

## CONDENSED INTERIM CONSOLIDATED INCOME STATEMENTS

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

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2022	2021	2022	2021
<b>Revenues (Note 14)</b>	\$ 4,587	\$ 3,901	\$ 13,375	\$ 11,078
Operating costs excluding depreciation, amortization, and restructuring costs (Note 4)	4,142	3,579	12,214	10,183
<b>Earnings before income taxes, financial charges, acquisition and restructuring costs, gain on disposal of assets, impairment of intangible assets, and depreciation and amortization</b>	<b>445</b>	322	<b>1,161</b>	895
Depreciation and amortization	147	144	438	412
Impairment of intangible assets (Note 14)	—	58	—	58
Gain on disposal of assets	—	(9)	—	(9)
Acquisition and restructuring costs (Note 9)	38	—	67	—
Financial charges (Note 10)	37	17	62	54
<b>Earnings before income taxes</b>	<b>223</b>	112	<b>594</b>	380
Income taxes (Note 11)	44	26	131	143
<b>Net earnings</b>	<b>\$ 179</b>	\$ 86	<b>\$ 463</b>	\$ 237
<b>Net earnings per share (Note 12)</b>				
Basic	\$ 0.43	\$ 0.21	\$ 1.11	\$ 0.57
Diluted	\$ 0.43	\$ 0.21	\$ 1.11	\$ 0.57

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 December 31		For the nine-month periods ended December 31	
	2022	2021	2022	2021
<b>Net earnings</b>	<b>\$ 179</b>	<b>\$ 86</b>	<b>\$ 463</b>	<b>\$ 237</b>
Other comprehensive income:				
<i>Items that may be reclassified to net earnings:</i>				
Exchange differences arising from foreign currency translation	43	(15)	320	(61)
Inflation effect arising from the application of hyperinflation	(1)	—	(3)	(1)
Unrealized gains (losses) on cash flow hedges (Note 13)	36	3	(32)	(17)
Reclassification of losses on cash flow hedges to net earnings	11	8	14	11
Income taxes relating to items that may be reclassified to net earnings	(13)	(4)	6	2
	<b>76</b>	<b>(8)</b>	<b>305</b>	<b>(66)</b>
<i>Items that will not be reclassified to net earnings:</i>				
Actuarial (loss) gain	(75)	100	(79)	125
Income taxes relating to items that will not be reclassified to net earnings	19	(24)	20	(23)
	<b>(56)</b>	<b>76</b>	<b>(59)</b>	<b>102</b>
<b>Other comprehensive income</b>	<b>20</b>	<b>68</b>	<b>246</b>	<b>36</b>
<b>Total comprehensive income</b>	<b>\$ 199</b>	<b>\$ 154</b>	<b>\$ 709</b>	<b>\$ 273</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 nine-month period ended December 31, 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	—	—	—	—	—	—	463	463	
Other comprehensive income	—	—	317	(12)	—	305	(59)	246	
Total comprehensive income								709	
Dividends (Note 8)	—	—	—	—	—	—	(226)	(226)	
Shares issued under dividend reinvestment plan (Note 8)	2,409,163	76	—	—	—	—	—	76	
Stock options	—	—	—	—	9	9	—	9	
Exercise of stock options (Note 8)	724,755	23	—	—	(3)	(3)	—	20	
<b>Balance, end of period</b>	<b>419,871,959</b>	<b>\$ 2,044</b>	<b>\$ 383</b>	<b>\$ 9</b>	<b>\$ 178</b>	<b>\$ 570</b>	<b>\$ 4,479</b>	<b>\$ 7,093</b>	

  

	For the nine-month period ended December 31, 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	—	—	—	—	—	—	237	237	
Other comprehensive (loss) income	—	—	(62)	(4)	—	(66)	102	36	
Total comprehensive income								273	
Dividends (Note 8)	—	—	—	—	—	—	(221)	(221)	
Shares issued under dividend reinvestment plan (Note 8)	1,931,655	62	—	—	—	—	—	62	
Stock options	—	—	—	—	12	12	—	12	
Exercise of stock options (Note 8)	917,535	30	—	—	(4)	(4)	—	26	
<b>Balance, end of period</b>	<b>415,182,761</b>	<b>\$ 1,899</b>	<b>\$ 148</b>	<b>\$ (4)</b>	<b>\$ 173</b>	<b>\$ 317</b>	<b>\$ 4,380</b>	<b>\$ 6,596</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	December 31, 2022	March 31, 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 185	\$ 165
Receivables	1,682	1,500
Inventories	2,917	2,503
Income taxes receivable	13	52
Prepaid expenses and other assets	81	75
	4,878	4,295
<b>Property, plant and equipment</b>	4,095	3,962
<b>Right-of-use assets</b>	468	475
<b>Goodwill</b>	3,339	3,188
<b>Intangible assets</b>	1,305	1,371
<b>Other assets</b>	230	362
<b>Deferred tax assets</b>	60	30
<b>Total assets</b>	\$ 14,375	\$ 13,683
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank loans (Note 5)	\$ 345	\$ 419
Accounts payable and accrued liabilities	2,108	1,952
Income taxes payable	109	44
Current portion of long-term debt (Note 6)	300	300
Current portion of lease liabilities	72	65
	2,934	2,780
<b>Long-term debt (Note 6)</b>	2,981	3,075
<b>Lease liabilities</b>	380	386
<b>Other liabilities</b>	121	101
<b>Deferred tax liabilities</b>	866	836
<b>Total liabilities</b>	\$ 7,282	\$ 7,178
<b>EQUITY</b>		
Share capital (Note 8)	2,044	1,945
Reserves	570	259
Retained earnings	4,479	4,301
<b>Total equity</b>	\$ 7,093	\$ 6,505
<b>Total liabilities and equity</b>	\$ 14,375	\$ 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 December 31		For the nine-month periods ended December 31	
	2022	2021	2022	2021
<b>Cash flows related to the following activities:</b>				
<b>Operating</b>				
Net earnings	\$ 179	\$ 86	\$ 463	\$ 237
Adjustments for:				
Stock-based compensation	15	12	45	37
Financial charges (Note 10)	37	17	62	54
Income tax expense	44	26	131	143
Depreciation and amortization	147	144	438	412
Impairment of intangible assets (Note 14)	—	58	—	58
Restructuring charges related to optimization initiatives	38	—	67	—
(Gain) on disposal of property, plant and equipment	(2)	(12)	(3)	(12)
Foreign exchange (gain) loss on debt	13	2	(17)	(18)
Share of joint venture earnings, net of dividends received and other	1	(2)	(2)	4
Changes in non-cash operating working capital items	(288)	(164)	(429)	(224)
Cash generated from operating activities	184	167	755	691
Interest and financial charges paid	(47)	(41)	(114)	(95)
Income taxes paid	(3)	(19)	(37)	(87)
Net cash generated from operating activities	\$ 134	\$ 107	\$ 604	\$ 509
<b>Investing</b>				
Business acquisitions, net of cash acquired	—	2	—	(373)
Additions to property, plant and equipment	(135)	(79)	(312)	(246)
Additions to intangible assets	(7)	(8)	(17)	(38)
Proceeds from disposal of property, plant and equipment	2	17	8	19
Net cash used for investing activities	\$ (140)	\$ (68)	\$ (321)	\$ (638)
<b>Financing</b>				
Bank loans	(326)	(29)	(74)	335
Proceeds from issuance of long-term debt	300	6	313	306
Repayment of long-term debt	(1)	(13)	(382)	(486)
Repayment of lease liabilities	(18)	(21)	(50)	(62)
Net proceeds from issuance of share capital	5	2	19	26
Payment of dividends	(50)	(53)	(150)	(159)
Net cash used for financing activities	\$ (90)	\$ (108)	\$ (324)	\$ (40)
<b>Decrease in cash and cash equivalents</b>	<b>(96)</b>	<b>(69)</b>	<b>(41)</b>	<b>(169)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>270</b>	<b>222</b>	<b>165</b>	<b>309</b>
<b>Effect of inflation</b>	<b>13</b>	<b>9</b>	<b>60</b>	<b>27</b>
<b>Effect of exchange rate changes</b>	<b>(2)</b>	<b>1</b>	<b>1</b>	<b>(4)</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 185</b>	<b>\$ 163</b>	<b>\$ 185</b>	<b>\$ 163</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 nine-month periods ended December 31, 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 nine-month periods ended December 31, 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 February 9, 2023.

## 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 International Financial Reporting Interpretations Committee (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 December 31		For the nine-month periods ended December 31	
	2022	2021	2022	2021
Changes in inventories of finished goods and work in process	\$ (267)	\$ (191)	\$ (315)	\$ (120)
Raw materials and consumables used	3,408	2,847	9,626	7,657
Foreign exchange loss (gain)	8	8	8	5
Employee benefits expense	537	478	1,570	1,409
Other selling costs	219	224	635	604
Other general and administrative costs	237	213	690	628
	\$ 4,142	\$ 3,579	\$ 12,214	\$ 10,183

## NOTE 5 BANK LOANS

Credit Facilities	Maturity	Available for use		Amount drawn as at	
		Canadian Currency Equivalent	Base Currency (in millions)	December 31, 2022	March 31, 2022
North America-USA	June 2027 <sup>1</sup>	\$ 407	300 USD	\$ —	\$ —
North America-Canada	June 2027 <sup>1</sup>	\$ 949	700 USD	50	207
Australia	Yearly <sup>2</sup>	\$ 254	275 AUD	109	50
Australia	Yearly <sup>2</sup>	\$ 136	100 USD	—	56
Japan	Yearly <sup>3</sup>	\$ 82	8,000 JPY	63	43
United Kingdom	Yearly <sup>4</sup>	\$ 205	125 GBP	103	—
Argentina	Yearly <sup>5,6</sup>	\$ 367	271 USD	20	63
		\$ 2,400		\$ 345	\$ 419

<sup>1</sup> 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 December 31, 2022, includes a drawn amount of US\$30 million for which the 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 0.80% or SONIA plus 0.80%.

<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 December 31, 2022, receivables totalling \$71 million (AU\$76 million) (\$62 million (AU\$66 million) as 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

	December 31, 2022	March 31, 2022
Unsecured bank term loan facilities		
Obtained April 2018 (AU\$600 million) and due in June 2025 <sup>1</sup>	\$ 302	\$ 373
Obtained April 2019 (£600 million) and due in June 2025 <sup>2</sup>	225	262
Senior unsecured notes <sup>3,5</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
5.25%, issued in November 2022 and due in November 2029 (Series 10) <sup>4</sup>	300	—
Other	54	40
	<b>\$ 3,281</b>	<b>\$ 3,375</b>
Current portion	<b>(300)</b>	<b>(300)</b>
	<b>\$ 2,981</b>	<b>\$ 3,075</b>
Principal repayments are as follows:		
Less than 1 year	\$ 300	\$ 300
1-2 years	420	306
2-3 years	877	1,035
3-4 years	350	350
4-5 years	700	350
More than 5 years	634	1,034
	<b>\$ 3,281</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 banker's acceptance rates plus 0.80% up to a maximum of 2.00%, depending on the Company's credit ratings. Interest is paid every one, two, three or six months, as selected by the Company. On October 6, 2022, the remaining tranche of the facility was converted to a Canadian dollar denominated facility and can be drawn in CAD or USD. As at December 31, 2022, US\$166 million was drawn.

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

<sup>4</sup> Issued on November 29, 2022, for an aggregate principal amount of \$300 million under the Company's medium term note program.

<sup>5</sup> On December 22, 2022, the Company filed an unallocated short form base shelf prospectus providing the flexibility to make offerings of various securities during the 25-month period that the base shelf prospectus is effective, and renewed its medium term notes (MTN) program by filing a supplement to the short form base shelf prospectus.

## 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 December 31, 2022, and March 31, 2022, are as follows:

	December 31, 2022		March 31, 2022	
Long-term debt, including current portion	\$	3,281	\$	3,375
Bank loans		345		419
Lease liabilities		452		451
Less: Cash and cash equivalents		(185)		(165)
Net debt	\$	3,893	\$	4,080

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 December 31, 2022, was 2.74 (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 nine-month periods ended December 31 are as follows:

	December 31, 2022		December 31, 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	(724,755)	\$ 26.12	(917,535)	\$ 27.86
Cancelled	(2,657,809)	\$ 40.28	(1,104,879)	\$ 41.17
Balance, end of period	21,239,163	\$ 37.54	23,300,945	\$ 38.01

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.

## NOTE 8 SHARE CAPITAL CONT'D

### DIVIDENDS AND DIVIDEND REINVESTMENT PLAN

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

Dividends paid in cash and through the DRIP during the nine-month periods ended December 31, 2022, and 2021, are shown below:

	For the nine-month periods ended December 31	
	2022	2021
Cash	150 \$	159
DRIP	76	62
Total	\$ 226	\$ 221

## NOTE 9 ACQUISITION AND RESTRUCTURING COSTS

During the third quarter of fiscal 2023, the Company announced consolidation initiatives, as part of its Global Strategic Plan, intended to enhance its operational efficiency and strengthen its competitiveness in Australia. As a result, restructuring costs of \$38 million (\$27 million after tax) were recorded during the third quarter of fiscal 2023 which include non-cash fixed assets write-down of \$30 million (\$21 million after tax), employee related costs, and other site closure costs.

For the nine-month period ended December 31, 2022, restructuring costs totalled \$67 million (\$49 million after tax) and were incurred in connection with the consolidation initiatives described above, as well as other initiatives undertaken in the Europe Sector and the USA Sector in the context of the Company's Global Strategic Plan. These costs include non-cash fixed assets write-down of \$50 million, employee-related costs of \$14 million, accelerated depreciation, and other site closure costs.

## NOTE 10 FINANCIAL CHARGES

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2022	2021	2022	2021
Interest on long-term debt	\$ 22	\$ 17	\$ 61	\$ 56
Other finance costs, net	13	11	38	21
Gain on hyperinflation <sup>1</sup>	—	(14)	(44)	(33)
Interest on lease liabilities	3	4	10	12
Net interest revenue from defined benefit obligation	(1)	(1)	(3)	(2)
	\$ 37	\$ 17	\$ 62	\$ 54

<sup>1</sup> Relative to the application of hyperinflation accounting for the Dairy Division (Argentina).

## 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 December 31		For the nine-month periods ended December 31	
	2022	2021	2022	2021
Net earnings	\$ 179	\$ 86	\$ 463	\$ 237
Weighted average number of common shares outstanding	419,142,679	414,509,256	418,054,463	413,674,052
Dilutive stock options	924,111	781,650	616,657	957,085
Weighted average diluted number of common shares outstanding	420,066,790	415,290,906	418,671,120	414,631,137
Basic net earnings per share	\$ 0.43	\$ 0.21	\$ 1.11	\$ 0.57
Diluted net earnings per share	\$ 0.43	\$ 0.21	\$ 1.11	\$ 0.57

When calculating diluted net earnings per share for the three and nine-month periods ended December 31, 2022, 16,904,995 options were excluded from the calculation because their exercise price is higher than the average market value of shares during the same period (20,034,823 options were excluded for the three and nine-month periods ended December 31, 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, December 31, 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.

	December 31, 2022		March 31, 2022	
	Fair value	Carrying value	Fair value	Carrying value
<b>Cash flow hedges</b>				
Equity forward contracts (Level 2)	\$ (3)	\$ (3)	\$ (3)	\$ (3)
Commodity derivatives (Level 2)	(1)	(1)	8	8
Foreign exchange derivatives (Level 2)	2	2	52	52
<b>Derivatives not designated in a formal hedging relationship</b>				
Equity forward contracts (Level 2)	(2)	(2)	(10)	(10)
Commodity derivatives (Level 2)	—	—	2	2
Foreign exchange derivatives (Level 2)	1	1	1	1
<b>Long-term debt (Level 2)</b>	3,077	3,281	3,231	3,375

## NOTE 14 SEGMENTED INFORMATION

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

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

## NOTE 14 SEGMENTED INFORMATION (CONT'D)

The President and Chief Executive Officer, 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, gain on disposal of assets, impairment of intangible assets, and depreciation and amortization.

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

### INFORMATION ON REPORTABLE SECTORS

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2022	2021	2022	2021
<b>Revenues</b>				
Canada	\$ 1,213	\$ 1,112	\$ 3,540	\$ 3,226
USA	2,172	1,627	6,277	4,666
International <sup>1</sup>	917	919	2,822	2,531
Europe	285	243	736	655
	\$ 4,587	\$ 3,901	\$ 13,375	\$ 11,078
<b>Operating costs excluding depreciation, amortization, and restructuring costs</b>				
Canada	\$ 1,064	\$ 991	\$ 3,123	\$ 2,868
USA	2,026	1,544	5,932	4,420
International	806	834	2,532	2,345
Europe	246	210	627	550
	\$ 4,142	\$ 3,579	\$ 12,214	\$ 10,183
<b>Adjusted EBITDA</b>				
Canada	\$ 149	\$ 121	\$ 417	\$ 358
USA	146	83	345	246
International	111	85	290	186
Europe	39	33	109	105
	\$ 445	\$ 322	\$ 1,161	\$ 895
<b>Depreciation and amortization</b>				
Canada	\$ 27	\$ 26	\$ 82	\$ 76
USA	59	56	171	153
International	36	33	110	98
Europe	25	29	75	85
	\$ 147	\$ 144	\$ 438	\$ 412
Impairment of intangible assets <sup>2</sup>	—	58	—	58
Gain on disposal of assets	—	(9)	—	(9)
Acquisition and restructuring costs <sup>3</sup>	38	—	67	—
Financial charges	37	17	62	54
<b>Earnings before income taxes</b>	<b>223</b>	<b>112</b>	<b>594</b>	<b>380</b>
Income taxes	44	26	131	143
<b>Net earnings</b>	<b>\$ 179</b>	<b>\$ 86</b>	<b>\$ 463</b>	<b>\$ 237</b>

<sup>1</sup> Australia accounted for \$667 million and \$1,991 million of the International Sector's revenues while Argentina accounted for \$250 million and \$831 million for the three and nine-month periods ended December 31, 2022, respectively. Australia accounted for \$661 million and \$1,858 million of the International Sector's revenues, while Argentina accounted for \$258 million and \$673 million for the three and nine-month periods ended December 31, 2021, respectively.

<sup>2</sup> During the third quarter of fiscal 2022, the Company recognized an impairment charge of \$58 million (\$43 million net of taxes) related to software assets, of which \$8 million results from the application of an agenda decision of the IFRIC related to the capitalization of cloud-based software costs.

<sup>3</sup> See Note 9 related to Acquisition and restructuring costs.

## NOTE 14 SEGMENTED INFORMATION (CONT'D)

### MARKET SEGMENT INFORMATION

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

For the three-month periods ended December 31										
	Total		Canada		USA		International		Europe	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Revenues</b>										
Retail	\$ 2,317	\$ 2,003	\$ 706	\$ 669	\$ 1,028	\$ 756	\$ 382	\$ 383	\$ 201	\$ 195
Foodservice	1,459	1,116	415	358	931	675	104	76	9	7
Industrial	811	782	92	85	213	196	431	460	75	41
	\$ 4,587	\$ 3,901	\$ 1,213	\$ 1,112	\$ 2,172	\$ 1,627	\$ 917	\$ 919	\$ 285	\$ 243

For the nine-month periods ended December 31										
	Total		Canada		USA		International		Europe	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Revenues</b>										
Retail	\$ 6,458	\$ 5,570	\$ 1,994	\$ 1,908	\$ 2,793	\$ 2,056	\$ 1,137	\$ 1,077	\$ 534	\$ 529
Foodservice	4,411	3,424	1,275	1,083	2,824	2,113	289	212	23	16
Industrial	2,506	2,084	271	235	660	497	1,396	1,242	179	110
	\$ 13,375	\$ 11,078	\$ 3,540	\$ 3,226	\$ 6,277	\$ 4,666	\$ 2,822	\$ 2,531	\$ 736	\$ 655