

## CONDENSED INTERIM CONSOLIDATED INCOME STATEMENTS

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

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2022	2021	2022	2021
<b>Revenues (Note 15)</b>	\$ 4,461	\$ 3,689	\$ 8,788	\$ 7,177
Operating costs excluding depreciation, amortization, and restructuring costs (Note 4)	4,092	3,406	8,072	6,604
<b>Earnings before income taxes, financial charges, acquisition and restructuring costs, and depreciation and amortization</b>	<b>369</b>	283	<b>716</b>	573
Depreciation and amortization	146	137	291	268
Acquisition and restructuring costs (Note 9)	22	(2)	29	—
Financial charges (Note 10)	13	19	25	37
<b>Earnings before income taxes</b>	<b>188</b>	129	<b>371</b>	268
Income taxes (Note 11)	43	31	87	117
<b>Net earnings</b>	<b>\$ 145</b>	\$ 98	<b>\$ 284</b>	\$ 151
<b>Net earnings per share (Note 12)</b>				
Basic	\$ 0.35	\$ 0.24	\$ 0.68	\$ 0.37
Diluted	\$ 0.35	\$ 0.24	\$ 0.68	\$ 0.36

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 September 30		For the six-month periods ended September 30	
	2022	2021	2022	2021
<b>Net earnings</b>	<b>\$ 145</b>	<b>\$ 98</b>	<b>\$ 284</b>	<b>\$ 151</b>
Other comprehensive income (loss):				
<i>Items that may be reclassified to net earnings:</i>				
Exchange differences arising from foreign currency translation	300	68	277	(46)
Inflation effect arising from the application of hyperinflation	(1)	—	(2)	(1)
Unrealized losses on cash flow hedges (Note 13)	(25)	(11)	(68)	(20)
Reclassification of losses on cash flow hedges to net earnings	4	7	3	3
Income taxes relating to items that may be reclassified to net earnings	7	2	19	6
	<b>285</b>	<b>66</b>	<b>229</b>	<b>(58)</b>
<i>Items that will not be reclassified to net earnings:</i>				
Actuarial gain	(40)	—	(4)	25
Income taxes relating to items that will not be reclassified to net earnings	10	—	1	1
	<b>(30)</b>	<b>—</b>	<b>(3)</b>	<b>26</b>
<b>Other comprehensive income (loss)</b>	<b>255</b>	<b>66</b>	<b>226</b>	<b>(32)</b>
<b>Total comprehensive income</b>	<b>\$ 400</b>	<b>\$ 164</b>	<b>\$ 510</b>	<b>\$ 119</b>

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 six-month period ended September 30, 2022								
	Share capital		Reserves				Retained Earnings	Total Equity
	Common Shares	Amount	Foreign Currency Translation	Cash Flow Hedges	Stock Option Plan	Total Reserves		
<b>Balance, beginning of year</b>	416,738,041	\$ 1,945	\$ 66	\$ 21	\$ 172	\$ 259	\$ 4,301	\$ 6,505
Net earnings	—	—	—	—	—	—	284	284
Other comprehensive income (loss)	—	—	275	(46)	—	229	(3)	226
Total comprehensive income								510
Dividends (Note 8)	—	—	—	—	—	—	(150)	(150)
Shares issued under dividend reinvestment plan (Note 8)	1,643,172	50	—	—	—	—	—	50
Stock options	—	—	—	—	7	7	—	7
Exercise of stock options (Note 8)	554,799	17	—	—	(3)	(3)	—	14
<b>Balance, end of period</b>	<b>418,936,012</b>	<b>\$ 2,012</b>	<b>\$ 341</b>	<b>\$ (25)</b>	<b>\$ 176</b>	<b>\$ 492</b>	<b>\$ 4,432</b>	<b>\$ 6,936</b>

  

For the six-month period ended September 30, 2021								
	Share capital		Reserves				Retained Earnings	Total Equity
	Common Shares	Amount	Foreign Currency Translation	Cash Flow Hedges	Stock Option Plan	Total Reserves		
<b>Balance, beginning of year</b>	412,333,571	\$ 1,807	\$ 210	\$ —	\$ 165	\$ 375	\$ 4,262	\$ 6,444
Net earnings	—	—	—	—	—	—	151	151
Other comprehensive income (loss)	—	—	(47)	(11)	—	(58)	26	(32)
Total comprehensive income								119
Dividends (Note 8)	—	—	—	—	—	—	(147)	(147)
Shares issued under dividend reinvestment plan (Note 8)	1,196,970	41	—	—	—	—	—	41
Stock options	—	—	—	—	8	8	—	8
Exercise of stock options (Note 8)	830,002	28	—	—	(4)	(4)	—	24
<b>Balance, end of period</b>	<b>414,360,543</b>	<b>\$ 1,876</b>	<b>\$ 163</b>	<b>\$ (11)</b>	<b>\$ 169</b>	<b>\$ 321</b>	<b>\$ 4,292</b>	<b>\$ 6,489</b>

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	September 30, 2022	March 31, 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 270	\$ 165
Receivables	1,653	1,500
Inventories	2,624	2,503
Income taxes receivable	21	52
Prepaid expenses and other assets	80	75
	4,648	4,295
<b>Property, plant and equipment</b>	4,072	3,962
<b>Right-of-use assets</b>	456	475
<b>Goodwill</b>	3,332	3,188
<b>Intangible assets</b>	1,303	1,371
<b>Other assets</b>	297	362
<b>Deferred tax assets</b>	64	30
<b>Total assets</b>	\$ 14,172	\$ 13,683
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank loans (Note 5)	\$ 665	\$ 419
Accounts payable and accrued liabilities	2,099	1,952
Income taxes payable	80	44
Current portion of long-term debt (Note 6)	—	300
Current portion of lease liabilities	68	65
	2,912	2,780
<b>Long-term debt (Note 6)</b>	2,974	3,075
<b>Lease liabilities</b>	369	386
<b>Other liabilities</b>	108	101
<b>Deferred tax liabilities</b>	873	836
<b>Total liabilities</b>	\$ 7,236	\$ 7,178
<b>EQUITY</b>		
Share capital (Note 8)	2,012	1,945
Reserves	492	259
Retained earnings	4,432	4,301
<b>Total equity</b>	\$ 6,936	\$ 6,505
<b>Total liabilities and equity</b>	\$ 14,172	\$ 13,683

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 September 30		For the six-month periods ended September 30	
	2022	2021	2022	2021
<b>Cash flows related to the following activities:</b>				
<b>Operating</b>				
Net earnings	\$ 145	\$ 98	\$ 284	\$ 151
Adjustments for:				
Stock-based compensation	14	11	30	25
Financial charges (Note 10)	13	19	25	37
Income tax expense	43	31	87	117
Depreciation and amortization	146	137	291	268
Restructuring charges related to optimization initiatives	22	—	29	—
(Gain) on disposal of property, plant and equipment	(1)	—	(1)	—
Foreign exchange gain on debt	(2)	(7)	(30)	(20)
Share of joint venture earnings, net of dividends received and other	(1)	4	(3)	6
Changes in non-cash operating working capital items	22	16	(141)	(60)
Cash generated from operating activities	401	309	571	524
Interest and financial charges paid	(27)	(17)	(67)	(54)
Income taxes paid	(31)	(28)	(34)	(68)
Net cash generated from operating activities	\$ 343	\$ 264	\$ 470	\$ 402
<b>Investing</b>				
Business acquisitions, net of cash acquired	—	(188)	—	(375)
Additions to property, plant and equipment	(106)	(87)	(177)	(167)
Additions to intangible assets	(6)	(14)	(10)	(30)
Proceeds from disposal of property, plant and equipment	1	2	6	2
Net cash used for investing activities	\$ (111)	\$ (287)	\$ (181)	\$ (570)
<b>Financing</b>				
Bank loans	(111)	159	252	364
Proceeds from issuance of long-term debt	—	—	13	300
Repayment of long-term debt	(53)	(8)	(381)	(473)
Repayment of lease liabilities	(19)	(20)	(32)	(41)
Net proceeds from issuance of share capital	10	4	14	24
Payment of dividends	(49)	(54)	(100)	(106)
Net cash (used for) generated from financing activities	\$ (222)	\$ 81	\$ (234)	\$ 68
<b>Increase (decrease) in cash and cash equivalents</b>	<b>10</b>	<b>58</b>	<b>55</b>	<b>(100)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>230</b>	<b>156</b>	<b>165</b>	<b>309</b>
<b>Effect of inflation</b>	<b>26</b>	<b>9</b>	<b>47</b>	<b>18</b>
<b>Effect of exchange rate changes</b>	<b>4</b>	<b>(1)</b>	<b>3</b>	<b>(5)</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 270</b>	<b>\$ 222</b>	<b>\$ 270</b>	<b>\$ 222</b>

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 and six-month periods ended September 30, 2022, and 2021.

(All dollar amounts are in millions of CDN dollars, except per share amounts, 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 cheeses and beverages. The address of the Company's head office is 6869 Metropolitan Blvd. East, Montréal, Québec, Canada, H1P 1X8. The condensed interim consolidated financial statements of the Company for the three and six-month periods ended September 30, 2022 (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 November 10, 2022.

## NOTE 2 BASIS OF PRESENTATION

The financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB). Accordingly, certain disclosure requirements that are necessary in the preparation of an annual financial statement in compliance with International Financial Reporting Standards (IFRS) have been omitted or condensed, and, therefore, these financial statements should be read in conjunction with the Company's audited annual consolidated financial statements as at March 31, 2022, and 2021, and for the years then ended.

## NOTE 3 SIGNIFICANT 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, 2022.

### ***ECONOMIC CONDITIONS AND UNCERTAINTIES***

The Company continues to monitor and assess the lingering effects of the COVID-19 pandemic on the significant estimates and judgments used in the preparation of the consolidated financial statements.

The Company is also continuously monitoring the geopolitical risk related to the evolving military conflict in Ukraine. This crisis did not have a significant impact on the Company's consolidated financial statements.

### ***EFFECT OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET IMPLEMENTED***

The following standards, amendments to standards and interpretations were issued by the International Accounting Standards Board (IASB) and are applicable to the Company for its annual periods beginning on and after April 1, 2023, with an earlier application permitted:

#### ***IAS 1, Disclosure of Accounting Policies***

In February 2021, the IASB issued amendments to IAS 1 to require entities to disclose its material accounting policies instead of its significant accounting policies.

#### ***IAS 8, Definition of Accounting Estimates***

In February 2021, the IASB issued amendments to IAS 8 to replace the definition of a change in accounting estimate. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

## NOTE 3 SIGNIFICANT ACCOUNTING POLICIES CONT'D

### **IAS 12, Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction**

In May 2021, the IASB issued amendments to IAS 12 to require entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The adoption of these amendments is not expected to have a significant impact on the Company's financial statements.

### **EFFECT OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS, AND AMENDMENTS ADOPTED DURING THE PERIOD**

The following standards, amendments to existing standards, and interpretation of standards were adopted by the Company on or after April 1, 2022:

#### **IFRS 3, Reference to the Conceptual Framework**

In May 2020, amendments to IFRS 3, Business Combinations were issued, adding a requirement that IAS 37, Provisions, contingent liabilities and contingent assets, or IFRIC 21, Levies, be applied by an acquirer to identify the liabilities it has assumed in a business combination. Also, an explicit statement was added requiring an acquirer to not recognize contingent assets acquired in a business combination.

#### **IAS 16, Property, Plant and Equipment: Proceeds Before Intended Use**

In May 2020, the IASB issued Property, Plant and Equipment: Proceeds before Intended Use, Amendments to IAS 16. This amendment prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related costs in profit or loss.

#### **IAS 37, Onerous Contracts – Cost of Fulfilling a Contract**

In May 2020, the IASB issued Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37), amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

The adoption of these amendments did not significantly impact the Company's financial statements.

## NOTE 4 OPERATING COSTS EXCLUDING DEPRECIATION, AMORTIZATION, AND RESTRUCTURING COSTS

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2022	2021	2022	2021
Changes in inventories of finished goods and work in process	\$ (19)	\$ 2	\$ (48)	\$ 71
Raw materials and consumables used	3,135	2,521	6,218	4,810
Foreign exchange loss (gain)	2	3	—	(3)
Employee benefits expense	526	471	1,033	931
Other selling costs	214	198	416	380
Other general and administrative costs	234	211	453	415
	\$ 4,092	\$ 3,406	\$ 8,072	\$ 6,604

## NOTE 5 BANK LOANS

Credit Facilities	Maturity	Available for use		Amount drawn as at	
		Canadian Currency Equivalent	Base Currency (in millions)	September 30, 2022	March 31, 2022
North America-USA	June 2027 <sup>1</sup>	\$ 415	300 USD	\$ —	\$ —
North America-Canada	June 2027 <sup>1</sup>	\$ 968	700 USD	456	207
Australia	Yearly <sup>2,6</sup>	\$ 243	275 AUD	21	50
Australia	Yearly <sup>2,6</sup>	\$ 138	100 USD	54	56
Japan	Yearly <sup>3</sup>	\$ 77	8,000 JPY	60	43
United Kingdom	Yearly <sup>4</sup>	\$ 116	75 GBP	52	—
Argentina	Yearly <sup>5,6</sup>	\$ 369	267 USD	22	63
		\$ 2,326		\$ 665	\$ 419

<sup>1</sup> The US\$1 billion North American bank credit facility bears monthly interest at rates ranging from lender's prime rates plus a maximum of 1.00% or SOFR or SONIA or BBSY or banker's acceptance rate plus a minimum of 0.80% and a maximum of 2.00% depending on the Company credit ratings, plus an adjustment to the applicable margins based on the Company's achievement of its sustainability targets. As at September 30, 2022, US\$330 million was drawn and its foreign currency risk was offset with a cross currency swap.

<sup>2</sup> Bears monthly interest at SOFR or Australian Bank Bill Rate plus up to 0.90% and can be drawn in AUD or USD.

<sup>3</sup> Bears monthly interest at TIBOR plus 0.70%.

<sup>4</sup> Bears monthly interest at rates ranging from base rate plus 0.70% or SONIA plus 0.70%.

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

<sup>6</sup> Subject to interest rate benchmark reform.

As at September 30, 2022, receivables totalling \$54 million (AU\$61 million) (\$62 million (AU\$66 million) at March 31, 2022), were sold under a trade receivables purchase agreement to sell certain receivables. The receivables were derecognized upon sale as substantially all risks and rewards associated with the receivables passed to the purchaser.

## NOTE 6 LONG-TERM DEBT

	September 30, 2022	March 31, 2022
Unsecured bank term loan facilities		
Obtained April 2018 (AU\$600 million) and due in June 2025 <sup>1</sup>	\$ 290	\$ 373
Obtained April 2019 (£600 million) and due in June 2025 <sup>2</sup>	229	262
Senior unsecured notes <sup>3,4</sup>		
2.83%, issued in November 2016 and due in November 2023 (Series 3)	300	300
1.94%, issued in June 2017 and repaid in June 2022 (Series 4)	—	300
3.60%, issued in August 2018 and due in August 2025 (Series 5)	350	350
2.88%, issued in November 2019 and due in November 2024 (Series 6)	400	400
2.24%, issued in June 2020 and due in June 2027 (Series 7)	700	700
1.42%, issued in November 2020 and due in June 2026 (Series 8)	350	350
2.30%, issued in June 2021 and due in June 2028 (Series 9)	300	300
Other	55	40
	<b>\$ 2,974</b>	<b>\$ 3,375</b>
Current portion	—	(300)
	<b>\$ 2,974</b>	<b>\$ 3,075</b>
Principal repayments are as follows:		
Less than 1 year	\$ —	\$ 300
1-2 years	321	306
2-3 years	1,269	1,035
3-4 years	350	350
4-5 years	700	350
More than 5 years	334	1,034
	<b>\$ 2,974</b>	<b>\$ 3,375</b>

<sup>1</sup> Bear monthly interest at rates ranging from lender's prime rate plus a maximum of 1.00%, or banker's acceptance rates or Australian Bank Bill Rate plus a minimum of 0.80% and a maximum of 2.00%, depending on the Company's credit ratings. Interest is paid every one, two, three or six months, as selected by the Company.

<sup>2</sup> Bears monthly interest at lender's prime rates plus a maximum of 1.00% or SOFR or SONIA or banker's acceptance rates plus 0.80% up to a maximum of 2.00%, depending on the Company's credit ratings, and can be drawn in CAD, USD or £. Interest is paid every one, two, three or six months, as selected by the Company. On October 6, 2022, this facility was converted to a Canadian dollar denominated facility.

<sup>3</sup> Interest payments are semi-annual.

<sup>4</sup> In fiscal 2021, the Company renewed its medium term note program by filing a supplement to its base shelf prospectus dated December 9, 2020, which provides the ability to make offerings of various securities during the 25-month period for which the base shelf prospectus is effective.

## 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 September 30, 2022, and March 31, 2022, are as follows:

	September 30, 2022	March 31, 2022
Long-term debt, including current portion	\$ 2,974	\$ 3,375
Bank loans	665	419
Lease liabilities	437	451
Less: Cash and cash equivalents	(270)	(165)
Net debt	<b>\$ 3,806</b>	<b>\$ 4,080</b>

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, acquisition and restructuring costs, gain on disposal of assets, impairment of intangible assets, and depreciation and amortization. The ratio at September 30, 2022, was 2.93 (3.53 at March 31, 2022).

## NOTE 8 SHARE CAPITAL

### AUTHORIZED

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

### STOCK OPTION PLAN

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

	September 30, 2022		September 30, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	22,021,670	\$ 38.45	23,339,321	\$ 37.81
Granted	2,600,057	\$ 29.59	1,984,038	\$ 37.52
Exercised	(554,799)	\$ 25.79	(830,002)	\$ 28.27
Cancelled	(1,992,148)	\$ 39.92	(836,741)	\$ 41.17
Balance, end of period	22,074,780	\$ 37.58	23,656,616	\$ 37.99

The weighted average exercise price of \$29.59 of the stock options granted in fiscal 2023 corresponds to the weighted average market price for the five trading days immediately preceding the date of the grant (\$37.52 in fiscal 2022).

The weighted average fair value of stock options granted in fiscal 2023 was estimated at \$5.57 per option (\$6.52 in fiscal 2022), using the Black-Scholes option pricing model with the following assumptions:

	Fiscal 2023 grant	Fiscal 2022 grant
<b>Weighted average:</b>		
Risk-free interest rate	2.39 %	0.88 %
Life of options	6.5 years	6.4 years
Volatility <sup>1</sup>	22.06 %	21.92 %
Dividend rate	2.42 %	1.91 %

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

### DIVIDENDS AND DIVIDEND REINVESTMENT PLAN

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

Dividends paid in cash and through the DRIP during the six-month periods ended September 30, 2022, and 2021, are shown below:

For the six-month period ended September 30, 2022			
Payment date	Cash	DRIP	Total
June 28, 2022 \$	51 \$	24 \$	75
September 16, 2022	49	26	75
Total \$	100 \$	50 \$	150

  

For the six-month period ended September 30, 2021			
Payment date	Cash	DRIP	Total
June 25, 2021 \$	52 \$	20 \$	72
September 17, 2021	54	21	75
Total \$	106 \$	41 \$	147

## NOTE 9 ACQUISITION AND RESTRUCTURING COSTS

During the six-month period ended September 30, 2022, the Company incurred restructuring costs totaling \$29 million (\$22 million after tax) for initiatives undertaken in the Europe Sector and the USA Sector in the context of its Global Strategic Plan. These costs include non-cash fixed assets write-down of \$20 million, employee-related costs of \$7 million, accelerated depreciation, and other site closure costs.

## NOTE 10 FINANCIAL CHARGES

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2022	2021	2022	2021
Interest on long-term debt	\$ 20	\$ 20	\$ 39	\$ 39
Other finance costs, net	16	4	25	10
Gain on hyperinflation	(26)	(9)	(44)	(19)
Interest on lease liabilities	4	4	7	8
Net interest revenue from defined benefit obligation	(1)	—	(2)	(1)
	\$ 13	\$ 19	\$ 25	\$ 37

## NOTE 11 INCOME TAXES

On June 10, 2021, the UK Finance Act 2021 was enacted, increasing the UK tax rate from 19% to 25%, effective April 1, 2023. This change resulted in the Company recording, in the first quarter of fiscal 2022, an income tax expense of approximately \$50 million and a corresponding increase in deferred income tax liabilities.

## NOTE 12 NET EARNINGS PER SHARE

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2022	2021	2022	2021
Net earnings	\$ 145	\$ 98	\$ 284	\$ 151
Weighted average number of common shares outstanding	418,107,908	413,757,590	417,507,382	413,254,168
Dilutive stock options	933,338	1,339,655	455,409	1,517,348
Weighted average diluted number of common shares outstanding	419,041,246	415,097,245	417,962,791	414,771,516
Basic net earnings per share	\$ 0.35	\$ 0.24	\$ 0.68	\$ 0.37
Diluted net earnings per share	\$ 0.35	\$ 0.24	\$ 0.68	\$ 0.36

When calculating diluted net earnings per share for the three and six-month periods ended September 30, 2022, 17,592,220 and 20,049,030 options were excluded from the calculation because their exercise price is higher than the average market value of shares during the same period (16,044,304 and 14,283,417 options were excluded for the three and six-month periods ended September 30, 2021).

## NOTE 13 FINANCIAL INSTRUMENTS

The Company determined that the fair value of certain of its financial assets and financial liabilities with short-term maturities approximates their carrying value. These financial instruments include cash and cash equivalents, receivables, bank loans, accounts payable, and accrued liabilities. The table below presents the fair value and the carrying value of other financial instruments as at, September 30, 2022, and March 31, 2022. 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.

	September 30, 2022		March 31, 2022	
	Fair value	Carrying value	Fair value	Carrying value
<b>Cash flow hedges</b>				
Equity forward contracts (Level 2)	\$ (4)	\$ (4)	\$ (3)	(3)
Commodity derivatives (Level 2)	5	5	8	8
Foreign exchange derivatives (Level 2)	(44)	(44)	52	52
<b>Derivatives not designated in a formal hedging relationship</b>				
Equity forward contracts (Level 2)	(1)	(1)	(10)	(10)
Commodity derivatives (Level 2)	2	2	2	2
Foreign exchange derivatives (Level 2)	—	—	1	1
<b>Long-term debt (Level 2)</b>	<b>2,744</b>	<b>2,974</b>	<b>3,231</b>	<b>3,375</b>

## NOTE 14 BUSINESS ACQUISITIONS

### USA SECTOR

#### ***i) CAROLINA ASEPTIC AND CAROLINA DAIRY***

On August 31, 2021, the Company completed the acquisition of the Carolina Aseptic and Carolina Dairy businesses formerly operated by AmeriQual Group Holdings, LLC (Carolina Aseptic and Carolina Dairy). The activities of these two businesses are conducted at two facilities in North Carolina (USA) and employ a total of approximately 230 people. Carolina Aseptic develops, manufactures, packages, and distributes aseptic shelf-stable food products and beverages out of a purpose-built facility in Troy, North Carolina. Nearby, Carolina Dairy manufactures, packages, and distributes refrigerated yogurt in spouted pouches in Biscoe, North Carolina.

The purchase price of \$148 million (US\$116 million), on a cash-free and debt-free basis, was paid in cash from available credit facilities.

Recognized goodwill (tax-deductible) reflects the value assigned to expected future growth to be achieved through increased capacity to manufacture and distribute products in the rapidly growing aseptic beverage and food categories as well as nutritional snacks.

#### ***ii) REEDSBURG FACILITY OF WISCONSIN SPECIALTY PROTEIN, LLC***

On May 29, 2021, the Company completed the acquisition of the Reedsburg facility of Wisconsin Specialty Protein, LLC (the Reedsburg Facility). This facility, located in Wisconsin (USA), manufactures value-added ingredients, such as goat whey, organic lactose, and other dairy powders, and it employs approximately 40 people.

The purchase price of \$37 million (US\$30 million), on a cash-free and debt-free basis, was paid in cash from cash on hand.

## NOTE 14 BUSINESS ACQUISITIONS CONT'D

### EUROPE SECTOR

#### i) WENSLEYDALE DAIRY PRODUCTS

On July 30, 2021, the Company acquired the activities of Wensleydale Dairy Products Ltd (Wensleydale Dairy Products). The business operates two facilities located in North Yorkshire (UK) and employs approximately 210 people. Wensleydale Dairy Products manufactures, blends, markets, and distributes a variety of specialty and regional cheeses, complementing and expanding the Company's existing range of British cheeses.

The purchase price of \$38 million (£22 million), on a cash-free and debt-free basis, was paid in cash from cash on hand.

#### ii) BUTE ISLAND FOODS LTD

On May 25, 2021, the Company acquired all of the shares of Bute Island Foods Ltd (Bute Island Foods), based in Scotland (United Kingdom) and employing approximately 180 people. It is a manufacturer, marketer, and distributor of a variety of dairy alternative cheese products for both the retail and foodservice market segments under the vegan Sheese brand, alongside private label brands.

The purchase price of \$148 million (£87 million), on a cash-free and debt-free basis, was paid in cash from available credit facilities and cash on hand.

Recognized goodwill (not tax deductible) reflects the value assigned to know-how and expected accelerated growth of dairy alternative cheese products globally.

The allocation of the purchase price for each acquisition to assets acquired and liabilities assumed is presented below:

		Bute Island Foods	Reedsburg Facility	Wensleydale Dairy Products	Carolina Aseptic and Carolina Dairy	Total
Assets acquired	Net working capital	\$ 6	\$ 1	\$ 10	\$ 5	\$ 22
	Property, plant and equipment	11	36	17	72	136
	Goodwill and intangible assets	139	—	13	71	223
Liabilities assumed	Deferred income taxes	(8)	—	(2)	—	(10)
Net assets acquired		\$ 148	\$ 37	\$ 38	\$ 148	\$ 371

## 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 offers different products and serves different markets.

The President and Chief Executive Officer, Chief Financial Officer, President and Chief Operating Officer (North America) and Dairy Division (USA), and President and Chief Operating Officer (International and Europe) are, collectively, the chief operating decision maker of the Company and regularly review operations and performance by sector. They review adjusted EBITDA as the key measure of profit for the purpose of assessing performance of each sector and to make decisions about the allocation of resources. Adjusted EBITDA is defined as net earnings before income taxes, financial charges, acquisition and restructuring costs, 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 September 30		For the six-month periods ended September 30	
	2022	2021	2022	2021
<b>Revenues</b>				
Canada	\$ 1,185	\$ 1,081	\$ 2,327	\$ 2,114
USA	2,062	1,533	4,105	3,039
International <sup>1</sup>	989	858	1,905	1,612
Europe	225	217	451	412
	\$ 4,461	\$ 3,689	\$ 8,788	\$ 7,177
<b>Operating costs excluding depreciation, amortization, and restructuring costs</b>				
Canada	\$ 1,049	\$ 957	\$ 2,059	\$ 1,877
USA	1,960	1,466	3,906	2,876
International	892	802	1,726	1,511
Europe	191	181	381	340
	\$ 4,092	\$ 3,406	\$ 8,072	\$ 6,604
<b>Adjusted EBITDA</b>				
Canada	\$ 136	\$ 124	\$ 268	\$ 237
USA	102	67	199	163
International	97	56	179	101
Europe	34	36	70	72
	\$ 369	\$ 283	\$ 716	\$ 573
<b>Depreciation and amortization</b>				
Canada	\$ 28	\$ 25	\$ 55	\$ 50
USA	56	50	112	97
International	38	34	74	65
Europe	24	28	50	56
	\$ 146	\$ 137	\$ 291	\$ 268
Acquisition and restructuring costs	22	(2)	29	—
Financial charges	13	19	25	37
<b>Earnings before income taxes</b>	<b>188</b>	<b>129</b>	<b>371</b>	<b>268</b>
Income taxes	43	31	87	117
<b>Net earnings</b>	<b>\$ 145</b>	<b>\$ 98</b>	<b>\$ 284</b>	<b>\$ 151</b>

<sup>1</sup> Australia accounted for \$652 million and \$1,324 million of the International Sector's revenues while Argentina accounted for \$337 million and \$581 million for the three and six-month periods ended September 30, 2022, respectively. Australia accounted for \$627 million and \$1,197 million of the International Sector's revenues, while Argentina accounted for \$231 million and \$415 million for the three and six-month periods ended September 30, 2021, respectively.

## NOTE 15 SEGMENTED INFORMATION (CONT'D)

### MARKET SEGMENT INFORMATION

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

For the three-month periods ended September 30										
	Total		Canada		USA		International		Europe	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Revenues</b>										
Retail	\$ 2,148	\$ 1,826	\$ 657	\$ 623	\$ 929	\$ 662	\$ 394	\$ 369	\$ 168	\$ 172
Foodservice	1,490	1,180	441	390	939	717	104	67	6	6
Industrial	823	683	87	68	194	154	491	422	51	39
	\$ 4,461	\$ 3,689	\$ 1,185	\$ 1,081	\$ 2,062	\$ 1,533	\$ 989	\$ 858	\$ 225	\$ 217

For the six-month periods ended September 30										
	Total		Canada		USA		International		Europe	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Revenues</b>										
Retail	\$ 4,141	\$ 3,567	\$ 1,288	\$ 1,239	\$ 1,765	\$ 1,300	\$ 755	\$ 694	\$ 333	\$ 334
Foodservice	2,952	2,308	860	725	1,893	1,438	185	136	14	9
Industrial	1,695	1,302	179	150	447	301	965	782	104	69
	\$ 8,788	\$ 7,177	\$ 2,327	\$ 2,114	\$ 4,105	\$ 3,039	\$ 1,905	\$ 1,612	\$ 451	\$ 412