligations consist of commitments to repay long-term debt, payments for leased premises, equipment, and rolling stock, as well as purchase obligations for capital expenditures and service agreements to which we are committed.

(in millions of CDN dollars)

	June 30, 2025				March 31, 2025			
	Long-term debt	**Leases**	**Purchase obligations & other**	**Total**	Long-term debt	Leases	Purchase obligations & other	Total
Less than 1 year	**700**	**96**	**206**	**1,002**	465	92	189	746
1–2 years	**700**	**86**	**62**	**848**	350	86	55	491
2–3 years	**334**	**72**	**6**	**412**	734	74	4	812
3–4 years	**—**	**60**	**3**	**63**	300	61	1	362
4–5 years	**300**	**56**	**1**	**357**	300	56	—	356
More than 5 years	**550**	**371**	**2**	**923**	550	393	—	943
	2,584	**741**	**280**	**3,605**	2,699	762	249	3,710

Long-term debt

The Company’s long-term debt is described in Note 6 to the condensed interim consolidated financial statements.

Bank term loans

In connection with the acquisition of Dairy Crest Group plc in April 2019, we entered into a credit agreement providing for a non-revolving term facility comprised of three tranches. This facility was repaid in May 2025.

Senior notes

On July 2, 2025, the Company issued Series 12 unsecured medium term notes through a private placement for an aggregate principal amount of $400 million due July 2, 2030, bearing interest at 3.879% per annum. The net proceeds from this issuance were used to repay, on July 14, 2025, the $350 million aggregate principal amount of the Company’s Series 5 senior unsecured notes, ahead of their August 14, 2025 maturity date and for general corporate purposes. Refer to Note 6 to the condensed interim consolidated financial statements for further information.

As at June 30, 2025, long-term debt also included six series of senior unsecured notes outstanding for an aggregate principal amount of $2.550 billion, with annual interest rates varying from 1.42% to 5.49%, and maturities ranging from August 2025 to November 2030.

DISCUSSION OF FACTORS IMPACTING THE COMPANY'S OPERATIONS AND RESULTS

US Dairy Commodity Market Prices

The following table outlines the change in key US dairy commodity market prices that affected the Company's business and financial results.

(in US dollars)	For the three-month periods ended June 30	
	2025	2024
Average block market price[2]	**$ 1.789**	$ 1.793
Average butter market price[2]	**2.411**	3.029
Average whey powder market price[2]	**0.508**	0.401
Milk-cheese spread[2]	**(0.107)**	(0.127)

[2] Refer to the "Glossary" section of this MD&A.

The prices of block, butter, and whey powder reflect the market selling prices of US dairy commodities. While these market prices are generally correlated with the cost of dairy raw materials, they do fluctuate over time, which can impact both our input costs and the market pricing for our products. During a given period, factors such as product mix, pricing protocol mix, and inventory realization fluctuations influence the impact of dairy commodity market price fluctuations on our results.

Typically, in our USA Sector, a higher block market price leads to increased revenues and improved margins for our cheese products, due to the benefit on inventory realization and absorption of fixed costs. A higher milk-cheese spread[2] similarly tends to lead to improved margins in our cheese business. Conversely, a rising butter market price generally results in higher sales but puts pressure on margins for our dairy foods products due to the timing lag between established pricing and production costs on those products. For our dairy ingredients products, our performance may vary if the market prices of specialized whey products impacting our revenues do not closely correlate with the price of whey powder, which is a component used in the pricing formula for the cost of milk as raw material.

The implementation of the new milk pricing formula on June 1, 2025 by the United States Department of Agriculture (USDA) alters the comparative underlying market conditions in our USA Sector previously captured by the indicator USA Market Factors[2] and therefore our disclosure has evolved accordingly to remain relevant in discussing the drivers of business performance.

[2] Refer to the "Glossary" section of this MD&A.

Hyperinflation

Our Dairy Division (Argentina) operates in a hyperinflationary economy. We apply hyperinflation accounting[2] to the results of the Dairy Division (Argentina), which reflects the non-cash effect of indexing historical amounts using the Argentina General Price Index and converting them at the period-end Argentine Peso exchange rate, which may positively or negatively impact revenues, adjusted EBITDA[1], and net monetary position, as shown in the following table. The (gain) loss on hyperinflation position varies quarter-over-quarter and year-over-year due to changes in the inflation indexation rate in Argentina and in the Argentine peso to Canadian dollar conversion rate.

(in millions of CDN dollars)		
	For the three-month periods ended June 30	
	2025	2024
Impact on revenues	**(12)**	5
Impact on adjusted EBITDA[1]	**(14)**	(9)
(Loss) gain on hyperinflation (Argentina net monetary position)[2]	**1**	(10)

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 MD&A 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 This amount does not impact revenues or adjusted EBITDA[1], refer to the "consolidated results for the first quarter ended June 30, 2025" section of this MD&A for further details.

Impact of foreign currency

Our financial results for the quarter ended and our financial position amounts as at June 30, 2025, as compared to those at March 31, 2025, reflect the net effect of the strengthening of the Canadian dollar versus the US dollar, the Australian dollar and the Argentine peso, and the weakening of the Canadian dollar versus the British pound sterling on financial results and financial position items of our foreign operations.

The following table sets forth exchange rates expressed in Canadian dollars per currency of our respective local operations' in foreign currencies as at June 30, 2025, and March 31, 2025.

	June 30, 2025	March 31, 2025
US dollar[3]	**1.3608**	1.4387
Australian dollar[3]	**0.8955**	0.8987
Argentine peso[3]	**0.0011**	0.0013
British pound sterling[3]	**1.8686**	1.8586

3 Based on Bank of Canada published information.

The change in foreign currency translation adjustments on our financial position recorded in other comprehensive income varied mainly due to the fluctuation of foreign currencies versus the Canadian dollar.

CHANGES IN ACCOUNTING POLICIES

Accounting Standards, Interpretations, and Amendments Adopted During The Period

For the period ended June 30, 2025, there were no new accounting standards, interpretations, and amendments adopted.

Recent Accounting Standards, Interpretations, and Amendments Issued but Not Yet Implemented

Please refer to Note 3 to our condensed interim consolidated financial statements for the period ended June 30, 2025, for more information regarding recent accounting standards, interpretations, and amendments issued but not yet implemented.

FOLLOW-UP ON CERTAIN SPECIFIC ITEMS OF THE ANALYSIS

For an analysis of guarantees, related-party transactions, critical accounting estimates and changes in accounting policies, risks and uncertainties, as well as a sensitivity analysis of interest rate and US currency fluctuations, see the discussion provided in the Company's 2025 Annual Report (pages 31 to 43 of the MD&A dated June 5, 2025).

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures. The Company's disclosure controls and procedures are designed to provide reasonable assurance that material information relating to the Company is made known to Management in a timely manner to allow the information required to be disclosed under securities legislation to be recorded, processed, summarized, and reported within the time periods specified in securities legislation.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The CEO and the CFO are responsible for establishing and maintaining internal control over financial reporting. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There were no changes to Saputo's internal control over financial reporting that occurred during the period beginning on April 1, 2025, and ended on June 30, 2025, that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

Fiscal years	2026	2025				2024		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	**4,631**	4,753	4,994	4,708	4,606	4,545	4,267	4,323
Adjusted EBITDA[1]	**426**	376	417	389	383	379	370	398
Adjusted EBITDA margin[1]	**9.2 %**	7.9 %	8.4 %	8.3 %	8.3 %	8.3 %	8.7 %	9.2 %
Net earnings (loss)	**165**	74	(518)	126	142	92	(124)	156
Earnings (loss) per share (basic and diluted)	**0.40**	0.18	(1.22)	0.30	0.33	0.22	(0.29)	0.37
Adjusted net earnings[1]	**184**	128	167	157	167	156	163	181
Adjusted EPS Basic and diluted[1]	**0.44**	0.30	0.39	0.37	0.39	0.37	0.38	0.43

Quarterly financial information by sector

Fiscal years	2026	2025				2024		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues								
Canada	**1,321**	1,258	1,359	1,294	1,253	1,192	1,271	1,248
USA	**2,128**	2,140	2,305	2,225	2,085	1,928	2,056	1,950
International	**865**	1,020	1,019	912	1,004	1,135	636	879
Europe	**317**	335	311	277	264	290	304	246
Total	**4,631**	4,753	4,994	4,708	4,606	4,545	4,267	4,323

Fiscal years	2026	2025				2024		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Adjusted EBITDA								
Canada	**170**	157	175	162	153	138	150	148
USA	**171**	148	160	145	162	138	133	147
International	**55**	47	51	54	45	88	85	83
Europe	**30**	24	31	28	23	15	2	20
Total[1]	**426**	376	417	389	383	379	370	398

[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 MD&A 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.

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 MD&A 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 MD&A 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

Adjusted net earnings is defined as net earnings before the following items (when they occur): restructuring costs, amortization of intangible assets related to business acquisitions, (gain) on disposal of assets, goodwill and intangible assets impairment charge, and loss (gain) on hyperinflation (Argentina net monetary position), net of applicable income taxes. We believe that adjusted net earnings provides useful information to investors because this financial measure provides 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 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 is useful to investors because it helps 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. This measure does not have any standardized meanings under GAAP and is 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 June 30	
	2025	2024
Net earnings	**165**	142
Amortization of intangible assets related to business acquisitions[1]	**15**	15
Restructuring costs[2]	**5**	—
Loss (gain) on hyperinflation (Argentina net monetary position)[2]	**(1)**	10
Adjusted net earnings	**184**	**167**
Revenues	**4,631**	4,606

[1] Amortization of intangible assets related to business acquisitions is included in Depreciation and amortization, as presented on the condensed interim consolidated income statements.
[2] Items presented on the condensed interim consolidated income statements.

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 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 and intangible assets impairment charge, and loss (gain) on hyperinflation (Argentina net monetary position). 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.

Net debt to adjusted EBITDA

Net debt to adjusted EBITDA is defined as net debt divided by adjusted EBITDA and is the primary measure used by the Company to monitor its financial leverage. For more details on net debt, refer to the "Glossary" section of this MD&A and Note 7 to the condensed interim consolidated financial statements. For more details on adjusted EBITDA, refer to the discussion below in the adjusted EBITDA and adjusted EBITDA margin section.

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

Adjusted EBITDA is defined as net earnings (loss) before the following items (when they occur): income taxes, financial charges, loss (gain) on hyperinflation (Argentina net monetary position), restructuring costs, (gain) on disposal of assets, goodwill and intangible assets impairment charge, and depreciation and amortization. Net earnings (loss) before income taxes, financial charges, loss (gain) on hyperinflation, restructuring costs, (gain) on disposal of assets, goodwill and intangible assets impairment charge, and depreciation and amortization is a measure which is presented on the consolidated income statements. Adjusted EBITDA margin consists of adjusted EBITDA expressed as a percentage of revenues.

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	
	2025	2024
Net earnings	**165**	142
Income taxes[1]	**57**	45
Financial charges[1]	**46**	38
Loss (gain) on hyperinflation (Argentina net monetary position)[1]	**(1)**	10
Restructuring costs[1]	**6**	—
Depreciation and amortization[1]	**153**	148
Adjusted EBITDA	**426**	383
Revenues	**4,631**	4,606
Adjusted EBITDA margin	***9.2 %***	*8.3 %*

[1] Items presented on the consolidated income statements.

Revenues, adjusted EBITDA, and depreciation and amortization of International Sector and Europe Sector Total are total of segments measures, as reconciled to total consolidated measures in the below tables.

					For the three-month periods ended June 30, 2025	
	Canada	**USA**	***International***	***Europe***	**International and Europe Total**	**Total Consolidated**
Revenues	**$ 1,321**	**$ 2,128**	***$ 865***	***$ 317***	**$ 1,182**	**$ 4,631**
Adjusted EBITDA	**$ 170**	**$ 171**	***$ 55***	***$ 30***	**$ 85**	**$ 426**
Depreciation and amortization	**$ 29**	**$ 67**	***$ 30***	***$ 27***	**$ 57**	**$ 153**

					For the three-month periods ended June 30, 2024	
	Canada	USA	*International*	*Europe*	International and Europe Total	Total Consolidated
Revenues	$ 1,253	$ 2,085	*$ 1,004*	*$ 264*	$ 1,268	$ 4,606
Adjusted EBITDA	$ 153	$ 162	*$ 45*	*$ 23*	$ 68	$ 383
Depreciation and amortization	$ 29	$ 63	*$ 29*	*$ 27*	$ 56	$ 148

GLOSSARY

Average block market price means the average daily price per pound of a spot contract for cheddar cheese in 40-pound blocks traded on the Chicago Mercantile Exchange (CME) published in the Daily Dairy Report, used as the base price for cheese.

Average butter market price means the average daily price per pound of a spot contract for Grade AA Butter traded on the CME published in the Daily Dairy Report, used as the base price for dairy food products.

Average whey powder market price means the average daily price for a pound of extra grade dry whey published in the Daily Dairy Report, used as the base price for whey.

Hyperinflation accounting means the application of *IAS 29 Financial Reporting in Hyperinflationary Economies* to the results of the Dairy Division (Argentina) and requires indexing historical amounts using the Argentina General Price Index and converting them at the period-end Argentine Peso exchange rate.

Milk-cheese spread means the difference between the average block market price and the average cost of the corresponding quantity of Class III milk in the USA market based on the milk prices published by the United States Department of Agriculture.

Net Debt means long-term debt, bank loans, and lease liabilities, including the current portion thereof, net of cash and cash equivalents. Refer to Note 7 to the condensed interim consolidated financial statements for further information.

Trailing twelve months adjusted EBITDA is calculated by adding the actual adjusted EBITDA results for the three-month period ended June 30, 2025, to the actual adjusted EBITDA results for the year ended March 31, 2025, and subtracting the actual adjusted EBITDA results for the three-month period ended June 30, 2024.

USA Market Factors include, for the USA Sector, the average block market price and its effect on the absorption of fixed costs and on the realization of inventories, the effect of the milk-cheese spread, the market pricing impact related to sales of dairy ingredients, as well as the impact of the average butter market price related to dairy food products.

Working capital means current assets minus current liabilities.

Working capital ratio means current assets divided by current liabilities.

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENTS

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

	For the three-month periods ended June 30	
	2025	2024
Revenues	**$ 4,631**	$ 4,606
Operating costs excluding depreciation, amortization, and restructuring costs (Note 4)	**4,205**	4,223
Earnings before income taxes, financial charges, loss (gain) on hyperinflation, restructuring costs, and depreciation and amortization	**426**	383
Depreciation and amortization	**153**	148
Restructuring costs (Note 9)	**6**	—
Loss (gain) on hyperinflation (Argentina net monetary position)	**(1)**	10
Financial charges (Note 10)	**46**	38
Earnings before income taxes	**222**	187
Income taxes	**57**	45
Net earnings	**$ 165**	$ 142
Net earnings per share (Note 11)		
Basic and diluted	**$ 0.40**	$ 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	
	2025	2024
Net earnings	**$ 165**	$ 142
Other comprehensive (loss) income:		
Items that may be reclassified to net earnings:		
Effects of, exchange differences arising from foreign currency translation and, application of hyperinflation	**(305)**	149
Unrealized gains on cash flow hedges (Note 14)	**36**	6
Reclassification of gains on cash flow hedges to net earnings	**(2)**	—
Income taxes relating to items that may be reclassified to net earnings	**(10)**	(2)
	(281)	153
Items that will not be reclassified to net earnings:		
Actuarial loss	**(11)**	(24)
Income taxes relating to items that will not be reclassified to net earnings	**3**	6
	(8)	(18)
Other comprehensive (loss) income	**(289)**	135
Total comprehensive (loss) income	**$ (124)**	$ 277

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)

For the three-month period ended June 30, 2025	Share capital		Reserves					
	Common Shares	Amount	Foreign Currency Translation and Hyperinflation	Cash Flow Hedges	Stock Option Plan	Total Reserves	Retained Earnings	Total Equity
Balance, beginning of year	**418,335,124**	**$ 2,150**	**$ 841**	**$ (13)**	**$ 201**	**$ 1,029**	**$ 3,798**	**$ 6,977**
Net earnings	**—**	**—**	**—**	**—**	**—**	**—**	**165**	**165**
Other comprehensive loss	**—**	**—**	**(305)**	**24**	**—**	**(281)**	**(8)**	**(289)**
Total comprehensive loss								**(124)**
Dividends	**—**	**—**	**—**	**—**	**—**	**—**	**(79)**	**(79)**
Stock options	**—**	**—**	**—**	**—**	**4**	**4**	**—**	**4**
Exercise of stock options (Note 8)	**13,224**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased for cancellation under normal course issuer bid (Note 8)	**(4,708,149)**	**(24)**	**—**	**—**	**—**	**—**	**(102)**	**(126)**
Balance, end of period	**413,640,199**	**$ 2,126**	**$ 536**	**$ 11**	**$ 205**	**$ 752**	**$ 3,774**	**$ 6,652**

For the three-month period ended June 30, 2024	Share capital		Reserves					
	Common Shares	Amount	Foreign Currency Translation and Hyperinflation	Cash Flow Hedges	Stock Option Plan	Total Reserves	Retained Earnings	Total Equity
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	—	—	—	—	—	—	(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

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, 2025		March 31, 2025
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**256**	$	257
Receivables		**1,397**		1,565
Inventories		**2,839**		2,927
Income taxes receivable		**11**		21
Prepaid expenses and other assets		**93**		85
		4,596		4,855
Property, plant and equipment		**4,482**		4,693
Right-of-use assets		**487**		503
Goodwill		**2,480**		2,598
Intangible assets		**1,031**		1,071
Other assets		**100**		115
Deferred tax assets		**73**		78
Total assets	**$**	**13,249**	$	13,913
LIABILITIES				
Current liabilities				
Bank loans (Note 5)	**$**	**414**	$	364
Accounts payable and accrued liabilities		**2,055**		2,269
Income taxes payable		**43**		39
Current portion of long-term debt (Note 6)		**700**		465
Current portion of lease liabilities		**54**		65
		3,266		3,202
Long-term debt (Note 6)		**1,884**		2,234
Lease liabilities		**466**		466
Other liabilities		**116**		131
Deferred tax liabilities		**865**		903
Total liabilities	**$**	**6,597**	$	6,936
EQUITY				
Share capital (Note 8)		**2,126**		2,150
Reserves		**752**		1,029
Retained earnings		**3,774**		3,798
Total equity	**$**	**6,652**	$	6,977
Total liabilities and equity	**$**	**13,249**	$	13,913

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	
	2025	2024
Cash flows related to the following activities:		
Operating		
Net earnings	**$ 165**	$ 142
Adjustments for:		
Stock-based compensation	**20**	15
Financial charges (Note 10)	**46**	38
Income tax expense	**57**	45
Depreciation and amortization	**153**	148
Restructuring costs (Note 9)	**6**	—
Foreign exchange loss on debt	**—**	1
Loss (gain) on hyperinflation (Argentina net monetary position)	**(1)**	10
Share of joint venture earnings, net of dividends received and other	**(3)**	—
Changes in non-cash operating working capital items (Note 12)	**(15)**	(114)
Cash generated from operating activities	**428**	285
Interest and financial charges paid	**(59)**	(60)
Income taxes paid	**(52)**	(34)
Net cash generated from operating activities	**$ 317**	$ 191
Investing		
Additions to property, plant and equipment	**(64)**	(97)
Additions to intangible assets	**(1)**	(1)
Proceeds from disposal of property, plant and equipment (Note 13)	**18**	96
Net cash used for investing activities	**$ (47)**	$ (2)
Financing		
Bank loans	**68**	(140)
Repayment of long-term debt	**(115)**	—
Repayment of lease liabilities	**(13)**	(47)
Shares purchased for cancellation under normal course issuer bid (Note 8)	**(123)**	—
Payment of dividends	**(79)**	(79)
Net cash used in financing activities	**$ (262)**	$ (266)
Increase (decrease) in cash and cash equivalents	**8**	(77)
Cash and cash equivalents, beginning of period	**257**	466
Effect of exchange rate changes	**(9)**	4
Cash and cash equivalents, end of period	**$ 256**	$ 393

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, 2025, and 2024.

(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, 2025 (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 7, 2025.

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) Accounting Standards, as issued by the IASB, 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, 2025, and 2024, 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, 2025.

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

IFRS 18, Presentation and Disclosure in the Financial Statements
In April 2024, the IASB issued IFRS 18 to replace IAS 1 *Presentation of Financial Statements*. IFRS 18 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.

IFRS 9, Financial Instruments and IFRS 7, Financial Instruments disclosures
In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to address the derecognition of financial assets and liabilities settled via electronic payment systems and, to clarify the classification and measurement of certain financial instruments.

These amendments are applicable to the Company beginning on April 1, 2026. The adoption of these amendments will not have a significant impact on its consolidated financial statements.

NOTE 4 OPERATING COSTS

	For the three-month periods ended June 30	
	2025	2024
Changes in inventories of finished goods and work in process[1]	**$ (5)**	$ 34
Raw materials and consumables used[1]	**3,159**	3,164
Foreign exchange gain	**(2)**	(6)
Employee benefits expense	**615**	593
Selling costs	**181**	187
General and administrative costs[1]	**257**	251
Operating costs excluding depreciation, amortization, and restructuring costs	**$ 4,205**	$ 4,223
Add:		
Depreciation and amortization	**153**	148
Restructuring costs (Note 9)	**6**	—
Operating costs	**$ 4,364**	$ 4,371

1 Comparative figures presented in the table above were reclassified to conform with the current year's presentation.

NOTE 5 BANK LOANS

		Available for use		Amount drawn as at	
Credit Facilities	Maturity	Canadian Currency Equivalent	Base Currency (in millions)	**June 30, 2025**	March 31, 2025
North America-USA	December 2029[1]	$ 408	300 USD	**$ —**	$ —
North America-Canada	December 2029[1]	$ 953	700 USD	**234**	14
Australia	Yearly[2]	$ 381	425 AUD	**69**	96
Japan	Yearly[3]	$ 38	4,000 JPY	**28**	54
United Kingdom	Yearly[4]	$ 234	125 GBP	**—**	44
Argentina	Yearly[5]	$ 436	320 USD	**83**	156
		$ 2,450		**$ 414**	$ 364

1 Main revolving credit facility. Bears monthly interest at rates ranging from lenders' 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.
2 Bears monthly interest at SOFR or Australian Bank Bill Rate plus up to 1.15% 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, 2025, receivables totalling $333 million ($341 million as at March 31, 2025), 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, 2025		March 31, 2025
Unsecured bank term loan facility				
Obtained in April 2019 and repaid in May 2025[1]	**$**	**—**	$	115
Senior unsecured notes[2]				
3.60%, issued in August 2018 and due in August 2025 (Series 5)		**350**		350
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		**34**		34
	$	**2,584**	$	2,699
Current portion		**(700)**		(465)
	$	**1,884**	$	2,234
Principal repayments are as follows:				
Less than 1 year	**$**	**700**	$	465
1-2 years		**700**		350
2-3 years		**334**		734
3-4 years		**—**		300
4-5 years		**300**		300
More than 5 years		**550**		550
	$	**2,584**	$	2,699

1 Bore monthly interest at lenders' 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 was paid every one, two, three or nine months, as selected by the Company.

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

On July 2, 2025, the Company issued Series 12 unsecured medium term notes through a private placement for an aggregate principal amount of $400 million due July 2, 2030, bearing interest at 3.879% per annum. The net proceeds from this issuance were used to repay, on July 14, 2025, the $350 million aggregate principal amount of the Company's Series 5 senior unsecured notes, ahead of their August 14, 2025 maturity date and for general corporate purposes.

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, 2025, and March 31, 2025, are as follows:

		June 30, 2025		March 31, 2025
Long-term debt, including current portion	**$**	**2,584**	$	2,699
Bank loans		**414**		364
Lease liabilities, including current portion		**520**		531
Less: Cash and cash equivalents		**(256)**		(257)
Net debt	**$**	**3,262**	$	3,337

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, restructuring costs, (gain) on disposal of assets, goodwill and intangible assets impairment charge, and depreciation and amortization. The ratio as at June 30, 2025 was 2.03 (2.13 as at March 31, 2025).

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.

NORMAL COURSE ISSUER BID (NCIB)

The Company's NCIB began November 19, 2024, and will end no later than November 18, 2025. On February 6, 2025, the Company amended the NCIB to increase the number of common shares that may be purchased for cancellation from 8,487,169 to 21,217,922, representing 5% of its 424,358,459 issued and outstanding common shares as of November 8, 2024. During the first quarter of fiscal 2026, the Company purchased 4,708,149 common shares at an average price per share of $26.21, for a total purchase price of approximately $123 million, with $3 million recorded in accounts payable and accrued liabilities as of June 30, 2025, for 117,621 shares purchased on June 30, 2025, and cancelled after quarter-end. Retained earnings include a charge of $102 million relating to $99 million of excess of the purchase price over the carrying value of the shares and $3 million of applicable taxes.

In connection with the NCIB, the Company established an automatic purchase plan (APP). The APP enables Saputo to provide predetermined instructions regarding how the common shares are to be repurchased on the open market during self-imposed blackout periods and constitutes an automatic plan for purposes of applicable Canadian securities legislation.

STOCK OPTION PLAN

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

	June 30, 2025			June 30, 2024		
	Number of options		**Weighted average exercise price**	Number of options		Weighted average exercise price
Balance, beginning of year	**21,054,531**	**$**	**36.48**	20,315,399	$	37.79
Granted	**3,925,715**	**$**	**25.04**	3,022,337	$	26.16
Exercised	**(13,224)**	**$**	**26.16**	(6,320)	$	29.59
Cancelled	**(1,754,562)**	**$**	**36.39**	(1,452,198)	$	33.84
Balance, end of period	**23,212,460**	**$**	**34.56**	21,879,218	$	36.45

The weighted average exercise price of $25.04 of the stock options granted in the first quarter of fiscal 2026 corresponds to the weighted average market price for the five trading days immediately preceding the date of the grants ($26.16 in the first quarter of fiscal 2025).

The weighted average fair value of stock options granted in the first quarter of fiscal 2026 was estimated at $3.80 per option ($5.55 in the first quarter of fiscal 2025), using the Black-Scholes option pricing model with the following assumptions:

	Fiscal 2026 grant	Fiscal 2025 grant
Weighted average:		
Risk-free interest rate	**2.55 %**	3.58 %
Life of options	**5.6 years**	6.5 years
Volatility[1]	**20.38 %**	23.60 %
Dividend rate	**3.04 %**	2.83 %

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

NOTE 9 RESTRUCTURING COSTS

During the first quarter of fiscal 2026, the Company recorded severance costs totaling $6 million ($5 million after tax) in connection to its previously announced decision to stop manufacturing certain functional dairy ingredient products in its Dairy Division (UK) by mid-fiscal 2026, as well as in relation to the optimization of selling, general, and administrative costs. There were no restructuring costs during the first quarter of fiscal 2025.

NOTE 10 FINANCIAL CHARGES

	For the three-month periods ended June 30	
	2025	2024
Interest on long-term debt	**$ 22**	$ 26
Other finance costs, net	**18**	7
Interest on lease liabilities	**6**	5
	$ 46	$ 38

NOTE 11 NET EARNINGS PER SHARE

	For the three-month periods ended June 30	
	2025	2024
Net earnings	**$ 165**	$ 142
Weighted average number of common shares outstanding	**416,004,846**	424,326,693
Dilutive shares	**170,583**	174,198
Weighted average diluted number of common shares outstanding	**416,175,429**	424,500,891
Net earnings per share (basic and diluted)	**$ 0.40**	$ 0.33

For the three-month period ended June 30, 2025, 16,478,058 stock options were excluded from the calculation of diluted net earnings per share because their exercise price is higher than the average market value of shares during the same period (18,856,881 stock options were excluded for the three-month period ended June 30, 2024).

Shares purchased under the NCIB were excluded from the calculation of earnings per share as of the date of purchase.

NOTE 12 CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	For the three-month periods ended June 30	
	2025	2024
Receivables	**$ 106**	$ (38)
Inventories	**3**	23
Prepaid expenses and other assets	**(10)**	(7)
Accounts payable, accrued liabilities and other	**(114)**	(92)
Changes in non-cash operating working capital items	**$ (15)**	$ (114)

NOTE 13 PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

On May 9, 2025, the Company completed the sale of its King Island Dairy business located in Australia for proceeds of $27 million (AU$30 million), with $18 million related to property, plant and equipment, corresponding approximately to their net book value less costs to sell.

NOTE 14 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, 2025, and March 31, 2025. 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, 2025		March 31, 2025
	Fair value	**Carrying value**	Fair value	Carrying value
Cash flow hedges				
Equity forward contracts (Level 2)	**$ 1**	**$ 1**	$ (2)	$ (2)
Commodity derivatives (Level 2)	**(2)**	**(2)**	(12)	(12)
Foreign exchange derivatives (Level 2)	**11**	**11**	(13)	(13)
Derivatives not designated in a formal hedging relationship				
Equity forward contracts (Level 2)	**—**	**—**	(1)	(1)
Commodity derivatives (Level 2)	**—**	**—**	(3)	(3)
Long-term debt (Level 2)	**2,622**	**2,584**	2,728	2,699

NOTE 15 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 serves different markets.

The President and Chief Executive Officer (CEO) and the Chief Financial Officer are, together, 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 before income taxes, financial charges, loss (gain) on hyperinflation, restructuring costs, (gain) on disposal of assets, goodwill and intangible assets impairment charge, and depreciation and amortization.

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

NOTE 15 SEGMENTED INFORMATION (CONT'D)

INFORMATION ON REPORTABLE SECTORS

For the three-month periods ended June 30, 2025

	Canada		USA		*International*[1]		*Europe*		International and Europe Total		Consolidated	
Revenues	**$**	**1,321**	**$**	**2,128**	***$***	***865***	***$***	***317***	**$**	**1,182**	**$**	**4,631**
Operating costs excluding depreciation, amortization, and restructuring costs (Note 4)		**1,151**		**1,957**		***810***		***287***		**1,097**		**4,205**
Adjusted EBITDA	**$**	**170**	**$**	**171**	***$***	***55***	***$***	***30***	**$**	**85**	**$**	**426**
Depreciation and amortization		**29**		**67**		***30***		***27***		**57**		**153**
Restructuring costs (Note 9)		**—**		**—**		***—***		***6***		**6**		**6**
Loss (gain) on hyperinflation (Argentina net monetary position)		**—**		**—**		***(1)***		***—***		**(1)**		**(1)**
Financial charges (Note 10)												**46**
Earnings before income taxes											**$**	**222**

[1] Australia accounted for $590 million of the International Sector's revenues while Argentina accounted for $275 million for the three-month period ended June 30, 2025.

For the three-month periods ended June 30, 2024

	Canada		USA		*International*[1]		*Europe*		International and Europe Total		Consolidated	
Revenues	$	1,253	$	2,085	*$*	*1,004*	*$*	*264*	$	1,268	$	4,606
Operating costs excluding depreciation and amortization (Note 4)		1,100		1,923		*959*		*241*		1,200		4,223
Adjusted EBITDA	$	153	$	162	*$*	*45*	*$*	*23*	$	68	$	383
Depreciation and amortization		29		63		*29*		*27*		56		148
Loss (gain) on hyperinflation (Argentina net monetary position)		—		—		*10*		*—*		10		10
Financial charges (Note 10)												38
Earnings before income taxes											$	187

[1] Australia accounted for $742 million of the International Sector's revenues while Argentina accounted for $262 million for the three-month period ended June 30, 2024.

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	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
Revenues										
Retail	**$ 2,219**	$ 2,199	**$ 730**	$ 688	**$ 919**	$ 907	**$ 330**	$ 388	**$ 240**	$ 216
Foodservice	**1,592**	1,569	**480**	461	**1,017**	986	**84**	114	**11**	8
Industrial	**820**	838	**111**	104	**192**	192	**451**	502	**66**	40
	$ 4,631	$ 4,606	**$ 1,321**	$ 1,253	**$ 2,128**	$ 2,085	**$ 865**	$ 1,004	**$ 317**	$ 264