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70th

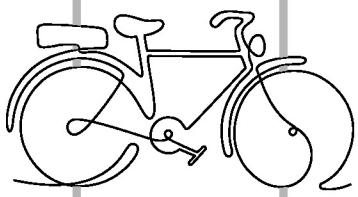
ANNUAL REPORT 2024

JUNE 6, 2024

MANAGEMENT'S DISCUSSION & ANALYSIS

CONSOLIDATED FINANCIAL STATEMENTS

FY2024



Saputo

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MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

All dollar amounts are in millions of Canadian dollars, unless otherwise indicated.

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 year ended March 31, 2024. It should be read while referring to the audited consolidated financial statements of the Company for the same period and accompanying notes, which are prepared in accordance with generally accepted accounting principles in Canada ("GAAP") as set out in the CPA Canada Handbook - Accounting under Part 1, which incorporates International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. The information in this report is presented as at March 31, 2024, unless otherwise specified. In preparing this report, we have taken into account material elements between March 31, 2024, and June 6, 2024, 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, 2024, can be obtained on SEDAR+ at www.sedarplus.ca.

USE OF 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, including the following: adjusted EBITDA[1]; adjusted net earnings[1]; adjusted EBITDA margin[1]; adjusted net earnings margin[1]; adjusted EPS basic[1]; adjusted EPS diluted[1]; and net debt to adjusted EBITDA[1]. 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.

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. These metrics are presented as a complement to enhance the understanding of operating results but not in substitution of GAAP results. In addition, non-GAAP financial measures should not be viewed as a substitute for the related financial information prepared in accordance with GAAP.

[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.

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 differ materially from those stated, implied, or projected in such forward-looking statements. As a result, we cannot guarantee that any forward-looking statements will materialize, and we warn readers that these forward-looking statements are not statements of historical fact or guarantees of future performance in any way. Assumptions, expectations, and estimates made in the preparation of forward-looking statements and risks and uncertainties that could cause actual results to differ materially from current expectations are discussed in our materials filed with the Canadian securities regulatory authorities from time to time, including the “Risks and Uncertainties” section of this MD&A.

Such risks and uncertainties include the following: product liability; the availability and price variations of milk and other inputs, 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; 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; unanticipated business disruption; continuing economic and political uncertainties, resulting from actual or perceived changes in the condition of the economy or economic slowdowns or recessions; public health threats, such as the recent global COVID-19 pandemic, changes in consumer trends; changes in environmental laws and regulations; the potential effects of climate change; increased focus on environmental sustainability matters; the failure to execute our Global Strategic Plan as expected or to adequately integrate acquired businesses in a timely and efficient manner; the failure to complete capital expenditures as planned; changes in interest rates and access to capital and credit markets. 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; our ability to identify, attract, and retain qualified and diverse individuals; our ability to attract and retain customers and consumers; our environmental performance; the results of our sustainability efforts; the effectiveness of our environmental and sustainability initiatives; our operating costs; the pricing of our finished products on the various markets in which we carry on business; the successful execution of our Global Strategic Plan; our ability to deploy capital expenditure projects as planned; 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 successful execution of our M&A strategy; 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. To set our financial performance targets, we have made assumptions regarding, among others: the absence of significant deterioration in macroeconomic conditions; our ability to mitigate inflationary cost pressure; the USA Market Factors[2], ingredient markets, commodity prices, foreign exchange; labour market conditions and staffing levels in our facilities; the impact of price elasticity; our ability to increase the production capacity and productivity in our facilities; and the demand growth for our products. Our ability to achieve our environmental targets, commitments, and goals is further subject to, among others: our ability to access and implement all technology necessary to achieve our targets, commitments, and goals; the development and performance of technology, innovation and the future use and deployment of technology and associated expected future results; the accessibility of carbon and renewable energy instruments for which a market is still developing and which are subject to risk of invalidation or reversal; and environmental regulation. Our ability to achieve our 2025 Supply Chain Pledges is further subject to, among others, our ability to leverage our supplier relationships and our sustainability advocacy efforts.

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

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 June 6, 2024, 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.

SELECTED FINANCIAL INFORMATION

Years ended March 31
(in millions of CDN dollars, except per share amounts and ratios)

	2024	2023	2022
Revenues	**17,342**	17,843	15,035
Adjusted EBITDA[1]	**1,509**	1,553	1,155
Margin[1]	***8.7 %***	*8.7 %*	*7.7 %*
Net earnings	**265**	622	274
Margin[2]	***1.5 %***	*3.5 %*	*1.8 %*
Adjusted net earnings[1]	**654**	711	437
Margin[1]	***3.8 %***	*4.0 %*	*2.9 %*
PER SHARE			
Net earnings per share (EPS):			
Basic	**0.63**	1.49	0.66
Diluted	**0.63**	1.48	0.66
Adjusted EPS[1]:			
Basic[1]	**1.54**	1.70	1.05
Diluted[1]	**1.54**	1.70	1.05
Dividends	**0.74**	0.72	0.72
FINANCIAL POSITION			
Working capital[2]	**1,701**	1,849	1,515
Total assets	**14,260**	14,425	13,683
Long-term debt, including current portion	**3,113**	3,251	3,375
Net debt[2]	**3,520**	3,777	4,080
Total non-current financial liabilities[2]	**3,069**	3,286	3,461
Equity	**7,050**	7,140	6,505
FINANCIAL RATIOS			
Net debt[2] / Equity	**0.50**	0.53	0.63
Net debt / adjusted EBITDA[1]	**2.33**	2.43	3.53
STATEMENT OF CASH FLOWS			
Net cash generated from operations	**1,191**	1,025	693
Additions to property, plant and equipment, and intangible assets	**654**	641	498
Business acquisitions	**—**	—	371
Payment of dividends[3]	**245**	199	209

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. Adjusted net earnings and adjusted EPS for comparative periods were aligned to meet the current presentation.

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

3 Net of dividends settled through Dividend Reinvestment Plan (DRIP) of $66 million in fiscal 2024, $102 million in fiscal 2023, and $87 million in fiscal 2022.

STATEMENT OF EARNINGS

(in millions of CDN dollars)

	For the three-month periods ended March 31		For the years ended March 31	
	2024	2023	**2024**	2023
Revenues				
Canada	**1,192**	1,156	**4,922**	4,696
USA	**1,928**	2,062	**7,810**	8,339
International	**1,135**	963	**3,518**	3,785
Europe	**290**	287	**1,092**	1,023
Total	**4,545**	4,468	**17,342**	17,843
Operating costs excluding depreciation, amortization and restructuring costs				
Canada	**1,054**	1,022	**4,342**	4,145
USA	**1,790**	1,919	**7,289**	7,851
International	**1,047**	879	**3,185**	3,411
Europe	**275**	256	**1,017**	883
Total	**4,166**	4,076	**15,833**	16,290
Adjusted EBITDA				
Canada	**138**	134	**580**	551
USA	**138**	143	**521**	488
International	**88**	84	**333**	374
Europe	**15**	31	**75**	140
Total[1]	**379**	392	**1,509**	1,553
Margin[1]	***8.3 %***	*8.8 %*	***8.7 %***	*8.7 %*
Depreciation and amortization				
Canada	**28**	27	**107**	109
USA	**63**	56	**246**	227
International	**37**	36	**134**	146
Europe	**29**	25	**108**	100
Total	**157**	144	**595**	582
Goodwill impairment charge	**—**	—	**265**	—
Acquisition and restructuring costs	**19**	28	**25**	95
Loss (gain) on hyperinflation	**34**	—	**44**	(44)
Financial charges	**50**	39	**176**	145
Earnings before incomes taxes	**119**	181	**404**	775
Income taxes	**27**	22	**139**	153
Net earnings	**92**	159	**265**	622
Margin[2]	***2.0 %***	*3.6 %*	***1.5 %***	*3.5 %*

[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.

STATEMENT OF EARNINGS (CONT'D)

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

	For the three-month periods ended March 31		For the years ended March 31	
	2024	2023	**2024**	2023
Net earnings	**92**	159	**265**	622
Acquisition and restructuring costs[1]	**15**	21	**19**	70
Amortization of intangible assets related to business acquisitions[1]	**15**	16	**61**	63
Goodwill impairment charge	**—**	—	**265**	—
Loss (gain) on hyperinflation[2]	**34**	—	**44**	(44)
Adjusted net earnings[3]	**156**	196	**654**	711
Margin[3]	***3.4 %***	*4.4 %*	***3.8 %***	*4.0 %*
PER SHARE DATA				
EPS:				
Basic	**0.22**	0.38	**0.63**	1.49
Diluted	**0.22**	0.38	**0.63**	1.48
Adjusted EPS[3]:				
Basic[3]	**0.37**	0.47	**1.54**	1.70
Diluted[3]	**0.37**	0.46	**1.54**	1.70

1 Net of applicable income taxes.

2 Starting in fiscal 2024:

- the loss (gain) on hyperinflation is presented on a separate line on the consolidated income statements; and
- adjusted net earnings exclude the loss (gain) on hyperinflation to provide investors with more useful information with regards to our ongoing operations.

Comparative periods included in this MD&A were aligned to meet the current presentation.

3 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.

Selected factor(s) positively (negatively) impacting Adjusted EBITDA[1]

(in millions of CDN dollars)

	For the three-month periods ended March 31		For the years ended March 31	
	2024	2023	**2024**	2023
USA Market Factors[2,3]	**(61)**	29	**(70)**	(11)
Inventory write-down	**—**	—	**(31)**	(7)
Foreign currency exchange[3,4]	**(6)**	(12)	**(38)**	(38)

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 Reflects the effect on adjusted EBITDA as compared to the same period last fiscal year. Adjusted EBITDA is a total of segments measure. See the "Non-GAAP Measures" section of this MD&A for more information, including the definition and composition of the measure as well as the reconciliation to the most comparable measure in the primary financial statements, as applicable.

4 Foreign currency exchange includes the effect of the conversion of US dollars, Australian dollars, British pounds sterling, and Argentine pesos to Canadian dollars.

HIGHLIGHTS

Financial performance in fiscal 2024 reflected our ability to deliver even in a dynamic economic environment which included slow global economic recovery, commodity price volatility, ongoing inflation, and a challenged global demand. We remained focused on strategic priorities and made significant progress towards the completion of major capital projects.

Fourth quarter of fiscal 2024

REVENUES	NET EARNINGS	EPS (BASIC AND DILUTED)	ADJUSTED EBITDA[1]	ADJUSTED NET EARNINGS[1]	ADJUSTED EPS[1] (BASIC AND DILUTED)
$4.545B	**$92M**	**$0.22**	**$379M**	**$156M**	**$0.37**
Up $77M or 1.7%	Down from $159M	Down from $0.38	Down $13M or 3.3%	Down from $196M	Down from $0.47 and $0.46, respectively

- Strong cash generation from operating activities of $371 million.
- Global dairy market conditions and volatile commodity markets continued to be unfavourable to Saputo's results.
  - USA Market Factors[2] had a negative impact of $61 million; and
  - In the International Sector, the disconnect in the relation between international cheese and dairy ingredient market prices and the cost of milk continued to be unfavourable.
- Adjusted EBITDA[1] also reflected the following:
  - Higher sales volumes in both domestic and export markets;
  - Steady results in the Canada Sector;
  - Continued improvement on operational controllables and higher sales volumes in the USA Sector; and
  - In the Europe Sector, the selling of inventory produced at higher milk prices.
- Restructuring costs of $15 million after tax were incurred in relation to severance costs in the context of cost efficiency efforts.
- The Board of Directors approved a dividend of $0.185 per share payable on June 26, 2024, to shareholders of record on June 18, 2024.

[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.

HIGHLIGHTS (CONT'D)

Fiscal 2024

REVENUES	NET EARNINGS	EPS (BASIC AND DILUTED)	ADJUSTED EBITDA[1]	ADJUSTED NET EARNINGS[1]	ADJUSTED EPS[1] (BASIC AND DILUTED)
$17.342B	**$265M**	**$0.63**	**$1.509B**	**$654M**	**$1.54**
Down $501M or 2.8%	Down from $622M	Down from $1.49 and $1.48, respectively	Down $44M or 2.8%	Down from $711M	Down from $1.70

- Net cash generated from operations totalled $1.191 billion.
- A non-cash goodwill impairment charge of $265 million was recorded in relation to the Dairy Division (Australia).
- Adjusted EBITDA[1] reflected the following:
    - Unfavourability from global dairy market conditions and volatile commodity markets impacting mainly the USA and International Sectors;
    - Negative impact of the disconnect in the relation between international cheese and dairy ingredient market prices and the cost of milk in the International Sector;
    - Lower international cheese and dairy ingredient market prices;
    - Solid performance in the Canada Sector;
    - Improvements on operational controllables in the USA Sector, although results were affected by $70 million of negative USA Market Factors[2] ;
    - Higher sales volumes in domestic markets and lower sales volumes in export markets; and
    - In the Europe Sector, the selling of inventory produced at higher milk prices.
- Revenues decreased due to lower average block market price[2] and lower average butter market price[2] in the USA Sector and lower international cheese and dairy ingredient market prices. Revenues included some offsetting positivity from the carryover effect of pricing initiatives implemented to mitigate inflation and from higher domestic selling prices in line with the higher cost of milk.
- The fluctuation of the Canadian dollar versus foreign currencies negatively impacted revenues and adjusted EBITDA[1] by $293 million and $38 million, respectively.
- After tax restructuring costs of $19 million included severance costs incurred in the context of cost efficiency efforts and costs relating to the planned closure of our Lancaster, Wisconsin, facility in line with our Global Strategic Plan.

[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.

FY25 OUTLOOK

- Inflationary pressures are anticipated to moderate versus the prior year, however labour costs may remain elevated in addition to increases in marketing and advertising investments to support new product launches and our brands.

- We expect USA dairy markets to progressively improve throughout the year, supported by a better balance between milk supply and dairy demand but with continued volatility in the short to medium-term.

- Global demand for dairy products is expected to remain moderate, alongside subdued international dairy market prices due to macroeconomic conditions.

- We expect a reduction in duplicate operating costs in FY25 and a gradual ramp-up in contribution from optimization and capacity expansion initiatives, notably in our USA Sector, through the end of FY25 and FY26.

- The Europe Sector is expected to benefit from the cycle through of high-cost inventory, an improved product mix from higher retail sales volume, as well as a lower cost base following cost-out initiatives and site consolidation.

- Cash flow generation should increase, driven by improvements in adjusted EBITDA[1] and a reduction in capital expenditures following the completion of the bulk of our Global Strategic Plan investments.

- Our leverage ratio should progressively come down and is anticipated to be below our target of 2.25 times net debt to adjusted EBITDA[1] as adjusted EBITDA[1] and cash flow generation improve during FY25.

- We expect to see steady improvements in FY25 and remain on course to deliver on our long-term goals. Factors impacting our performance in FY25 will be the economic health of consumers, the moderating rate of input cost inflation, the increasing stability of the supply chain environment, and benefits from our Global Strategic Plan.

GLOBAL STRATEGIC PLAN HIGHLIGHTS

The Company's Global Strategic Plan is designed to accelerate organic growth. As part of this growth plan, we expect to continue reaping benefits from our ongoing efforts to optimize our existing footprint, add new capacity, adjust our product mix by facility, and align our portfolio more closely with customer and consumer needs. Global Strategic Plan benefits are expected to continue to come to fruition over the course of FY25 and accelerate in FY26.

FY25 priorities include:

USA Sector: Several capital projects focused on supporting our USA growth, including establishing new facilities and adding capacity to support key product categories, are either fully operational or ramping up and will be fully operational in the coming months. Near-term priorities in the USA Sector include completing our cheese network transformation, executing on the planned closures of the Lancaster, Wisconsin; Big Stone, South Dakota; Green Bay, Wisconsin; and South Gate, California, facilities, and continuing to ramp up our new automated cut-and-wrap facility in Franklin, Wisconsin. Other priorities include strengthening the Sector's innovation pipeline, developing new products, and continuing to grow brands while expanding volume with key customers.

Canada Sector: Focus is on automation and supply chain optimization initiatives, the expansion of our product portfolio, and maximizing our distribution capabilities to drive growth.

Europe Sector: Near-term priorities include delivering on our cost-out plan, executing on the planned closure of the facility in Frome, UK, driving retail volume through consumer advertising and innovation, and onboarding new private label customers.

International Sector: In Australia, priorities include executing our site consolidation roadmap, rebalancing our business between domestic and export activities, advancing our review of strategic alternatives for the King Island facility, and completing the sale of two milk processing facilities to Coles Group Limited.

[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.

CONSOLIDATED RESULTS FOR THE FOURTH QUARTER AND FISCAL PERIOD ENDED MARCH 31, 2024

Revenues

Revenues for the **fourth quarter of fiscal 2024** totalled $4.545 billion, up $77 million or 1.7%, as compared to $4.468 billion for the same quarter last fiscal year.

Higher domestic selling prices in line with the higher cost of milk as raw material continued to positively impact revenues.

The effects of currency fluctuations on export sales denominated in US dollars were favourable.

Domestic and export sales volumes were both higher, despite continued softening of global demand for dairy products and ongoing competitive market conditions.

The combined effect of fluctuations of the average block market price[2] and of the average butter market price[2] in our USA Sector had a negative impact of $185 million. Lower international cheese and dairy ingredient market prices had a negative impact in all our sectors.

The conversion of foreign currencies to the Canadian dollar had an unfavourable impact of approximately $114 million, mainly due to the devaluation of the Argentine peso.

In **fiscal 2024**, revenues totalled $17.342 billion, down $501 million or 2.8%, as compared to $17.843 billion.

The combined effect of fluctuations of the average block market price[2] and of the average butter market price[2] in our USA Sector had a negative impact of $772 million. Lower international cheese and dairy ingredient market prices had a negative impact in all our sectors.

The carryover effect of pricing initiatives implemented to mitigate inflationary pressures and higher domestic selling prices in line with the higher cost of milk as raw material had a positive impact. Also, the effects of currency fluctuations on export sales denominated in US dollars were favourable.

Export sales volumes were lower due to the softening global demand for dairy products, while domestic sales volumes were stable despite ongoing competitive market conditions.

The conversion of foreign currencies to the Canadian dollar had an unfavourable impact of approximately $293 million, mainly due to the devaluation of the Argentine peso.

Operating costs excluding depreciation, amortization, and restructuring costs

Operating costs excluding depreciation, amortization, and restructuring costs for the **fourth quarter of fiscal 2024** totalled $4.166 billion, up $90 million or 2.2%, as compared to $4.076 billion for the same quarter last fiscal year. In **fiscal 2024**, operating costs excluding depreciation, amortization, and restructuring costs totalled $15.833 billion, down $457 million or 2.8%, as compared to $16.290 billion for last fiscal year.

These variations were in line with lower commodity market prices and their impacts on the cost of raw materials and consumables used, lower logistics costs, and the favourable impacts from our cost containment measures and from our Global Strategic Plan initiatives. These favourable impacts were partially offset by ongoing inflation on costs, including hyperinflation in Argentina, as well as higher employee salary and benefit expenses, which include the effect of wage increases. Operating costs also included duplicate operational costs incurred to implement previously announced network optimization initiatives.

Net earnings

Net earnings for the **fourth quarter of fiscal 2024** totalled $92 million, down $67 million or 42.1% as compared to $159 million for the same quarter last fiscal year. The decrease is due to the factors which have led to a lower adjusted EBITDA[1], as described below, a loss on hyperinflation, higher financial charges, and higher income tax expense, offset by lower acquisition and restructuring costs.

In **fiscal 2024**, net earnings totalled $265 million, down $357 million or 57.4%, as compared to $622 million for last fiscal year. The decrease is primarily due to a non-cash goodwill impairment charge of $265 million, the factors which have led to lower adjusted EBITDA[1], as described below, a loss on hyperinflation compared to a gain for the same period last fiscal year, and higher financial charges, offset by lower acquisition and restructuring costs, and lower income tax expense.

[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.

Adjusted EBITDA[1]

Adjusted EBITDA[1] for the **fourth quarter of fiscal 2024** totalled $379 million, down $13 million or 3.3%, as compared to $392 million for the same quarter last fiscal year.

Under continued volatile commodity market conditions, USA Market Factors[2] resulted in a negative impact of $61 million, due to the negative Spread[2] and to the unfavourable realization of inventories from the combined effect of fluctuations of the average block market price[2] and of the average butter market price[2].

The International Sector also showed lower results due to the continued disconnect in the relation between international cheese and dairy ingredient market prices and the cost of milk as raw material.

Results also reflected higher sales volumes in both domestic and export markets while lower international cheese and dairy ingredient market prices had a negative impact.

In the Europe Sector, the selling of inventory produced at higher milk prices continued to have a negative impact, although to a lesser extent than the previous quarters.

Our ongoing cost containment measures implemented to minimize the effect of inflation, along with lower logistics costs, mainly in North America, and continued operational improvements in the USA Sector, had a positive impact. These favourable impacts were partially offset by costs incurred to implement previously announced network optimization initiatives, including approximately $15 million in the USA Sector.

The conversion of foreign currencies to the Canadian dollar had an unfavourable impact of approximately $6 million, mainly due to the devaluation of the Argentine peso.

Adjusted EBITDA[1] in **fiscal 2024** totalled $1.509 billion, down $44 million or 2.8%, as compared to $1.553 billion for last fiscal year.

In the context of volatile commodity markets, USA Market Factors[2] had a negative impact of $70 million, driven by the combined negative impacts of the fluctuation of the average block market price[2] related to our cheese products and of the lower average butter market price[2] related to our dairy food products. The milk-cheese Spread[2] was negative although to a lesser extent as compared to last fiscal year.

The International Sector performance was negatively impacted by the disconnect in the relation between international cheese and dairy ingredient market prices and the cost of milk.

Export sales volumes were lower due to softening of the global demand for dairy products. Lower international cheese and dairy ingredient market prices had a negative impact.

Results increased in the Canada Sector and in the USA Sector, where operational improvements had a positive impact.

The Europe Sector performance was negatively impacted by the selling of inventory produced at higher milk prices.

We benefited from the carryover impact of higher average selling prices, driven by previously announced pricing initiatives, which were implemented to mitigate higher input costs in line with ongoing inflation and volatile commodity markets.

Our ongoing cost containment measures implemented to minimize the effect of inflation, along with lower logistics costs, including lower fuel prices, mainly in North America, had a favourable impact. Benefits derived from our Global Strategic Plan, including continuous improvement, supply chain optimization, and automation initiatives, also had a favourable impact. These favourable impacts were partially offset by costs incurred to implement previously announced network optimization initiatives, including approximately $36 million in the USA Sector.

Results included an inventory write-down of $31 million as a result of the decrease in certain market selling prices.

The conversion of foreign currencies to the Canadian dollar had an unfavourable impact of approximately $38 million, mainly due to the devaluation of the Argentine peso.

[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.

Depreciation and amortization

Depreciation and amortization for the **fourth quarter of fiscal 2024** totalled $157 million, up $13 million, as compared to $144 million for the same quarter last fiscal year. Depreciation and amortization in **fiscal 2024** totalled $595 million, up $13 million, as compared to $582 million for last fiscal year. These increases were mainly attributable to additional depreciation and amortization related to the commissioning of assets in connection with our capital projects under our Global Strategic Plan. These increases were partially offset by a reduction in the International Sector from the ongoing network optimization initiatives in Australia aimed at the consolidation of eleven facilities into six. Also contributing to the increases was the effect of hyperinflation accounting for our Dairy Division (Argentina).

Acquisition and restructuring costs

Acquisition and restructuring costs for the **fourth quarter of fiscal 2024** totalled $19 million and related to severance costs incurred in the context of cost efficiency efforts.

Acquisition and restructuring costs for the fourth quarter of fiscal 2023 totalled $28 million and included a non-cash fixed assets write-down of $12 million, and severance costs of $14 million in connection with consolidation initiatives in the USA Sector being undertaken as part of our Global Strategic Plan.

Acquisition and restructuring costs in **fiscal 2024** totalled $25 million. During the third quarter of fiscal 2024, we announced the permanent closure of our Lancaster, Wisconsin, facility, in line with our Global Strategic Plan. As a result, restructuring costs of $6 million, which include non-cash fixed assets write-down of $4 million and severance costs of $2 million, were recorded. As described above, we also recorded severance costs totalling $19 million.

Acquisition and restructuring costs in fiscal 2023 totalled $95 million related to initiatives undertaken in Australia, the USA Sector, and the Europe Sector as part of our Global Strategic Plan. These costs included a total non-cash fixed assets write-down of $62 million, severance costs of $28 million, accelerated depreciation, and other site closure costs. Restructuring costs also included a $2 million gain on disposal of assets related to the sale of a closed facility in the Canada Sector.

Goodwill impairment charge

In **fiscal 2024**, a non-cash goodwill impairment charge of $265 million was recorded.

In performing our annual goodwill impairment testing as at December 31, 2023, our Dairy Division (Australia) Cash Generating Unit (the Australia CGU) estimates of future discounted cash flows were reduced due to the increasing disconnect in the relation between international cheese and dairy ingredient prices and farm gate milk prices in a context of declining milk production in Australia.

As a result, the estimated recoverable value of the Australia CGU was determined to be lower than its carrying value and a non-cash goodwill impairment charge of $265 million (non tax-deductible) was recorded, representing the total value of the goodwill for this CGU.

Loss (gain) on hyperinflation

Loss on hyperinflation for the **fourth quarter of fiscal 2024** totalled $34 million (minimal gain in fiscal 2023). In **fiscal 2024**, the loss on hyperinflation totalled $44 million ($44 million gain in fiscal 2023). The loss (gain) on hyperinflation is relative to the application of hyperinflation accounting for the Dairy Division (Argentina), and includes the effects of inflation indexation and currency conversion on its balance sheet amounts.

Financial charges

Financial charges for the **fourth quarter of fiscal 2024** totalled $50 million, up $11 million compared to the same quarter last fiscal year. In **fiscal 2024**, financial charges totalled $176 million, up $31 million compared to the same period last fiscal year. These increases reflected higher interest rates.

Income tax expense

Income tax expense for the **fourth quarter of fiscal 2024** totalled $27 million ($22 million for the same quarter last fiscal year) and $139 million **for fiscal 2024** ($153 million in fiscal 2023). The effective tax rate for the fourth quarter of fiscal 2024 was 23%.

For fiscal 2024, the effective tax rate of 34% was higher than the effective tax rate of fiscal 2023 mainly due to the effect of the non tax-deductible goodwill impairment charge of $265 million recorded in the current year.

The tax and accounting treatments of inflation in Argentina have an impact on the effective tax rate which varies from quarter to quarter. For the fourth quarter, this impact was negative, resulting in an increase of the effective tax rate whereas in the comparable quarter of fiscal 2023 the impact was positive resulting in a decrease of the effective tax rate. For fiscal 2024 and fiscal 2023, this impact was positive, resulting in a decrease of the effective tax rate.

The effective income tax rate varies and could increase or decrease based on the geographic mix of quarterly and year-to date earnings across the various jurisdictions in which we operate, 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.

Adjusted net earnings[1]

Adjusted net earnings for the **fourth quarter of fiscal 2024** totalled $156 million, down $40 million or 20.4%, as compared to $196 million for the same quarter last fiscal year. This is mainly due to the factors which have led to a decrease in net earnings, as described above, excluding lower acquisition and restructuring costs after tax, as well as the impact of a loss on hyperinflation.

In **fiscal 2024**, adjusted net earnings totalled $654 million, down $57 million or 8.0%, as compared to $711 million for last fiscal year. This is mainly due to the factors which have led to a decrease in net earnings, as described above, excluding a non-cash goodwill impairment charge, lower acquisition and restructuring costs after tax, as well as the impact of the loss on hyperinflation compared to a gain that was recognized in the same period last fiscal year.

[1] This is a total of segments measure, a non-GAAP financial measure, or a non-GAAP ratio. See the “Non-GAAP Measures” section 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.

QUARTERLY FINANCIAL INFORMATION BY SECTOR

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).

CANADA SECTOR

(in millions of CDN dollars)

Fiscal years	2024				2023			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenues	**1,192**	**1,271**	**1,248**	**1,211**	1,156	1,213	1,185	1,142
Adjusted EBITDA	**138**	**150**	**148**	**144**	134	149	136	132
Margin	**11.6 %**	**11.8 %**	**11.9 %**	**11.9 %**	11.6 %	12.3 %	11.5 %	11.6 %

USA SECTOR

(in millions of CDN dollars)

Fiscal years	2024				2023			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenues	**1,928**	**2,056**	**1,950**	**1,876**	2,062	2,172	2,062	2,043
Adjusted EBITDA	**138**	**133**	**147**	**103**	143	146	102	97
Margin	**7.2 %**	**6.5 %**	**7.5 %**	**5.5 %**	6.9 %	6.7 %	4.9 %	4.7 %

Selected factor(s) positively (negatively) impacting Adjusted EBITDA

(in millions of CDN dollars)

Fiscal years	2024				2023			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
USA Market Factors[1,2]	**(61)**	**(27)**	**32**	**(14)**	29	(6)	(27)	(7)
Inventory write-down	**—**	**—**	**—**	**(10)**	—	—	—	—
US currency exchange[2]	**—**	**—**	**3**	**5**	5	8	3	3

[1] Refer to the "Glossary" section of this MD&A.
[2] As compared to same quarter last fiscal year.

Other pertinent information

(in US dollars, except for average exchange rate)

Fiscal years	2024				2023			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Block market price[1]								
Opening	**1.470**	**1.720**	**1.335**	**1.850**	2.135	1.968	2.195	2.250
Closing	**1.418**	**1.470**	**1.720**	**1.335**	1.850	2.135	1.968	2.195
Average	**1.516**	**1.620**	**1.817**	**1.579**	1.943	2.077	1.927	2.287
Butter market price[1]								
Opening	**2.665**	**3.300**	**2.440**	**2.398**	2.380	3.145	2.995	2.700
Closing	**2.843**	**2.665**	**3.300**	**2.440**	2.398	2.380	3.145	2.995
Average	**2.737**	**2.898**	**2.706**	**2.394**	2.375	2.904	3.035	2.808
Average whey powder market price[1]	**0.436**	**0.370**	**0.265**	**0.358**	0.397	0.432	0.469	0.600
Spread[1]	**(0.125)**	**(0.061)**	**0.075**	**(0.061)**	0.040	(0.120)	(0.222)	(0.261)
US average exchange rate to Canadian dollar[2]	**1.349**	**1.359**	**1.344**	**1.343**	1.353	1.357	1.306	1.275

[1] Refer to the "Glossary" section of this MD&A.
[2] Based on Bank of Canada published information.

INTERNATIONAL SECTOR

(in millions of CDN dollars)

Fiscal years	2024				2023			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenues	**1,135**	**636**	**879**	**868**	963	917	989	916
Adjusted EBITDA	**88**	**85**	**83**	**77**	84	111	97	82
Margin	**7.8 %**	**13.4 %**	**9.4 %**	**8.9 %**	8.7 %	12.1 %	9.8 %	9.0 %

Selected factor(s) positively (negatively) impacting Adjusted EBITDA

(in millions of CDN dollars)

Fiscal years	2024				2023			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Inventory write-down	**—**	**(14)**	**(7)**	**—**	—	—	—	—
Foreign currency exchange[1]	**(7)**	**(36)**	**(12)**	**(2)**	(15)	(13)	(9)	(6)

[1] As compared to same quarter last fiscal year.

EUROPE SECTOR

(in millions of CDN dollars)

Fiscal years	2024				2023			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenues	**290**	**304**	**246**	**252**	287	285	225	226
Adjusted EBITDA	**15**	**2**	**20**	**38**	31	39	34	36
Margin	**5.2 %**	**0.7 %**	**8.1 %**	**15.1 %**	10.8 %	13.7 %	15.1 %	15.9 %

Selected factor(s) positively (negatively) impacting Adjusted EBITDA

(in millions of CDN dollars)

Fiscal years	2024				2023			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Inventory write-down	**—**	**—**	**—**	**—**	(7)	—	—	—
Foreign currency exchange[1]	**1**	**3**	**3**	**1**	(1)	(2)	(4)	(2)

[1] As compared to same quarter last fiscal year.

CANADA SECTOR

(in millions of CDN dollars)

	For the three-month periods ended March 31		For the years ended March 31	
	2024	2023	**2024**	2023
Revenues	**1,192**	1,156	**4,922**	4,696
Adjusted EBITDA	**138**	134	**580**	551
Margin	**11.6 %**	11.6 %	**11.8 %**	11.7 %

Revenues

Revenues for the **fourth quarter of fiscal 2024** totalled $1.192 billion, up $36 million or 3.1%, as compared to $1.156 billion for the same quarter last fiscal year. In **fiscal 2024,** revenues totalled $4.922 billion, up $226 million or 4.8%, as compared to $4.696 billion last fiscal year.

Revenues increased due to higher selling prices in connection with the higher cost of milk as raw material and the carryover impact, mostly in the first half of fiscal 2024, of pricing initiatives implemented to mitigate ongoing inflationary pressures on our input costs.

Sales volumes were stable in fiscal 2024 as compared to fiscal 2023 in the retail market segment with an uplift in the fourth quarter of fiscal 2024, as compared to the same quarter last fiscal year.

The retail market segment represented approximately 57% of revenues (56% in fiscal 2023), whereas the foodservice market segment represented approximately 36% of revenues in both fiscal 2024 and 2023. The industrial market segment represented approximately 7% of revenues (8% in fiscal 2023).

Adjusted EBITDA

Adjusted EBITDA for the **fourth quarter of fiscal 2024** totalled $138 million, up $4 million or 3.0%, as compared to $134 million for the same quarter last fiscal year.

Our ongoing cost containment measures implemented to minimize the effect of inflation, along with lower logistics costs, had a favourable impact.

Adjusted EBITDA in **fiscal 2024** totalled $580 million, up $29 million or 5.3%, as compared to $551 million last fiscal year.

We mitigated the effect of inflationary pressures on our input costs with the carryover impact of increased selling prices.

Our ongoing cost containment measures implemented to minimize the effect of inflation, along with lower logistics costs, including lower fuel prices, had a favourable impact. Our results reflected the benefits derived from our Global Strategic Plan, including continuous improvement, supply chain optimization, and automation initiatives which reached their stable run rate in the second half of fiscal 2024.

USA SECTOR

(in millions of CDN dollars)

	For the three-month periods ended March 31		For the years ended March 31	
	2024	2023	**2024**	2023
Revenues	**1,928**	2,062	**7,810**	8,339
Adjusted EBITDA	**138**	143	**521**	488
Margin	**7.2 %**	6.9 %	**6.7 %**	5.9 %

Selected factor(s) positively (negatively) impacting Adjusted EBITDA

(in millions of CDN dollars)

	For the three-month periods ended March 31		For the years ended March 31	
	2024	2023	**2024**	2023
USA Market Factors[1,2]	**(61)**	29	**(70)**	(11)
Inventory write-down	**—**	—	**(10)**	—
US currency exchange[2]	**—**	5	**8**	19

[1] Refer to the "Glossary" section of this MD&A.
[2] As compared to same quarter last fiscal year for the three-month periods; as compared to last fiscal year for the years ended March 31.

Other pertinent information

(in US dollars, except for average exchange rate)

	For the three-month periods ended March 31		For the years ended March 31	
	2024	2023	**2024**	2023
Block market price[1]				
Opening	**1.470**	2.135	**1.850**	2.250
Closing	**1.418**	1.850	**1.418**	1.850
Average	**1.516**	1.943	**1.633**	2.058
Butter market price[1]				
Opening	**2.665**	2.380	**2.398**	2.700
Closing	**2.843**	2.398	**2.843**	2.398
Average	**2.737**	2.375	**2.684**	2.781
Average whey powder market price[1]	**0.436**	0.397	**0.357**	0.473
Spread[1]	**(0.125)**	0.040	**(0.043)**	(0.143)
US average exchange rate to Canadian dollar[2]	**1.349**	1.353	**1.349**	1.328

[1] Refer to the "Glossary" section of this MD&A.
[2] Based on Bank of Canada published information.

Revenues

Revenues for the **fourth quarter of fiscal 2024** totalled $1.928 billion, down $134 million or 6.5%, as compared to $2.062 billion for the same quarter last fiscal year.

The combined effect of fluctuations of the average block market price[2] and of the average butter market price[2] had a negative impact of $185 million. Lower dairy ingredient market prices continued to have a negative impact.

Although demand remained soft and competitive market conditions were ongoing, sales volumes were higher driven by higher export sales volumes.

The fluctuation of the US dollar versus the Canadian dollar had an unfavourable impact of approximately $7 million.

Revenues in **fiscal 2024** totalled $7.810 billion, down $529 million or 6.3%, as compared to $8.339 billion last fiscal year.

The combined effect of the lower average block market price[2] and of the lower average butter market price[2] had a negative impact of $772 million. Lower dairy ingredient market prices also had a negative impact.

Sales volumes were stable with higher domestic sales volumes despite ongoing competitive market conditions whereas export sales volumes were lower due to ongoing softening demand.

The carryover impact of pricing initiatives implemented to mitigate increasing input and logistics costs in line with ongoing inflation had a favourable impact.

The fluctuation of the US dollar versus the Canadian dollar had a favourable impact of approximately $164 million.

The retail market segment represented approximately 46% of revenues (45% in fiscal 2023), whereas the foodservice market segment represented approximately 45% of revenues in both fiscal 2024 and 2023. The industrial market segment represented approximately 9% of revenues (10% in fiscal 2023).

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

Adjusted EBITDA

Adjusted EBITDA for the **fourth quarter of fiscal 2024** totalled $138 million, down $5 million or 3.5%, as compared to $143 million for the same quarter last fiscal year.

USA Market Factors[2] had an unfavourable impact of $61 million, as compared to the same quarter last fiscal year, due to the negative Spread[2] and to the unfavourable realization of inventories from the combined effect of fluctuations of the average block market price[2] and average butter market prices[2]. Also, dairy ingredient market prices had a negative impact.

Operational improvements had a positive impact on our results. Higher sales volumes and lower logistics costs also had a positive impact. Results included approximately $15 million of additional costs incurred to implement previously announced network optimization initiatives, which include the commissioning of our new Franklin, Wisconsin, facility.

The fluctuation of the US dollar versus the Canadian dollar had a minimal impact compared to the same quarter last fiscal year.

Adjusted EBITDA in **fiscal 2024** totalled $521 million, up $33 million or 6.8%, as compared to $488 million last fiscal year.

Results were positively impacted by operational improvements as well as by higher domestic sales volumes and lower logistics costs, including the effect of lower fuel prices. These positive impacts were offset by negative USA Market Factors[2] discussed below, and lower export sales volumes. Furthermore, additional costs of approximately $36 million were incurred to implement previously announced network optimization initiatives, which include the commissioning of our new Franklin, Wisconsin, facility.

USA Market Factors[2] resulted in a negative impact of $70 million, as compared to last fiscal year, mainly due to the unfavourable realization of inventories from the combined effect of fluctuations of the average block market price[2] and average butter market prices[2]. This negative impact was offset by the less unfavourable effect of the Spread[2] as compared to last fiscal year. In the first quarter, our results included an inventory write-down of $10 million due to the decrease in certain market selling prices.

The fluctuation of the US dollar versus the Canadian dollar had a favourable impact of $8 million.

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

INTERNATIONAL SECTOR

(in millions of CDN dollars)

	For the three-month periods ended March 31		For the years ended March 31	
	2024	2023	**2024**	2023
Revenues	**1,135**	963	**3,518**	3,785
Adjusted EBITDA	**88**	84	**333**	374
Margin	**7.8 %**	8.7 %	**9.5 %**	9.9 %

Selected factor(s) positively (negatively) impacting Adjusted EBITDA

(in millions of CDN dollars)

	For the three-month periods ended March 31		For the years ended March 31	
	2024	2023	**2024**	2023
Inventory write-down	**—**	—	**(21)**	—
Foreign currency exchange[1]	**(7)**	(15)	**(57)**	(43)

[1] As compared to same quarter last fiscal year for the three-month periods; as compared to last fiscal year for the years ended March 31.

Revenues

Revenues for the **fourth quarter of fiscal 2024** totalled $1.135 billion, up $172 million or 17.9%, as compared to $963 million for the same quarter last fiscal year.

Demand in export markets remained soft, however our export sales volumes were higher. The effects of currency fluctuations on export sales denominated in US dollars were favourable. Revenues continued to be negatively impacted by lower international cheese and dairy ingredient market prices, putting pressure on our margins.

In our domestic markets, sales volumes were stable and selling prices were higher, mainly due to the hyperinflationary economy in Argentina, positively impacting revenues.

The conversion of the functional currencies used in the International Sector to the Canadian dollar had an unfavourable impact of approximately $119 million, mainly due to the devaluation of the Argentine peso.

Revenues in **fiscal 2024** totalled $3.518 billion, down $267 million or 7.1%, as compared to $3.785 billion last fiscal year.

Lower sales volumes due to the softening of demand in our export markets and lower international cheese and dairy ingredient market prices had a negative impact, while the effects of currency fluctuations on export sales denominated in US dollars were favourable.

In our domestic markets, selling prices were higher, mainly in connection with the higher cost of milk as raw material, and due to the hyperinflationary economy in Argentina.

The conversion of the functional currencies used in the International Sector to the Canadian dollar had an unfavourable impact of approximately $520 million, mainly due to the devaluation of the Argentine peso.

The retail market segment represented approximately 43% of total revenues (40% in fiscal 2023). The foodservice market segment represented approximately 12% of total revenues (11% in fiscal 2023). The industrial market segment represented approximately 45% of total revenues (49% in fiscal 2023) and continued to be destined mostly for export markets.

Adjusted EBITDA

Adjusted EBITDA for the **fourth quarter of fiscal 2024** totalled $88 million, up $4 million or 4.8%, as compared to $84 million for the same quarter last fiscal year.

The continued disconnect in the relation between the international cheese and dairy ingredient market prices and the cost of milk as raw material had a negative impact on our results, although this was partially offset by the positive impact of increased export sales volumes. The effects of currency fluctuations on export sales denominated in US dollars were favourable.

In Australia, we continued to benefit from higher milk intake, which positively impacted our efficiencies and absorption of fixed costs, although to a lesser extent than in previous quarters. Our results also continued to be positively impacted by previously announced network optimization initiatives aimed at improving our operational efficiency and strengthening our competitiveness in Australia.

The conversion of the functional currencies used in the International Sector to the Canadian dollar had an unfavourable impact of approximately $7 million mainly due to the devaluation of the Argentine peso.

In **fiscal 2024**, adjusted EBITDA totalled $333 million, down $41 million or 11.0%, as compared to $374 million last fiscal year.

Results were negatively impacted by lower export sales volumes and the disconnect in the relation between the international cheese and dairy ingredient market prices and the cost of milk as raw material. The effects of currency fluctuations on export sales denominated in US dollars were favourable.

In our domestic markets, we benefited from the carryover effect of pricing actions previously undertaken to mitigate increasing input costs.

We benefited from higher milk intake in Australia, which positively impacted our efficiencies and absorption of fixed costs. Our results were also positively impacted by previously announced network optimization initiatives aimed at improving our operational efficiency and strengthening our competitiveness in Australia.

The conversion of the functional currencies used in the International Sector to the Canadian dollar had an unfavourable impact of approximately $57 million, mainly due to the devaluation of the Argentine peso.

As a result of a decrease in certain market selling prices, our results included an inventory write-down of $21 million.

EUROPE SECTOR

(in millions of CDN dollars)

	For the three-month periods ended March 31		For the years ended March 31	
	2024	2023	**2024**	2023
Revenues	**290**	287	**1,092**	1,023
Adjusted EBITDA	**15**	31	**75**	140
Margin	**5.2 %**	10.8 %	**6.9 %**	13.7 %

Selected factor(s) positively (negatively) impacting Adjusted EBITDA

(in millions of CDN dollars)

	For the three-month periods ended March 31		For the years ended March 31	
	2024	2023	**2024**	2023
Inventory write-down	**—**	(7)	**—**	(7)
Foreign currency exchange[1]	**1**	(1)	**8**	(9)

[1] As compared to same quarter last fiscal year for the three-month periods; as compared to last fiscal year for the years ended March 31.

Revenues

Revenues for the **fourth quarter of fiscal 2024** totalled $290 million, up $3 million or 1.0%, as compared to $287 million for the same quarter last fiscal year.

Sales volumes increased, mainly in the retail market segment, driven by a rebound in branded cheese sales volumes. Revenues reflected higher bulk cheese sales volumes at lower selling prices. In addition, lower international dairy ingredient market prices continued to have a negative impact.

The conversion of the British pound sterling versus the Canadian dollar had a favourable impact of approximately $12 million.

Revenues in **fiscal 2024** totalled $1.092 billion, up $69 million or 6.7%, as compared to $1.023 billion last fiscal year.

Despite higher overall sales volumes, revenues were impacted by a negative product mix, mainly due to higher bulk cheese sales volumes at lower selling prices. In addition, lower international dairy ingredient market prices had a negative impact.

The carryover effect of pricing initiatives implemented to mitigate higher cost of milk as raw material and other input cost increases continued to have a positive impact.

The conversion of the British pound sterling versus the Canadian dollar had a favourable impact of approximately $63 million.

The retail market segment represented approximately 76% of revenues, up from 71% in fiscal 2023. The foodservice market segment represented approximately 3% of revenues in both fiscal 2024 and 2023. The industrial market segment represented 21% of revenues, down from 26% in fiscal 2023.

Adjusted EBITDA

Adjusted EBITDA for the **fourth quarter of fiscal 2024** totalled $15 million, down $16 million or 51.6%, as compared to $31 million for the same quarter last fiscal year.

Results continued to be negatively impacted by the selling of inventory produced at higher milk prices through bulk cheese sales volumes.

Lower international dairy ingredient market prices also continued to have a negative impact.

The conversion of the British pound sterling to the Canadian dollar had a favourable impact of approximately $1 million.

Adjusted EBITDA in **fiscal 2024** totalled $75 million, down $65 million or 46.4%, as compared to $140 million last fiscal year.

Lower results were mainly due to the selling of inventory produced at higher milk prices through bulk cheese sales volumes.

Lower international dairy ingredient market prices also had a negative impact.

The conversion of the British pound sterling to the Canadian dollar had a favourable impact of approximately $8 million.

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, rising interest rates, and the related uncertainties, we are focused on our capital allocation priorities to support our Global Strategic Plan, as well as cash flow generation. Our capital allocation priorities remain capital expenditures, shareholder dividends, and debt repayments, allowing us to support organic growth, strategic acquisitions, and our Saputo Promise.

The Company's cash and cash equivalents totalled $466 million as at March 31, 2024. In addition to these funds, we have unused credit facilities of $1.927 billion under our bank credit facilities as at March 31, 2024. 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, unsecured bank credit facilities, and senior unsecured notes. These funds are used principally for capital expenditures, dividends, debt repayments, and business acquisitions, if any, 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 or public offerings, when appropriate, to fund possible acquisitions and/or to refinance debt obligations.

Saputo's cash flows are summarized in the following table:

(in millions of CDN dollars)

	For the three-month periods ended March 31		For the years ended March 31	
	2024	2023	**2024**	2023
Net cash generated from operating activities	**371**	421	**1,191**	1,025
Cash used for investing activities	**(203)**	(311)	**(652)**	(632)
Cash used for financing activities	**(125)**	(45)	**(343)**	(369)
Increase in cash and cash equivalents	**43**	65	**196**	24

Operating activities

Net cash generated from operating activities for the **fourth quarter of fiscal 2024** amounted to $371 million, as compared to $421 million for the same quarter last fiscal year. This decrease of $50 million was mainly due to higher income taxes paid of $24 million and a decrease in adjusted EBITDA[1] of $13 million.

In **fiscal 2024,** net cash generated from operating activities amounted to $1.191 billion, as compared to $1.025 billion for last fiscal year. This increase of $166 million was mainly due to an increase related to changes in non-cash operating working capital items of $365 million. This increase was partially offset by higher income taxes paid of $158 million, a decrease in adjusted EBITDA[1] of $44 million, and higher interest paid of $34 million.

Changes in non-cash operating working capital for the fourth quarter of fiscal 2024 and in fiscal 2024 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 payments of accounts payable.

[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.

Investing activities

Investing activities for the **fourth quarter of fiscal 2024** and for **fiscal 2024** amounted to $203 million and $652 million, respectively, and were mainly related to net additions to property, plant and equipment, and intangible assets.

Financing activities

Cash used for financing activities for the **fourth quarter of fiscal 2024** and for **fiscal 2024** amounted to $125 million and $343 million, respectively, and were mainly attributable to the payment of dividends to shareholders and the repayment of outstanding indebtedness.

Liquidity

(in millions of CDN dollars, except ratio)

At March 31,	**2024**	2023
Current assets	**4,834**	4,851
Current liabilities	**3,133**	3,002
Working capital[1]	**1,701**	1,849
Working capital ratio[1]	**1.54**	1.62

[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 implement growth initiatives, pursue disciplined capital investments, and maximize shareholder value.

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

On December 15, 2023, we extended the maturity date of our main revolving credit facility to December 15, 2028. Refer to Note 10 of the consolidated financial statements for further information.

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

At March 31,	**2024**	2023
Net debt[1]	**3,520**	3,777
Adjusted EBITDA[2]	**1,509**	1,553
Net debt to adjusted EBITDA[2]	**2.33**	2.43
Number of common shares	**424,326,415**	421,604,856
Number of stock options	**20,315,399**	19,988,303

[1] Refer to the "Glossary" section of this MD&A and Note 23 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 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.

On November 20, 2023, we issued Series 11 medium term notes for an aggregate principal amount of $550 million due November 20, 2030, bearing interest at 5.49%. The net proceeds of this offering were used for the repayment of the $300 million aggregate principal amount of Series 3 medium term notes due November 21, 2023, outstanding indebtedness and for general corporate purposes. On November 30, 2023, we repaid in full the $267 million (AU$298 million) balance of the remaining Tranche C term loan facility incurred in connection with the acquisition of the activities of Murray Goulburn Co-Operative Co. Limited (Murray Goulburn Acquisition).

In the fourth quarter of fiscal 2024, we suspended our Dividend Reinvestment Plan ("DRIP") until further notice.

As at March 31, 2024, the Company had $466 million in cash and cash equivalents and available bank credit facilities of $2.345 billion, of which $418 million were drawn. See Note 10 and Note 11 to the 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 May 31, 2024, 424,326,415 common shares and 22,229,723 stock options were outstanding.

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.

The Company'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. Note 11 to the consolidated financial statements describes the Company's commitment to repay long-term debt, and Notes 7 and 21 to the consolidated financial statements describe its lease commitments.

(in millions of CDN dollars)

	March 31, 2024				March 31, 2023			
	Long-term debt	**Leases**	**Purchase obligations & other**	**Total**	Long-term debt	Leases	Purchase obligations & other	Total
Less than 1 year	**414**	**109**	**209**	**732**	307	115	368	790
1–2 years	**465**	**71**	**29**	**565**	413	63	105	581
2–3 years	**350**	**63**	**10**	**423**	847	56	26	929
3–4 years	**734**	**53**	**3**	**790**	350	49	13	412
4–5 years	**300**	**44**	**1**	**345**	734	43	4	781
More than 5 years	**850**	**267**	**—**	**1,117**	600	281	—	881
	3,113	**607**	**252**	**3,972**	3,251	607	516	4,374

Long-term debt

The Company's long-term debt is described in Note 11 to the consolidated financial statements.

Bank term loans

On November 30, 2023, we repaid in full the $267 million (AU$298 million) balance of the remaining Tranche C of the non-revolving term facility incurred in connection with the Murray Goulburn Acquisition in April 2018.

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. A total of $1.911 billion was drawn, of which $115 million remains to be repaid as at March 31, 2024. The non-revolving term facility bears interest at lenders' prime rates plus a maximum of 1.00% or SOFR or bankers' acceptance rates plus a minimum of 0.80% and a maximum of 2.00%, depending on the Company's credit ratings and matures in June 2025. On October 6, 2022, this facility was converted to a Canadian dollar denominated facility.

Senior notes

Long-term debt also includes seven series of senior unsecured notes outstanding under our medium-term note program for an aggregate principal amount of $2.950 billion, with annual interest rates varying from 1.42% to 5.49%, and maturities ranging from November 2024 to November 2030.

FINANCIAL POSITION

Our financial position amounts as at March 31, 2024, as compared to the March 31, 2023 balances, reflect the net effect of the weakening of the Canadian dollar versus the US dollar and the British pound sterling, and the strengthening of the Canadian dollar versus the Australian dollar and the Argentine peso on 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' financial position items in foreign currencies as at March 31, 2024, and March 31, 2023.

	March 31, 2024	March 31, 2023
US dollar[1]	**1.3540**	1.3516
Australian dollar[1]	**0.8830**	0.9036
Argentine peso[1]	**0.0016**	0.0065
British pound sterling[1]	**1.7096**	1.6676

[1] Based on Bank of Canada published information.

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

GUARANTEES

From time to time, we enter into agreements in the normal course of business, such as service arrangements and leases, and in connection with business or asset acquisitions or disposals, which by nature may provide for indemnification to third parties. These indemnification provisions may be in connection with breach of representations and warranties and for future claims for certain liabilities. The terms of these indemnification provisions vary in duration. Refer to Note 21 to the consolidated financial statements for further information.

RELATED PARTY TRANSACTIONS

In the normal course of business, we receive services from and provide goods and services to companies subject to control or significant influence through ownership by Saputo's principal shareholder. These transactions are entered into at fair value, consistent with market values for similar transactions. The services that are received consist mainly of travel, publicity, lodging, and office space rental. The goods that are provided consist mainly of dairy products. The services that are provided consist of management services. In fiscal 2024, these goods and services were of an immaterial amount. Transactions with key management personnel (Management defines key management personnel as all the executive officers who have responsibility and authority for controlling, overseeing, and planning the Company's activities, as well as the Company's directors) are also considered related party transactions and consist of short-term employee benefits, post-employment benefits, stock-based compensation, and payments under the deferred share unit plan. Refer to Note 22 to the consolidated financial statements for further information.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's financial statements requires Management to make certain judgments and estimates about transactions and carrying values that are fulfilled at a future date. Judgments and estimates are subject to fluctuations due to changes in internal and/or external factors and are continuously monitored by Management. A discussion of the judgments and estimates that could have a material effect on the financial statements is provided below.

Income Taxes

The Company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the consolidated provision for income taxes. During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters differs from the amounts that were initially recorded, such differences will impact the results for the reporting period and the respective current income tax and deferred income tax provisions in the reporting period in which such determination is made.

Deferred income tax assets and liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. As a result, a projection of taxable income is required for those years, as well as an assumption of the ultimate recovery or settlement period for temporary differences. The projection of future taxable income is based on Management's best estimates and may vary from actual taxable income. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Canadian, US, and international tax rules and regulations are subject to interpretation and require judgment on the part of the Company that may be challenged by taxation authorities. The Company believes that it has adequately provided for deferred tax obligations that may result from current facts and circumstances. Temporary differences and income tax rates could change due to fiscal budget changes and/or changes in income tax laws.

Goodwill, Intangible Assets, and Business Combinations

Goodwill, trademarks, and customer relationships have principally been recognized as a result of business combinations. The acquisition method, which also requires significant estimates and judgments, is used to account for these business combinations. As part of the allocation process in a business combination, estimated fair values are assigned to the net assets acquired, including trademarks and customer relationships. These estimates are based on forecasts of future cash flows, estimates of economic fluctuations, and an estimated discount rate. The excess of the purchase price over the estimated fair value of the net assets acquired is then assigned to goodwill. In the event that actual net assets fair values are different from estimates, the amounts allocated to the net assets, and specifically to trademarks and customer relationships, could differ from what is currently reported. This would then have a pervasive impact on the carrying value of goodwill. Differences in estimated fair values would also have an impact on the amortization of definite life intangibles.

Impairment of Assets

Significant estimates and judgments are required in testing goodwill, intangible assets, and other long-lived assets, including right-of-use assets, for impairment. Management uses estimates or exercises judgment in assessing indicators of impairment, defining a CGU, forecasting future cash flows, and in determining other key assumptions such as discount rates and earnings multipliers used for assessing fair value (less costs of disposal) or value in use. Goodwill is tested for impairment annually based on the December 31 balances and whenever there is an indication of impairment. Other long-lived assets are tested only when indicators of impairment are present.

Employee Future Benefits

The Company is the sponsor to both defined benefit and defined contribution plans, which provide pension and other post-employment benefits to its employees.

Several estimates and assumptions are required with regards to the determination of the defined benefit expense and its related obligation, such as the discount rate used in determining the carrying value of the obligation and the interest income on plan assets, the duration of the obligation, inflation, the expected health care cost trend rate, the expected mortality rate, expected salary increase, etc. Changes in a number of key assumptions can have a material impact on the calculation of the obligation. Actual results will normally differ from expectations. Remeasurements of the obligation are presented in the consolidated statements of comprehensive income.

CHANGES IN ACCOUNTING POLICIES

Accounting Standards, Interpretations, and Amendments Adopted During The Year

Please refer to Note 3 to the consolidated financial statements for the fiscal years ended March 31, 2024, and 2023, for more information regarding accounting standards, interpretations, and amendments adopted during fiscal 2024.

Recent Accounting Standards, Interpretations, and Amendments Issued But Not Yet Effective

Please refer to Note 3 to the consolidated financial statements for the fiscal years ended March 31, 2024, and 2023, for more information regarding recent accounting standards, interpretations, and amendments issued but not yet effective.

RISKS AND UNCERTAINTIES

The main risks and uncertainties Saputo is exposed to are presented below. The Board of Directors (the Board) delegated to the Audit Committee the responsibility to review, and evaluate with Management and Internal Audit the risk factors inherent to Saputo, including risks related to ESG aspects such as environmental matters, including climate-related risks, food quality and safety, cybersecurity, technology and information security, and modern slavery. The Board also delegated to the Corporate Governance and Human Resources Committee the responsibility to oversee the risk management measures related to human resources risks, including related ESG aspects such as business ethics, diversity, equity, and inclusion (DE&I), and health and safety. Saputo's enterprise risk management program is overseen by the Audit Committee, which has the responsibility to ensure that appropriate measures are in place to enable Management to identify and manage risks and uncertainties effectively. The Company's risk management and related procedures are reviewed regularly and at least annually.

While risk management is part of our transactional, operational, and strategic decisions, and overall management approach, risk management does not guarantee that events or circumstances, including events or circumstances related to risks and uncertainties that may not be listed below, will not occur and negatively affect our financial performance and condition.

Product Liability

Saputo's operations are subject to certain dangers and risks of liability faced by all food processors, such as the potential contamination of ingredients or products by bacteria or other external agents that may be introduced into products or packaging, product spoilage, undeclared allergens, and mislabeling, any of which could result in a costly product recall, withdrawal, destruction of product inventory, lost sales, or litigation. There is also a risk that not all of the products subject to a recall will be properly identified, or that the recall will not be successful or not be enacted in a timely manner. Third-party manufacturers producing under our brands could be subject to recalls, for the same or other reasons.

Further, negative publicity, whether or not warranted, concerning food safety, or allegations of product contamination, even when false or unfounded, may damage our brand image and corporate reputation, may cause consumers to choose other products or may result in product boycott. The growing use of social and digital media further increases the speed and extent at which such negative publicity can be shared. Alleged or actual contamination could also result in government scrutiny, investigation, intervention, fines, or damages resulting in increased costs and in a negative effect on our business, financial performance, or our ability to achieve our performance targets and, depending upon the significance of the affected product, that negative effect could be material.

In order to mitigate product liability risks and safeguard our reputation as supplier of products that are safe and of the upmost quality, we maintain food quality and safety standards in our own operations and throughout our supply chain, and apply risk-based and prevention-oriented programs to support our standards, as well as internal and external risk-assessment processes to validate the effectiveness of our standards and programs. A serious breach of these standards and programs could have a material negative impact on our business, financial condition, or results.

Supply of Milk and Other Inputs

Milk is our principal ingredient, representing up to 85% of the cost of goods sold. We process milk and other dairy ingredients into finished edible products intended for resale to a broad range of customers. These raw materials and other inputs, including packaging materials, energy, fuel, transportation, and other supply chain inputs that we use for the production and distribution of our products are subject to price volatility and fluctuations in availability caused by various factors. These factors include changes in supply and demand, supplier capacity constraints, labour shortages, inflation, climate change, extreme weather, natural disasters, water availability, fires or explosions, health pandemics, outbreaks affecting livestock, such as avian influenza, outbreaks affecting humans, transportation problems, port congestion or delays, cybersecurity incidents, geopolitical developments, military conflicts, political uncertainties, terrorist activities, and trade sanctions. Moreover, these factors could impair the Company's ability to secure a continuing supply at a competitive price of quality ingredients and goods, which are necessary for the manufacturing of the Company's products. The price volatility and fluctuations in availability of raw materials and other inputs we use for the production and distribution of our products can impact production costs, fulfillment rates, and capacity utilization and therefore negatively affect our results and our ability to achieve our financial, operational, and sustainability goals. The effect of any variation or the volatility of foodstuff prices on our results depends on our ability to transfer those increases to our customers, and this in the context of a competitive market.

In Australia, the availability of milk as a raw material has been declining in recent years due to a national milk production decline. In this region, we compete with other dairy processors to attract milk to our facilities, and our performance depends on our ability to adapt our business to the changing availability of milk as a raw material. Failure to adequately manage these challenging market conditions and to maximize profitability from the milk we obtain could negatively affect our results.

Since the beginning of fiscal 2022, the cost of the raw materials and other inputs we use for the production and distribution of our products has significantly increased. We have implemented and may continue to implement initiatives to offset these cost pressures, such as price increases, but these may not be sufficient to offset higher costs and protect our margins adequately or in a timely manner. Even if such initiatives are effective, higher product prices may result in decreases in sales volumes or market share. Further, a persistent disconnect between the cost of milk as raw material and the international cheese and dairy ingredient market prices could negatively affect our results.

Supply Chain Strain and Supplier Concentration

We and our suppliers have experienced and may continue to face supply chain and workforce disruptions in the future. Such disruptions may result in increased supply chain, packaging, and labour costs, or in an inability to secure key inputs, which could negatively impact our fulfillment rates, cause delays in delivering our products to our customers or consumers, hinder our ability to continue to offer quality products at competitive price in the different markets where we operate, or to achieve our goals and targets under our Global Strategic Plan or the Saputo Promise.

Some of the goods, including raw materials and packaging materials, and services we use in the production of our products are available from a limited number of third-party suppliers as a result of consolidation within the industries in which these suppliers operate. We have neither operational nor financial control on these suppliers, which are essential to our business.

Negative events affecting our suppliers or inadequate, ineffective, or incomplete supplier management strategies, policies, or procedures, including those relating to ethical sourcing, could harm the Company's reputation and hinder our ability to satisfy customers' needs, control costs, and maintain our highest quality standards, which could harm the Company's operations and financial performance. Issues with suppliers regarding pricing or performance of the goods and services they supply or the inability of suppliers to supply the required volumes of such goods and services in a timely and cost-effective manner, as a result of labour shortages, extreme weather conditions (including as a result of climate change) or otherwise, could impact our financial condition and performance.

Risks related to supply chain may be further exacerbated by geopolitical developments, military conflicts, cyberattacks, natural disasters, political instability, civil unrest or health pandemics, which could disrupt the global supply chain and contribute to economic uncertainty and increased prices of inputs and other costs.

USA and International Markets

In the USA, Australia, Argentina, and the United Kingdom, as well as in international markets, the prices of our products are influenced by market supply and demand forces, and may vary independently from the price of milk as a raw material. The prices are tied to numerous factors, such as the health of the economy and supply and demand levels for dairy products in the industry, global economic developments, geopolitical developments, military conflicts, imbalances between supply and demand, raising levels of inflation, supply chain issues, the effect of climate change and extreme weather, and commodity market fluctuations, all of which may affect our results. The effect of such fluctuations on our results will depend on our ability to implement mechanisms to reduce their impact, such as price initiatives, product portfolio diversity, and product and network optimization. The use of these mechanisms could lead to reduced sales volumes and margins.

Labour Availability and Human Resources

The food industry continues to face global labour shortage challenges, which are expected to continue in the short and medium-term. In addition, the broader labour market has been experiencing a shortage of qualified workers, which has further increased the competition we face for qualified employees, as well as our labour, pension, and people-related costs. These factors have impacted, and could continue to impact, our ability to meet consumer demand, which could have a material adverse effect on our results, or cash flows, and could negatively impact our ability to achieve our financial, operational, and sustainability goals. Changes in immigration laws and policies could also make it more difficult for us to attract personnel. The initiatives we have implemented to attract and retain talent may not be successful. Further, our inability to manage these factors adequately could lead to business interruption in one or more of our facilities, and sustained labour shortages or high turnover rates could negatively impact the quality and safety of our products, as well as our health and safety performance.

Although we believe we have good relationships with our employees and a significant number of our workforce is unionized, a lengthy strike or work stoppage could impact our operations and performance, as well as our corporate reputation. Our operations are also subject to health and safety risks, as well as laws and regulations in this regard. Notwithstanding Saputo's existing health and safety systems, serious injury or death of any employee could have a serious impact on Saputo's reputation, result in litigation, and require us to incur costs which may be significant.

Saputo's success depends on our ability to identify, attract, and retain qualified and diverse individuals. Saputo has set diversity targets and has undertaken or planned initiatives to foster DE&I within our workforce. If we are not perceived to have robust DE&I programs, our ability to attract, develop, and retain employees could be compromised. Further, failure to be perceived as able to achieve our DE&I goals and targets or to respect and protect the human rights of our employees (whether this perception is valid or not) could adversely affect our reputation or financial performance. Failure to execute appropriate succession planning for Management and key personnel, or to hire the right individuals to fill new or existing key management positions could adversely affect our business or our financial performance.

Competition
The food processing and the global dairy industries are extremely competitive. Saputo competes on a national and international level with regional, national, and multinational competitors. Our performance in all countries where we do business depends on our ability to continue to offer and supply demand for quality products at competitive prices. There is no guarantee that the Company will maintain or grow its market share or that the Company's new products will achieve sales expectations. The Company mitigates these risks through various growth strategies, which include organic growth and strategic acquisitions, as well as continued development and optimization of our global platform, its growth strategy, investing in customer service, leveraging our brand strength, and expanding brands to new markets.

Consolidation of Clientele
As the consolidation in the food industry in all the market segments we serve continues, customers tend to grow larger, which results in a decrease in the number of customers and increase in the relative importance of some customers. For fiscal 2024, none of our customers represented more than 10% of total consolidated revenues. Our ability to continue to service our customers in all the markets that we serve will depend on the quality and price of our products, as well as the value proposition we offer to our customers. We manage risks relative to the consolidation of clientele through the implementation of strategies to diversify our customer mix and our product offering in each of our market segments, as well as the implementation of value-added customer partnerships. Failure to maintain mutually beneficial relationships with our key customers or to resolve a significant dispute with any of our key customers, a change in the business condition (financial or otherwise) of any of our key customers, even if unrelated to us, or the loss of any of our key customers can adversely affect our business.

Cybersecurity and Overall Management of Information Systems
We rely on information technology applications and systems in all areas of our operations. These applications and systems, some of which are managed by third parties, are subject to an increasing number of sophisticated and constantly evolving cyber threats. A number of our employees may work in a distributed remote environment from time to time, which increases risks of cybersecurity threats and attacks. We are mainly exposed to risks relating to business disruptions, confidentiality, data integrity, and fraud related to business information compromise. Therefore, any unavailability or failure, due to security incidents or otherwise, may impede or slow down production, delay or taint certain decisions, and result in financial losses, including as a result of remediation costs.

In addition, any unauthorized or malicious access to information systems containing proprietary, sensitive, or confidential information could compromise our data integrity or result in disclosure or loss of data which may have adverse effects on our activities, results, and reputation, including loss of revenues due to a disruption of the business, diminished competitive advantage, litigation or other legal procedures, or liability for failure to comply with privacy and information security laws.

We have implemented policies, practices, procedures, and controls, including maintenance of protective systems and technology, monitoring and testing, incident response, disaster recovery and business continuity plans, and employee training, to protect our IT systems, to prevent unauthorized access to confidential data, and to mitigate the risk of disruption to our business. We make strategic investments in this area in order to mitigate cyber threats. We also have security and compliance processes, protocols, and standards that are applicable to our third-party service providers. Our processes include a due diligence approach that ensures that third-party services, including cloud-based services, are evaluated using industry standard security assurance approaches to assess the risks. Third-party providers must comply with security frameworks such as the International Organization for Standardization (ISO) and International Electrotechnical Commission (IEC) 27001 standard, or equivalent, or provide third-party assurance on relevant control objectives.

Despite these measures to reduce the likelihood, duration, and severity of disruptions to our information technology applications and systems, and maintain ongoing investments to protect, detect, respond to, and manage cybersecurity incidents, we and other companies in the food industry have in the past been subject to cyber-attacks and expect that we will be subject to additional cyber-attacks in the future. We and our third party service providers may be unable to anticipate, timely identify, or appropriately respond to one or more of the rapidly evolving and increasingly sophisticated means by which hackers, cyber terrorists, and others may attempt to breach our security measures or our third party service providers' IT systems. This may be further exacerbated by the challenged labour market for skilled workers that we want and may require for our future business needs, such as people with an expertise in cybersecurity, IT cloud-based systems, artificial intelligence and machine learning, and/or digital and analytics capabilities.

Unanticipated Business Disruption
Major events, such as systems and equipment failure, supply chain disruptions, cyberattacks, geopolitical developments, military conflicts, and natural disasters, increased frequency or intensity of extreme weather conditions (including as a result of climate change), political instability, civil unrest, health pandemics, or unfavourable economic conditions could lead to unanticipated business disruptions at any or certain of our facilities. The effect would be more significant if our larger manufacturing facilities were to be affected. The failure to mitigate business disruptions in a timely manner could negatively affect our financial performance and condition, as well as our ability to achieve our financial, operational, and sustainability goals.

Economic and Geopolitical Conditions

Continuing economic and political uncertainties, such as decreases in disposable income, persistent inflationary pressures, declines in consumer confidence, reduced consumer discretionary spending, resulting from actual or perceived changes in the condition of the economy or economic slowdowns or recessions in any of our major markets may slow down the demand for our products. The Company's foodservice market segment is sensitive to this risk since reduced consumer discretionary spending generally results in a decrease in the frequency and amount spent for food prepared away from home. The Company mitigates this risk through its diversified customer mix aimed at reducing concentration exposure.

Ongoing military conflicts continue to result in worldwide geopolitical and macroeconomic uncertainty. The conflicts have resulted and could continue to result in volatile commodity markets, supply chain disruptions, increased risk of cyber incidents or other disruptions, and increased costs for transportation, energy, packaging, raw materials, and other input costs.

The continuing economic uncertainties could also result in financial instability for certain suppliers, customers, or other business partners, which could limit our capacity to supply demand further exacerbate our competition risks.

Our Dairy Division (Argentina) operates in a hyperinflation economy. Hyperinflation and volatile economic conditions in Argentina can lead to erosion of purchasing power for our assets denominated in the Argentine peso, as well as for consumers.

Public Health Threats and COVID-19 Pandemic Post-Recovery

An outbreak of disease, epidemic or pandemic, such as the recent global COVID-19 pandemic, and the related actions by governments to attempt to contain the outbreak could have a material negative impact on the Company as it could disrupt our global supply chain, availability of labour, operations, logistics, and routes to market or those of our suppliers, their suppliers, or our distributors. These disruptions, or our failure to effectively respond to them, is likely to increase production or distribution costs, cause delays or inability to deliver products to our customers, or to complete capital projects.

There is no guarantee that the Company's actions to mitigate the effects of pandemics which may occur in the future, will be effective.

Consumer Trends

Demand for our products is subject to changes in consumer trends. For example, increased consumer focus on environmental sustainability matters, including emissions associated with the production of animal milk, and on health-related concerns, could have a negative impact on our financial performance if a growing number of consumers turn away from animal-related products in favour of dairy alternatives, which may lead to lower demand for dairy products. Product boycotts resulting from activism (including activism for animal rights or the environment) could reduce demand for our products. The impact of such events will depend on our ability to adapt, innovate, and develop new products which are adapted to these new consumer trends. If our product innovation efforts fail to deliver the expected benefits or if growth in demand for new products does not materialize as we expect, we may not reach our financial growth targets. Also, the increased use or prevalence of certain weight-management drugs that lower a person's appetite may impact the demand or consumption patterns for some of our products.

Further, our operations are and could continue to be affected by the economic context should unemployment, interest rates, or inflation reach levels that influence consumer trends and consequently impact our sales, margins. and profitability. Although the inflationary pressures we have seen in fiscal 2023 have moderated in fiscal 2024, the global economic environment remains uncertain. As a result of this economic uncertainty and persistent inflation, consumers may increasingly turn to lower-priced offerings, including private label, or may forgo some purchases altogether. To the extent that price increases are not sufficient to offset higher costs adequately or in a timely manner, and/or if they result in significant decreases in sales volume (including if inflation outpaces pricing elasticity for our products), our financial condition or operational performance may be adversely affected.

In addition, technology-based systems, which give consumers the ability to shop through e-commerce websites and mobile commerce applications, are also significantly altering the retail landscape where we operate. If we are unable to adjust to developments in these changing landscapes, we may be disadvantaged in key channels and with certain consumers, which could materially and adversely affect our sales, financial condition, and operating performance.

Environment

Saputo's business and operations are subject to environmental laws and regulations, including those relating to permitting requirements, wastewater discharges, air emissions, GHG, releases of hazardous substances, and remediation of contaminated sites. We believe that our operations are in compliance, in all material respects, with such environmental laws and regulations, except as disclosed in the Annual Information Form dated June 6, 2024, for the fiscal year ended March 31, 2024. Compliance with these laws and regulations requires that we continue to incur operating and maintenance costs and capital expenditures, including to control potential impacts of our operations on local communities. Changes in environmental laws and regulations, evolving interpretation thereof, or more vigorous regulatory enforcement policies (including as a result of increased concern over climate change, water scarcity, waste management, plastic pollution, wastewater discharges, air emissions, GHG, or release of hazardous substances) could impose additional compliance costs, capital expenditures, as well as other financial obligations, which could have a material adverse effect on our financial position and performance.

Moreover, compliance with any such changes may require us to make significant changes in our business operations and strategy, which will likely require us to devote substantial time and attention to these matters and cause us to incur additional costs.

Saputo has set environmental targets and has undertaken or planned capital expenditures and other projects to increase its energy efficiency, reduce its GHG emissions, reduce operational and packaging waste, and decrease water usage. Because of the limitations and uncertainties inherent in climate and sustainability science, climate risk analysis and reporting, we have relied upon prevailing climate change quantification guidance and made reasonable and good faith estimates and assumptions in establishing our environmental targets. There are numerous factors, many of which are beyond the Company's control, that are the subject of ongoing climate and sustainability science and that we may not foresee or be able to accurately predict, and which may impact our ability to achieve these targets, including the availability of comprehensive and high-quality GHG emissions data, the availability of technology necessary to achieve these targets, the development and performance of technology, innovation and the future use and deployment of technology and associated expected future results, the accessibility of carbon and renewable energy instruments for which a market is still developing and which are subject to risk of invalidation or reversal, and environmental regulation. There is no assurance that our environmental and sustainability initiatives will be economically viable, effective or that the anticipated environmental benefits will materialize. Our ability to achieve our environmental targets, commitments, and goals depends on the development and performance of technology, innovation, and the future use and deployment of technology. It is possible that the changes necessary to reduce emissions or waste will not be feasible or that the costs will be material, either of which could have a material adverse effect on Saputo's reputation, operations, or financial position.

In addition, there is an increased focus on environmental sustainability matters, including emissions associated with the production of milk. Any failure to achieve our environmental targets or other environment-related goals, including goals related to climate change, or a perception (whether or not valid) of failure by the Company or the dairy industry to act responsibly with respect to the evolving environmental issues, or to effectively respond to new, or changes in, legal or regulatory requirements concerning environmental matters, or increased operating or manufacturing costs due to increased regulation or environmental causes could adversely affect our business, our reputation, and our ability to attract capital from financial institutions and investors incorporating sustainability and ESG considerations as part of their portfolio, and increase the risk of litigation. Saputo's reputation could be affected if we or other stakeholders in the dairy industry do not act, or are perceived not to act, responsibly.

Climate Change

In fiscal 2022, we undertook a scenario-based climate assessment to help us understand how external climate risks and opportunities could impact our business operations, and better understand the resilience of our business strategy to different climate futures and the impacts associated with the transition to a lower-carbon economy. Leveraging the findings, we have developed a roadmap to embed climate related risks in our risk management program and are developing strategies and actions to address climate risks as an organization as part of the overall risk mitigations. There is no guarantee that these risk mitigation efforts will be effective.

The potential effects of climate change could have a material impact on our business and operations, including a range of operational, financial, and reputational risks. Climate-related physical risks that may have an impact on Saputo include reduced milk yield due to heat stress or changing weather patterns, reduced availability of quality crop for feed, reduced availability of clean water for farming or manufacturing operations, and short interruption to upstream (milk supply) or downstream (our products) supply chain due to extreme weather events. Some of our milk suppliers are located in parts of the world which have suffered effects of climate change. Climate-related transition risks that may have an impact on Saputo include increased energy costs and increased demand for low-carbon products.

Increasing concern over climate change and its impacts may result in additional laws, regulations, rules, and policies designed to reduce or mitigate the effects of GHG emissions or the impacts of climate change on the environment. Increased legal or regulatory requirements may result in increased energy or compliance costs, disruption in the running of our manufacturing facilities and our business, and increased disclosure obligations.

Growth Strategy
We plan to grow both organically and through acquisitions. Our organic growth strategy, which is outlined in our Global Strategic Plan, may fail to deliver results and our targeted organic growth may never materialize. Capital expenditure projects, including strategic projects as well as projects to replace, renew or modernize older equipment, facilities, and systems, play a key role in Saputo's organic growth strategy. The outcome and success of these projects often depend on several factors that are outside of our control, including disruptions caused by availability and cost of labour, new competing operational priorities, timing for completion, regulatory and governmental approvals, pandemics, materials, and equipment, contractor non-performance, cost of engineering, construction, and other consulting services, and weather conditions. In the event of unanticipated delays or costs, business operations may be adversely affected. Failure to execute our organic growth strategy or capital expenditure projects as planned and in a timely and efficient manner could result in business disruptions or negatively impact our ability to achieve our strategic growth goals and financial performance. Other risks related to our business described in this section may impact our ability to grow organically and meet our strategic growth goals and targets.

We plan to continue to rely on new acquisitions to pursue our growth. We may therefore incur costs and divert management's time and attention in connection with potential acquisitions that may never be consummated. The ability to properly evaluate the fair value of the businesses being acquired and to properly devote the time and human resources required to successfully integrate their activities with those of Saputo constitute inherent risks related to acquisitions. The inability to adequately integrate an acquired business in a timely and efficient manner may affect our ability to realize synergies or improvements and to achieve anticipated returns, as well as resulting in higher integration costs and loss of business opportunities. In connection with acquisitions made by Saputo, there may also be liabilities and contingencies that we discover after closing, or are unable to quantify in the due diligence conducted prior to closing, and which could have a negative effect on our business, financial performance, and condition.

Intellectual Property
As we are involved in the production, sale, and distribution of food products, we rely on brand recognition and loyalty from our clientele in addition to relying on the quality of our products. Also, as innovation forms part of Saputo's growth strategy, our research and development teams develop new technologies, products, and process optimization methods. We, therefore, take measures to protect, maintain, and enforce our intellectual property. There is no guarantee that such measures will be effective. Any infringement to our intellectual property could damage our value and limit our ability to compete. In addition, we may have to engage in litigation in order to protect our rights, which could result in significant costs.

Financial Risk Exposures
We operate internationally and are exposed to varying degrees to foreign exchange risk relating to the currencies we use for our business. Cash flows from operations in each of the countries where we operate act, in part, as a natural hedge against the foreign exchange risks related to debt denominated in such countries' currency. The level of the financial risk exposure related to currency fluctuations will depend on our ability to maintain appropriate protection mechanisms.

The current global economic environment could result in financial instability for certain suppliers, customers, or other business partners, which could have a negative effect on our business, financial performance, financial condition, and cash flow.

Interest Rate and Access to Capital and Credit Markets
A portion of Saputo's interest-bearing debt is subject to interest rate fluctuations. The impact on our results will depend on our ability to maintain adequate protection against such interest rate fluctuations.

Our growth by acquisitions is dependent on access to liquidity in the capital and credit markets. Similarly, we may be required to access liquidity in the capital and credit markets in order to refinance or retire existing indebtedness. The impact of such financing transactions on our results will depend on our ability to secure liquidity in a timely manner and on terms and conditions acceptable to us. Changes in the perceived creditworthiness of the Company or the credit rating of our MTN increase our borrowing costs. Uncertain economic conditions and disruption in financial markets could adversely affect our financial performance and the availability and cost of capital, preventing us from continuing to access preferred sources of liquidity when desired.

Further, volatility in the capital markets has been heightened and such volatility may continue, which may cause fluctuations in the price of the Company's shares or result in shareholder grievance or activism. Such investor activism, including by short sellers, could further result in adverse volatility in the market price and trading volume of the Company's shares.

Pension Plans
We operate both defined benefit and defined contribution plans (collectively, the "Plans"). Contributions to fund our defined benefit Plans are based on actuarial valuations, which themselves are based on assumptions and estimates about the long-term operations of the Plans, including assumptions on inflation, mortality, and the discount rates used to determine the liabilities of the Plans. Actual results of actuarial valuations may differ from expectations. We cannot predict whether changing markets or economic conditions, changes to pension legislation and regulations, or other factors will increase our pension expenses or liabilities, or funding obligations, diverting funds we would otherwise apply to other uses. Increases in net pension liabilities or increases in future cash contributions could adversely affect our business, financial condition, results from operations, and cash flows.

Credit Risk
We grant credit to our customers in the normal course of business. Credit valuations are performed on a regular basis and the financial statements take into account an allowance for expected credit loss. We consider that our exposure to concentration of credit risk with respect to accounts receivable from customers is low due to our large and diverse customer base operating in three market segments, retail, foodservice, and industrial, and our geographic diversity. There are no accounts receivable from any individual customer that exceeded 10% of the total balance of accounts receivable as at March 31, 2024. We regularly review the allowance for expected credit loss and accounts receivable due. We update our estimate of the allowance for doubtful accounts based on the evaluation of the recoverability of accounts receivable balances of each customer taking into consideration historic collection trends of past due accounts. Despite these mitigation strategies, our financial performance could be negatively impacted by customers failing to fulfill their obligations.

Legislative, Regulatory, and Normative Considerations
We are subject to local, provincial, state, federal, and international laws, regulations, rules, and policies prevailing in places where we conduct our activities. Consequently, the modification or change of any of these elements may have an unfavourable impact on our results and operations and may require that important expenses be made in order to adapt or comply. More specifically, the production and distribution of food products are subject to federal, state, provincial, and local laws, rules, regulations, and policies, and to international trade agreements, all of which provide a framework for our operations.

We are subject to evolving privacy and data protection laws and regulations in the jurisdictions where we do business, and there has been an increasing focus on privacy and data protection issues with the potential to affect our business. The impact of new laws and regulations, stricter enforcement or interpretations, or changes to enacted laws and regulations will depend on our ability to adapt thereto and comply therewith. We are currently in compliance in all material respects with all applicable laws and regulations and maintain all material permits and licenses in connection with our operations.

Tariff Protection
Dairy-producing industries in Canada and the USA are partially protected from imports by tariff-rate quotas which permit a specific volume of imports at a reduced or zero tariff and impose significant tariffs for greater quantities of imports. There is no guarantee that political decisions or amendments to international trade agreements will not result in the removal of tariff protection in the dairy market, resulting in increased competition. Our performance will be dependent on our ability to continue to offer quality products at competitive prices.

Reputation and Public Opinion
We are committed to making progress on the Saputo Promise, our approach to social, environmental, and economic performance. Maintaining a positive reputation in the eyes of our customers, consumers, suppliers, communities, governments, regulatory bodies, and the general public is important to our continued success.

The potential for deterioration of our reputation may arise in many contexts and for many different reasons. For example, the dairy industry is subject to the activities of animal activists. Activist activities may spread information and misinformation in a variety of ways, including through protests and attempts to disrupt operations, as well as through various communication strategies. The growing use of social and digital media increases the speed and extent at which information or misinformation and opinions can be shared.

Negative public opinions or shifts in opinion, negative publicity about Saputo, our brands, our products, or about the dairy industry could damage our reputation and negatively impact our sales and results. It may also diminish our ability to hire and retain the best talent, which could have an adverse impact on our overall business. Reputational risk intersects with many of the Company's other risks and may therefore exacerbate these risks.

Inventory
We are subject to inventory risks that may adversely affect our operating results due to variations in market selling prices for dairy products and ingredients, changes in consumer demand, seasonality, spoilage, limited product shelf life, changes in consumer tastes with respect to our products, and other factors. Excess or obsolete inventory which cannot be sold profitably, or increases in levels of inventory shrink could result in an inventory write-down or otherwise affect our financial performance.

Impairment Charges
We assess our goodwill and other intangible assets and long-lived assets as and when required by IFRS to determine whether they are impaired and, if they are, we record appropriate impairment charges. We have been required to record impairment charges in fiscal 2024 and it is possible that we may be required to record significant impairment charges in the future. Although they do not attract cash outflow, our results and our reputation could be materially adversely affected by such impairment charges.

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.

The CEO and the CFO, along with Management, after evaluating the effectiveness of the Company's disclosure controls and procedures as at March 31, 2024, have concluded that the Company's disclosure controls and procedures were effective.

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.

The CEO and the CFO, along with Management, evaluated the effectiveness of the Company's internal control over financial reporting as at March 31, 2024, in accordance with the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, the CEO and the CFO, along with Management, have concluded that the Company's internal control over financial reporting was effective.

There were no changes to Saputo's internal control over financial reporting that occurred during the period beginning on January 1, 2024, and ended on March 31, 2024, that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

SENSITIVITY ANALYSIS OF INTEREST RATE AND US CURRENCY FLUCTUATIONS

The debt subject to interest rate fluctuations was $533 million as at March 31, 2024. A 1% change in the interest rate would lead to a change in net earnings of approximately $3 million. Canadian and US currency fluctuations may affect net earnings, adjusted EBITDA[1], and revenues. Appreciation of the Canadian dollar compared to the US dollar would have a negative impact on net earnings, adjusted EBITDA[1], and revenues. However, a decrease in the Canadian dollar compared to the US dollar would have a positive impact on net earnings. During the fiscal year ended March 31, 2024, the average US dollar conversion was based on US$1.00 for $1.3490. A fluctuation of $0.10 of the Canadian dollar would have resulted in a change of approximately $12 million in net earnings, $40 million in adjusted EBITDA[1], and $579 million in revenues.

[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.

QUARTERLY FINANCIAL INFORMATION

2024 quarterly financial information – consolidated income statement

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

	Q4	Q3	Q2	Q1	Fiscal 2024
Revenues	**4,545**	**4,267**	**4,323**	**4,207**	**17,342**
Operating costs excluding depreciation, amortization, and restructuring costs	**4,166**	**3,897**	**3,925**	**3,845**	**15,833**
Adjusted EBITDA[1]	**379**	**370**	**398**	**362**	**1,509**
Margin[1]	***8.3%***	***8.7%***	***9.2%***	***8.6%***	***8.7%***
Depreciation and amortization	**157**	**147**	**145**	**146**	**595**
Goodwill impairment charge	**—**	**265**	**—**	**—**	**265**
Acquisition and restructuring costs	**19**	**6**	**—**	**—**	**25**
Loss (gain) on hyperinflation	**34**	**3**	**9**	**(2)**	**44**
Financial charges	**50**	**42**	**44**	**40**	**176**
Earnings (loss) before income taxes	**119**	**(93)**	**200**	**178**	**404**
Income taxes	**27**	**31**	**44**	**37**	**139**
Net earnings (loss)	**92**	**(124)**	**156**	**141**	**265**
Margin	***2.0%***	***(2.9)%***	***3.6%***	***3.4%***	***1.5%***
Adjusted net earnings[1]	**156**	**163**	**181**	**154**	**654**
Margin[1]	***3.4%***	***3.8%***	***4.2%***	***3.7%***	***3.8%***
Earnings (loss) per share:					
Basic	**0.22**	**(0.29)**	**0.37**	**0.33**	**0.63**
Diluted	**0.22**	**(0.29)**	**0.37**	**0.33**	**0.63**
Adjusted EPS[1]:					
Basic[1]	**0.37**	**0.38**	**0.43**	**0.37**	**1.54**
Diluted[1]	**0.37**	**0.38**	**0.43**	**0.36**	**1.54**

[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.

Quarterly financial information by sector

	Q4	Q3	Q2	Q1	Fiscal 2024
Revenues					
Canada	**1,192**	**1,271**	**1,248**	**1,211**	**4,922**
USA	**1,928**	**2,056**	**1,950**	**1,876**	**7,810**
International	**1,135**	**636**	**879**	**868**	**3,518**
Europe	**290**	**304**	**246**	**252**	**1,092**
Total	**4,545**	**4,267**	**4,323**	**4,207**	**17,342**
Net earnings (loss) (consolidated)	**92**	**(124)**	**156**	**141**	**265**

	Q4	Q3	Q2	Q1	Fiscal 2024
Adjusted EBITDA					
Canada	**138**	**150**	**148**	**144**	**580**
USA	**138**	**133**	**147**	**103**	**521**
International	**88**	**85**	**83**	**77**	**333**
Europe	**15**	**2**	**20**	**38**	**75**
Total[1]	**379**	**370**	**398**	**362**	**1,509**

[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.

2023 quarterly financial information – consolidated income statement

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

	Q4	Q3	Q2	Q1	Fiscal 2023
Revenues	**4,468**	**4,587**	**4,461**	**4,327**	**17,843**
Operating costs excluding depreciation, amortization, and restructuring costs	**4,076**	**4,142**	**4,092**	**3,980**	**16,290**
Adjusted EBITDA[1]	**392**	**445**	**369**	**347**	**1,553**
Margin[1]	***8.8%***	***9.7%***	***8.3%***	***8.0%***	***8.7%***
Depreciation and amortization	**144**	**147**	**146**	**145**	**582**
Acquisition and restructuring costs	**28**	**38**	**22**	**7**	**95**
Loss (gain) on hyperinflation	**—**	**—**	**(26)**	**(18)**	**(44)**
Financial charges	**39**	**37**	**39**	**30**	**145**
Earnings before income taxes	**181**	**223**	**188**	**183**	**775**
Income taxes	**22**	**44**	**43**	**44**	**153**
Net earnings	**159**	**179**	**145**	**139**	**622**
Margin	***3.6%***	***3.9%***	***3.3%***	***3.2%***	***3.5%***
Adjusted net earnings[1]	**196**	**221**	**151**	**143**	**711**
Margin[1]	***4.4%***	***4.8%***	***3.4%***	***3.3%***	***4.0%***
EPS:					
Basic	**0.38**	**0.43**	**0.35**	**0.33**	**1.49**
Diluted	**0.38**	**0.43**	**0.35**	**0.33**	**1.48**
Adjusted EPS[1]:					
Basic[1]	**0.47**	**0.53**	**0.36**	**0.34**	**1.70**
Diluted[1]	**0.46**	**0.53**	**0.36**	**0.34**	**1.70**

[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.

Quarterly financial information by sector

	Q4	Q3	Q2	Q1	Fiscal 2023
Revenues					
Canada	1,156	1,213	1,185	1,142	4,696
USA	2,062	2,172	2,062	2,043	8,339
International	963	917	989	916	3,785
Europe	287	285	225	226	1,023
Total	**4,468**	**4,587**	**4,461**	**4,327**	**17,843**
Net earnings (consolidated)	**159**	**179**	**145**	**139**	**622**

	Q4	Q3	Q2	Q1	Fiscal 2023
Adjusted EBITDA					
Canada	134	149	136	132	551
USA	143	146	102	97	488
International	84	111	97	82	374
Europe	31	39	34	36	140
Total[1]	**392**	**445**	**369**	**347**	**1,553**

[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.

CONSOLIDATED ANALYSIS OF EARNINGS FOR THE YEAR ENDED MARCH 31, 2023, COMPARED TO MARCH 31, 2022

Revenues

Revenues in **fiscal 2023** totalled $17.843 billion, up $2.808 billion or 18.7%, as compared to $15.035 billion for fiscal 2022.

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

In the USA Sector, the combined effect of the fluctuations of the average block market price[2] and of the average butter market price[2] had a favourable impact of $987 million. Higher international cheese and dairy ingredient market prices, as well as the effect of the fluctuation of the Argentine peso and the Australian dollar on export sales denominated in US dollars were favourable.

Overall sales volumes were stable. Sales volumes mainly increased in the USA Sector while export sales volumes decreased due to reduced milk availability in Australia.

The fluctuation of foreign currencies versus the Canadian dollar had an unfavourable impact of approximately $62 million.

Operating costs excluding depreciation, amortization, and restructuring costs

In **fiscal 2023**, operating costs excluding depreciation, amortization, and restructuring costs totalled $16.290 billion, up $2.410 billion or 17.4%, as compared to $13.880 billion for fiscal 2022. This increase was due to higher input costs in all our divisions caused by inflationary pressures. Higher revenues, dairy commodity market volatility, and higher input costs contributed to the higher cost of raw materials and consumables used. Employee salary and benefit expenses increased due to inflation and wage increases.

Net earnings

In **fiscal 2023**, net earnings totalled $622 million, up $348 million or 127.0%, as compared to $274 million for fiscal 2022. The increase is primarily due to the factors that have led to a higher adjusted EBITDA[1], as described below, the impairment of intangible assets and the gain on disposal of assets both recorded in fiscal 2022, partially offset by higher depreciation and amortization, acquisition and restructuring costs, financial charges, and income tax expense and a lower gain on hyperinflation.

[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.

Adjusted EBITDA[1]

Adjusted EBITDA[1] in **fiscal 2023** totalled $1.553 billion, up $398 million or 34.5%, as compared to $1.155 billion for fiscal 2022.

Improved results reflected solid performances in the International Sector and Canada Sector and recovery in the USA Sector.

We benefited from pricing initiatives implemented to mitigate higher input costs, such as consumables, packaging, transportation, and fuel in line with ongoing inflationary pressures and commodity market volatility.

The relation between international cheese and dairy ingredient market prices and the cost of milk as raw material in the International Sector had a positive impact. Last fiscal year, fulfilling sales contracted at depressed commodity prices in our International Sector had an unfavourable impact.

USA Market Factors[2] had an unfavourable impact of $11 million, as compared to fiscal 2022, mainly due to the negative Spread[2] more particularly during the first half of the fiscal year. On the other hand, fluctuations of the average butter market price[2] had a favourable impact on pricing protocols for our dairy food products mostly during the fourth quarter of the fiscal year.

Labour shortages in some of our facilities and supply chain disruptions put pressure on our ability to supply ongoing demand. However, throughout the fiscal year, we consistently focused on overcoming these challenges and have been recovering sales volumes and increasing fill rates in our USA Sector. Furthermore, reduced milk availability in Australia negatively impacted efficiencies and the absorption of fixed costs. We actively managed these challenging market conditions throughout the fiscal year.

We benefited from our cost containment measures aimed at minimizing the effect of inflation and our efforts to prioritize efficiency and productivity initiatives.

The fluctuation of foreign currencies versus the Canadian dollar had an unfavourable impact of approximately $38 million.

Depreciation and amortization

In **fiscal 2023,** depreciation and amortization totalled $582 million, up $22 million, as compared to $560 million for last fiscal 2022. This increase was mainly attributable to additional depreciation and amortization related to business acquisitions completed in fiscal 2022, as well as additions to property, plant, and equipment, which increased the depreciable base.

Acquisition and restructuring costs

In **fiscal 2023**, acquisition and restructuring costs totalled $95 million related to initiatives undertaken in Australia, the USA Sector, and the Europe Sector as part of our Global Strategic Plan. These costs included a total non-cash fixed assets write-down of $62 million, employee-related costs of $28 million, accelerated depreciation, and other site closure costs. Restructuring costs also included a $2 million gain on disposal of assets related to the sale of a closed facility in the Canada Sector.

In fiscal 2022, acquisition and restructuring costs totalled $71 million related to the announcement of several major capital investments and consolidation initiatives intended to enhance and streamline our manufacturing footprint in our USA Sector and International Sector as well as plans to outsource warehouse and distribution activities, creating opportunities for network consolidation within our Europe Sector. Restructuring costs included a non-cash impairment charge of property, plant, and equipment of $60 million and severance costs of $8 million.

Gain on disposal of assets

In **fiscal 2022**, the Company recorded a gain on disposal of assets of $9 million ($8 million after tax) resulting mainly from the sale of a facility in the Canada Sector.

[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.

Impairment of intangible assets

In **fiscal 2022**, a non-cash impairment of intangible assets charge of $58 million ($43 million after tax) was recorded. The charge included $50 million ($38 million after tax) related to software assets following the Company's decision to pause the ERP implementation within the Dairy Division (Canada) for a minimum of three years and $8 million ($5 million after tax) as a result of the application of an agenda decision of the IFRIC related to the capitalization of cloud-based software costs.

Loss (gain) on hyperinflation

Gain on hyperinflation for fiscal 2023 totalled $44 million ($48 million in fiscal 2022). The gain on hyperinflation is relative to the application of hyperinflation accounting for the Dairy Division (Argentina).

Financial charges

Financial charges in **fiscal 2023** totalled $145 million, up $27 million, compared to fiscal 2022. This increase reflected higher interest rates.

Income tax expense

Income tax expense in **fiscal 2023** totaled $153 million, reflecting an effective tax rate of 19.7% as compared to 32.3% fiscal 2022.

The effective income tax rate for fiscal 2022 included a one-time non-cash $50 million income tax expense incurred to adjust deferred income tax liability balances due to the enactment on June 10, 2021, of an increase from 19% to 25% of the corporate income tax rate in the United Kingdom, which became effective on April 1, 2023. Excluding the effect of this one-time non-cash expense, the effective income tax rate for fiscal 2022 would have been 20.0%.

The tax and accounting treatments of inflation in Argentina had a favourable effect of approximately 6% on both the fiscal 2023 and fiscal 2022 effective income tax rates.

The effective income tax rate varies and could increase or decrease based on the geographic mix of quarterly and year-to date earnings across the various jurisdictions in which we operate, 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.

Adjusted net earnings[1]

In **fiscal 2023**, adjusted net earnings[1] totalled $711 million, up $274 million or 62.7%, as compared to $437 million for fiscal 2022. This is mainly due to the factors that have led to an increase in net earnings, as described above, excluding higher acquisition and restructuring costs after tax, the one-time non-cash expense to adjust deferred income tax liability balances to reflect the increase in the corporate income tax rate in the United Kingdom, the non-recurring impairment on intangible assets after tax and gain on sale of assets after tax that were recorded last fiscal year.

[1] This is a total of segments measure, a non-GAAP financial measure, or a non-GAAP ratio. See the "Non-GAAP Measures" section 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.

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 and adjusted net earnings margin

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

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

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

	For the three-month periods ended March 31		For the years ended March 31	
	2024	2023	**2024**	2023
Net earnings	**92**	159	**265**	622
Acquisition and restructuring costs[1]	**15**	21	**19**	70
Amortization of intangible assets related to business acquisitions[1]	**15**	16	**61**	63
Goodwill impairment charge	**—**	—	**265**	—
Loss (gain) on hyperinflation[2]	**34**	—	**44**	(44)
Adjusted net earnings	**156**	196	**654**	**711**
Revenues	**4,545**	4,468	**17,342**	17,843
Margin (expressed as a percentage of revenues)	***3.4 %***	*4.4 %*	***3.8 %***	*4.0 %*

[1] Net of applicable income taxes.
[2] Starting in fiscal 2024:
- the loss (gain) on hyperinflation is presented on a separate line on the consolidated income statements; and
- adjusted net earnings exclude the loss (gain) on hyperinflation to provide investors with more useful information with regards to our ongoing operations.

Comparative periods included in this MD&A were aligned to meet the current presentation.

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 and adjusted net earnings margin section.

We use adjusted EPS basic and adjusted EPS diluted, and we believe that certain securities analysts, investors, and other interested parties use these measures, among other ones, to assess the performance of our business without the effect of the acquisition and restructuring costs, amortization of intangible assets related to business acquisitions, gain on disposal of assets, impairment of intangible assets, goodwill impairment charge, and loss (gain) on hyperinflation. 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 23 to the 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 consolidated financial statements, but not in its primary financial statements. Consolidated adjusted EBITDA is a total of segments measure.

Consolidated adjusted EBITDA is the total of the adjusted EBITDA of our four geographic sectors. We report our business under four sectors: Canada, USA, International, and Europe. The Canada Sector consists of the Dairy Division (Canada), the USA Sector consists of the Dairy Division (USA), the International Sector consists of the Dairy Division (Australia) and the Dairy Division (Argentina), and the Europe Sector consists of the Dairy Division (UK). We sell our products in three different market segments: retail, foodservice, and industrial.

Adjusted EBITDA and adjusted EBITDA margin

We believe that adjusted EBITDA and adjusted EBITDA margin provide investors with useful information because they are common industry measures. Adjusted EBITDA margin consists of adjusted EBITDA expressed as a percentage of revenues. 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 March 31		For the years ended March 31	
	2024	2023	**2024**	2023
Net earnings	**92**	159	**265**	622
Income taxes	**27**	22	**139**	153
Financial charges[1]	**50**	39	**176**	145
Loss (gain) on hyperinflation[1]	**34**	—	**44**	(44)
Acquisition and restructuring costs	**19**	28	**25**	95
Goodwill impairment charge	**—**	—	**265**	—
Depreciation and amortization	**157**	144	**595**	582
Adjusted EBITDA	**379**	392	**1,509**	1,553
Revenues	**4,545**	4,468	**17,342**	17,843
Adjusted EBITDA margin	***8.3 %***	*8.8 %*	***8.7 %***	*8.7 %*

[1] Starting in fiscal 2024, the loss (gain) on hyperinflation is presented on a separate line on the consolidated income statements. Comparative periods included in this MD&A were aligned to meet the current presentation.

GLOSSARY

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

Block market price means the 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.

Butter market price means the 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.

Net Debt means long-term debt, lease liabilities, and bank loans, including the current portion thereof, net of cash and cash equivalents. Refer to Note 23 to the consolidated financial statements for further information.

Net earnings (loss) margin means net earnings (loss) expressed as a percentage of revenues.

Non-current financial liabilities is composed of non-current long-term debt, lease liabilities, and derivative financial liabilities.

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.

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 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.

CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation and presentation of the consolidated financial statements and the financial information presented in this annual report. This responsibility includes the selection of accounting policies and practices and making judgments and estimates necessary to prepare the consolidated financial statements in accordance with International Financial Reporting Standards.

Management has also prepared the financial information presented elsewhere in this annual report and has ensured that it is consistent with the consolidated financial statements.

Management maintains systems of internal control designed to provide reasonable assurance that assets are safeguarded and that relevant and reliable financial information is being produced.

The Board of Directors is responsible for ensuring that Management fulfills its responsibilities for financial reporting and is responsible for reviewing and approving the consolidated financial statements. The Board of Directors carries out this responsibility principally through its Audit Committee, which is comprised solely of independent directors. The Audit Committee meets periodically with Management and the independent auditor to discuss internal controls, auditing matters and financial reporting issues. It also reviews the annual report, the consolidated financial statements and the independent auditor's report. The Audit Committee recommends the independent auditor for appointment by the shareholders. The independent auditor have unrestricted access to the Audit Committee. The consolidated financial statements have been audited by the independent auditor KPMG LLP, whose report follows.

(signed) Lino A. Saputo
Lino A. Saputo, C.M.
Chair of the Board,
President and Chief Executive Officer

(signed) Maxime Therrien
Maxime Therrien, CPA
Chief Financial Officer
and Secretary

June 6, 2024

KPMG LLP
600 de Maisonneuve Blvd. West
Suite 1500, Tour KPMG
Montréal (Québec) H3A 0A3

Telephone (514) 840-2100
Fax (514) 840-2187
Internet www.kpmg.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Saputo Inc.

Opinion

We have audited the consolidated financial statements of Saputo Inc. (the "Entity"), which comprise:

- the consolidated statements of financial position as at March 31, 2024 and March 31, 2023;
- the consolidated income statements for the years then ended
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2024 and March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of the carrying amount of Goodwill for Dairy Division (UK) and Dairy Division (Australia) cash generating units (CGUs)

Description for the matter

We draw attention to Notes 3 and 8 of the financial statements. The goodwill balance is $3,098 million, of which $629 million relates to the Dairy Division (UK) and nil related to the Dairy Division (Australia), due to a goodwill impairment charge of $265 million recorded as a result of the annual goodwill impairment test performed at December 31, 2023. The Entity performs impairment testing annually for goodwill or more frequently if events or changes in circumstances indicate that it might be impaired. When testing goodwill for impairment, the carrying values of the CGUs or group of CGUs, including goodwill, are compared with their respective recoverable amounts and an impairment loss, if any, is recognized for the excess. The recoverable amounts of the CGUs or group of CGUs are estimated based on the higher of their fair value less costs of disposal using an earnings multiplier valuation method and value in use using a discounted cash flow model. The determination of the recoverable amount requires management to make significant estimates and assumptions related to:

- The forecasted cash flows based on earnings before interest, income taxes, depreciation and amortization ("EBITDA"), terminal growth rates and discount rates, used in the discounted cash flow model
- EBITDA multiples used in the earnings multiplier valuation method.

Why this matter is a key audit matter

We identified the assessment of the carrying amount of Goodwill for Dairy Division (UK) and Dairy Division (Australia) CGUs as a key audit matter. This matter represented an area of significant risk of material misstatement given the sensitivity of the Entity's determination of the recoverable amounts of the CGUs to changes to significant assumptions. In addition, significant auditor judgment and specialized skills and knowledge were required in evaluating the results of our audit procedures.

How the Key Audit Matter Was Addressed in the Audit

The primary procedures we performed to address this key audit matter included the following:

We evaluated the Entity's ability to accurately forecast EBITDA by comparing actual results to historical EBITDA forecasts.

We involved our valuations professionals with specialized skills and knowledge, who assisted in evaluating the appropriateness of the:

- Terminal growth rates by developing a range of independent terminal growth rates using publicly available industry market data and expected long term inflation rates and comparing those to the Entity's terminal growth rates assumptions
- Discount rates by comparing inputs into the discount rates to publicly available data for comparable entities

- EBITDA multiples by developing an independent range of multiples using available market information from third party sources and observed in recent comparable transactions, and comparing those to EBITDA multiples selected by management.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis and the Annual Report filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor's report is Toni Dilli.

/s/ KPMG LLP*

Montréal, Canada

June 6, 2024

* CPA auditor, public accountancy permit No. A123145

CONSOLIDATED INCOME STATEMENTS

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

Years ended March 31		2024		2023[1]
Revenues (Note 24)	**$**	**17,342**	$	17,843
Operating costs excluding depreciation, amortization, and restructuring costs (Note 5)		**15,833**		16,290
Earnings before income taxes, financial charges, loss (gain) on hyperinflation, acquisition and restructuring costs, depreciation and amortization and goodwill impairment charge		**1,509**		1,553
Depreciation and amortization		**595**		582
Goodwill impairment charge (Note 8)		**265**		—
Acquisition and restructuring costs (Note 14)		**25**		95
Loss (gain) on hyperinflation		**44**		(44)
Financial charges (Note 15)		**176**		145
Earnings before income taxes		**404**		775
Income taxes (Note 16)		**139**		153
Net earnings	**$**	**265**	$	622
Net earnings per share (Note 18)				
Basic	**$**	**0.63**	$	1.49
Diluted	**$**	**0.63**	$	1.48

[1] Comparative figures were reclassified to conform with the current year's presentation. Refer to Note 25 for more information.

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of CDN dollars)

Years ended March 31	**2024**	2023
Net earnings	**$ 265**	$ 622
Other comprehensive income (loss):		
Items that may be reclassified to net earnings:		
Effects of, exchange differences arising from foreign currency translation and, application of hyperinflation	**(82)**	281
Unrealized gains (losses) on cash flow hedges (Note 19)	**4**	(40)
Reclassification of (gains) losses on cash flow hedges to net earnings	**(6)**	23
Income taxes relating to items that may be reclassified to net earnings	**1**	5
	(83)	269
Items that will not be reclassified to net earnings:		
Actuarial loss (Note 20)	**(66)**	(154)
Income taxes relating to items that will not be reclassified to net earnings	**17**	38
	(49)	(116)
Other comprehensive income (loss)	**(132)**	153
Total comprehensive income	**$ 133**	$ 775

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in millions of CDN dollars, except common shares)

For the year ended March 31, 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	**421,604,856**	**$ 2,102**	**$ 347**	**$ 9**	**$ 176**	**$ 532**	**$ 4,506**	**$ 7,140**
Net earnings	—	—	—	—	—	—	**265**	**265**
Other comprehensive loss	—	—	**(82)**	**(1)**	—	**(83)**	**(49)**	**(132)**
Total comprehensive income								**133**
Dividends (Note 13)	—	—	—	—	—	—	**(311)**	**(311)**
Shares issued under dividend reinvestment plan (Note 13)	**2,355,481**	**66**	—	—	—	—	—	**66**
Stock options (Note 13)	—	—	—	—	**12**	**12**	—	**12**
Exercise of stock options (Note 13)	**366,078**	**12**	—	—	**(2)**	**(2)**	—	**10**
Balance, end of year	**424,326,415**	**$ 2,180**	**$ 265**	**$ 8**	**$ 186**	**$ 459**	**$ 4,411**	**$ 7,050**

For the year ended March 31, 2023	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	416,738,041	$ 1,945	$ 66	$ 21	$ 172	$ 259	$ 4,301	$ 6,505
Net earnings	—	—	—	—	—	—	622	622
Other comprehensive income	—	—	281	(12)	—	269	(116)	153
Total comprehensive income								775
Dividends (Note 13)	—	—	—	—	—	—	(301)	(301)
Shares issued under dividend reinvestment plan (Note 13)	3,182,091	102	—	—	—	—	—	102
Stock options (Note 13)	—	—	—	—	13	13	—	13
Exercise of stock options (Note 13)	1,684,724	55	—	—	(9)	(9)	—	46
Balance, end of year	421,604,856	$ 2,102	$ 347	$ 9	$ 176	$ 532	$ 4,506	$ 7,140

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of CDN dollars)

As at	March 31, 2024	March 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	**$ 466**	$ 263
Receivables	**1,401**	1,621
Inventories (Note 4)	**2,860**	2,872
Income taxes receivable (Note 16)	**32**	16
Prepaid expenses and other assets	**75**	79
	4,834	4,851
Property, plant and equipment (Note 6)	**4,531**	4,286
Right-of-use assets (Note 7)	**465**	446
Goodwill (Note 8)	**3,098**	3,338
Intangible assets (Note 8)	**1,166**	1,283
Other assets (Note 9)	**95**	158
Deferred tax assets (Note 16)	**71**	63
Total assets	**$ 14,260**	$ 14,425
LIABILITIES		
Current liabilities		
Bank loans (Note 10)	**$ 418**	$ 356
Accounts payable and accrued liabilities	**2,193**	2,149
Income taxes payable (Note 16)	**23**	99
Current portion of long-term debt (Note 11)	**414**	307
Current portion of lease liabilities (Note 7)	**85**	91
	3,133	3,002
Long-term debt (Note 11)	**2,699**	2,944
Lease liabilities (Note 7)	**370**	342
Other liabilities (Note 12)	**154**	137
Deferred tax liabilities (Note 16)	**854**	860
Total liabilities	**$ 7,210**	$ 7,285
EQUITY		
Share capital (Note 13)	**2,180**	2,102
Reserves	**459**	532
Retained earnings	**4,411**	4,506
Total equity	**$ 7,050**	$ 7,140
Total liabilities and equity	**$ 14,260**	$ 14,425

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

On behalf of the Board,

(signed) Lino A. Saputo
Lino A. Saputo, C.M.
Chair of the Board, President
and Chief Executive Officer

(signed) Annalisa King
Annalisa King
Director

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of CDN dollars)

Years ended March 31	2024	2023
Cash flows related to the following activities:		
Operating		
Net earnings	**$ 265**	$ 622
Adjustments for:		
Stock-based compensation	**49**	67
Financial charges (Note 15)	**176**	145
Income tax expense	**139**	153
Depreciation and amortization	**595**	582
Goodwill impairment charge (Note 8)	**265**	—
Restructuring charges related to optimization initiatives (Note 14)	**25**	95
Gain on disposal of property, plant and equipment	**(1)**	(4)
Foreign exchange loss (gain) on debt	**27**	(20)
Loss (gain) on hyperinflation	**44**	(44)
Share of joint venture earnings, net of dividends received and other	**2**	(3)
Changes in non-cash operating working capital items (Note 17)	**(2)**	(367)
Cash generated from operating activities	**1,584**	1,226
Interest and financial charges paid	**(177)**	(143)
Income taxes paid	**(216)**	(58)
Net cash generated from operating activities	**$ 1,191**	$ 1,025
Investing		
Additions to property, plant and equipment	**(641)**	(617)
Additions to intangible assets	**(13)**	(24)
Proceeds from disposal of property, plant and equipment	**2**	9
Net cash used for investing activities	**$ (652)**	$ (632)
Financing		
Bank loans	**95**	(54)
Proceeds from issuance of long-term debt	**550**	313
Repayment of long-term debt	**(686)**	(406)
Repayment of lease liabilities	**(68)**	(68)
Net proceeds from issuance of share capital	**11**	45
Payment of dividends	**(245)**	(199)
Net cash used in financing activities	**$ (343)**	$ (369)
Increase in cash and cash equivalents	**196**	24
Cash and cash equivalents, beginning of year	**263**	165
Effect of exchange rate changes and Argentina hyperinflation	**7**	74
Cash and cash equivalents, end of year	**$ 466**	$ 263

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended March 31, 2024, and 2023.

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

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 1000 de la Gauchetière Street West, Suite 2900, Montréal, Québec, Canada, H3B 4W5. The consolidated financial statements of the Company for the fiscal year ended March 31, 2024 (financial statements) comprise the financial results of the Company and its subsidiaries.

The financial statements were authorized for issuance by the Board of Directors on June 6, 2024.

NOTE 2 BASIS OF PRESENTATION

STATEMENT OF COMPLIANCE

The consolidated financial statements of the Company were prepared in accordance with International Financial Reporting Standards (IFRS).

BASIS OF MEASUREMENT

The Company's financial statements were prepared on a historical cost basis except for defined benefit plan assets and liabilities as well as certain financial instruments that are measured at fair value as described in Note 3, Material accounting policies.

FUNCTIONAL AND PRESENTATION CURRENCY

The Company's consolidated financial statements are presented in Canadian dollars, which is also the consolidated entity's functional currency.

NOTE 3 MATERIAL ACCOUNTING POLICIES

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the accounts of the Company and entities under its control. Control exists when an entity is exposed, or has rights, to variable returns from its involvement with investees and has the ability to affect those returns through its power over them. All intercompany transactions and balances have been eliminated. Investments over which the Company has effective control are consolidated.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist primarily of cash and short-term investments having an initial maturity of three months or less at the time of acquisition.

INVENTORIES

Finished goods, raw materials, and work in process are valued at the lower of cost and net realizable value, cost being determined using the first in, first out method.

NOTE 3 MATERIAL ACCOUNTING POLICIES (CONT'D)

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses and are depreciated using the straight-line method over their estimated useful lives as described below:

Buildings	15 to 40 years
Furniture, machinery and equipment	3 to 20 years

Where components of an item of building or furniture, machinery, and equipment are individually significant, they are accounted for separately within the categories described above.

Assets held for sale are recorded at the lower of their carrying amount or fair value less costs to sell, and no depreciation is recorded. Assets under construction are not depreciated.

For the purposes of impairment testing, property, plant and equipment are tested at the cash-generating unit (CGU) level. Write-downs, if any, are included in “depreciation and amortization” or “restructuring costs” in the consolidated income statements.

RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Leases are recognized as a right-of-use asset with a corresponding lease liability at the commencement date. Each lease payment is allocated between a reduction of the liability and finance cost. The finance cost is recognized in ‘‘Financial charges’’ in the consolidated income statements over the lease period resulting in a constant periodic rate of interest on the remaining balance of the liability. The lease liability is measured at the present value of lease payments, discounted using the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily available. The period over which lease payments are discounted includes renewal options.

Costs associated with short-term leases and leases of low-value assets are included in “Operating costs excluding depreciation, amortization, and restructuring costs” in the consolidated income statements.

GOODWILL AND INTANGIBLE ASSETS

Goodwill represents the excess of the consideration transferred in a given acquisition over the fair value of the identifiable net assets acquired and is initially recorded at that value. Goodwill is subsequently carried at cost less any impairment. Refer to “Impairment Testing of Cash-Generating Units” in Note 8 for a discussion of the CGU levels at which goodwill and intangible assets are tested.

Intangible assets include trademarks, customer relationships, and software that is not an integral part of the related hardware. Intangible assets are initially recorded at their transaction fair values. Definite life intangible assets are subsequently carried at cost less accumulated amortization and impairment losses, if any. Indefinite life intangible assets, including goodwill, are not amortized and are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired.

When testing goodwill for impairment, the carrying values of the CGUs or group of CGUs, including goodwill, are compared with their respective recoverable amounts (higher of fair value less costs of disposal and value in use) and an impairment loss, if any, is recognized for the excess.

The Company's trademarks are considered to be definite life intangible assets and are amortized using the straight-line method over their respective estimated useful lives which vary from 15 to 25 years. Customer relationships and software are considered to be definite life intangible assets and are amortized using the straight-line method over their estimated useful lives which vary from 3 to 15 years. Trademarks, customer relationships and software are reviewed for indicators of impairment at each reporting period.

NOTE 3 MATERIAL ACCOUNTING POLICIES (CONT'D)

IMPAIRMENT OF OTHER LONG-LIVED ASSETS

Other long-lived assets are subject to an “indicators of impairment” test at each reporting period. In the event of an indication of impairment, the asset or group of assets (referred to as a CGU), for which identifiable cash flows that are largely independent of the cash inflows from other assets or group of assets exist, are tested for impairment. An impairment loss is recorded in “depreciation and amortization” or “restructuring costs” in the consolidated income statements when the carrying value exceeds the recoverable amount. The recoverable amount is defined as the greater of fair value less costs of disposal and value in use.

BUSINESS COMBINATIONS

The Company accounts for its business combinations using the acquisition method of accounting. Under this method, the Company allocates the purchase price to tangible and intangible assets acquired and liabilities assumed based on estimated fair values at the date of acquisition, with the excess of the purchase price amount allocated to goodwill.

Debt issuance costs directly related to the funding of business acquisitions are included in the carrying value of the debt and are amortized over the related debt term using the effective interest rate method. Acquisition costs are expensed as incurred.

EMPLOYEE FUTURE BENEFITS

The cost of defined benefit pension and other post-retirement benefits is actuarially determined annually on March 31 using the projected unit credit method and using Management’s best estimates of rates of compensation increases, retirement ages of employees, and expected health care costs. Key assumptions made when valuing the defined benefit obligation include the discount rate, duration of the plan, inflation, and mortality, amongst others. Actuarial gains or losses, the effect of an adjustment, if any, on the maximum amount recognized as an asset and the impact of the minimum funding requirements, are recorded in other comprehensive income (loss) and immediately recognized in retained earnings without subsequent reclassification to the consolidated income statements. Current service costs and past service costs are included in the consolidated income statements. Past service costs are recognized at the earlier of the date of the plan amendment or curtailment. Interest on obligations offset by interest income on plan assets are included in financial charges in the consolidated income statements. The net pension expenditure under defined contribution pension plans is generally equal to the contributions made by the employer.

REVENUE RECOGNITION

The Company recognizes revenue when control of the asset is transferred to the customer, the vast majority upon shipment of products. Revenue is measured at the amount of consideration to which the Company expects to be entitled to receive. Sales are net of a provision for variable consideration of estimated allowances and sales incentives provided to customers, such that it is highly probable that a significant reversal will not occur once the uncertainty related to the variable consideration is subsequently resolved.

The value of sales incentives provided to customers are estimated using historical trends and are recognized at the time of sale as a reduction of revenue. Sales incentives include discounts, promotions, advertising allowances, and other volume-based incentives. In subsequent periods, the Company monitors the performance of customers against agreed upon obligations related to sales incentive programs and makes any adjustments to both revenue and sales incentive accruals as required.

FOREIGN CURRENCY TRANSLATION

The Company’s functional currency is the Canadian dollar. Accordingly, the financial position accounts of foreign operations are translated into Canadian dollars using the exchange rates at the financial position dates and income statements accounts are translated into Canadian dollars using the average monthly exchange rates in effect during the periods. The foreign currency translation adjustment (CTA) reserve presented in the consolidated statements of comprehensive income and the consolidated statements of changes in equity, represents accumulated foreign currency gains (losses) on the Company’s net investments in foreign operations.

Foreign currency accounts of the Company and its subsidiaries are translated using the exchange rates at the financial position dates for monetary assets and liabilities, and at the prevailing exchange rates at the time of transactions for income and expenses. Non-monetary items are translated at the historical exchange rates. Gains or losses resulting from this translation are included in operating costs.

NOTE 3 MATERIAL ACCOUNTING POLICIES (CONT'D)

FINANCIAL REPORTING in HYPERINFLATIONARY ECONOMIES

In July 2018, the Argentine Federation of Professional Councils in Economic Sciences (F.A.C.P.C.E.) issued a release mentioning that, effective July 1, 2018, entities reporting under IFRS are required to apply the inflation adjustment since the applicable conditions for such application have been satisfied. International Accounting Standard (IAS) no. 29 *financial reporting in hyperinflationary economies*, requires that the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy be adjusted based on an appropriate general price index to express the effects of inflation, and shall be stated in terms of the measuring unit current at the end of the reporting period. Non-monetary assets and liabilities of the Dairy Division (Argentina) are adjusted by applying the relevant index and the adjustment is presented as a loss (gain) on hyperinflation in the consolidated income statements.

STOCK-BASED COMPENSATION

The Company offers an equity settled stock option plan to certain employees pursuant to which options are granted over a five-year vesting period with a ten-year expiration term. The fair value of each installment of an award is determined separately and recognized over the vesting period. When stock options are exercised, any consideration paid by employees and the related compensation expense recorded as a stock option plan reserve are credited to share capital.

The Company allocates deferred share units (DSU) to eligible Directors of the Company which are based on the market value of the Company's common shares. DSUs are granted on a quarterly basis, vest upon award and entitle Directors to receive a cash payment for the value of the DSUs they hold following cessation of functions as a Director of the Company. The Company recognizes an expense in its consolidated income statements and a liability in its consolidated statement of financial positions for each grant. The liability is subsequently remeasured at the fair value of common shares at each reporting period with any change in value recorded in the consolidated income statements.

The Company offers performance share units (PSU) and restricted share units (RSU) to senior management which are based on the market value of the Company's common shares. The PSU and RSU plans are non-dilutive and are settled in cash. These awards are considered cash-settled share-based payment awards. A liability is recognized for the employment service received and is measured initially, on the grant date, at the fair value of the liability. The liability is subsequently remeasured at the fair value of common shares at each reporting period with any change in value recorded in the consolidated income statements. Compensation expense is recognized over the three-year performance cycle for PSUs and over the three-year restriction period for RSUs.

INCOME TAXES

Income tax expense represents the sum of current and deferred income tax and is recognized in the consolidated income statements with the exception of items that are recognized in the consolidated statements of comprehensive income or directly in equity.

Current income taxes are determined in relation to taxable earnings for the year and incorporate any adjustments to current taxes payable in respect of previous years.

Deferred income tax assets and liabilities are determined based on temporary differences between the carrying amount of an asset or liability in the consolidated statement of financial position and its tax basis. They are measured using the enacted or substantively enacted tax rates that are expected to apply when the asset is realized, or the liability is settled. A deferred income tax asset is recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be used.

NOTE 3 MATERIAL ACCOUNTING POLICIES (CONT'D)

FINANCIAL INSTRUMENTS

Financial assets and liabilities are initially measured at fair value. Subsequently, financial instruments classified as fair value through profit or loss and fair value through other comprehensive income, part of a hedging relationship or not, continue to be measured at fair value on the statement of financial position at each reporting date, whereas other financial instruments are measured at amortized cost using the effective interest method.

The Company has made the following classifications:

- Cash and cash equivalents are classified as amortized cost and are subsequently measured at amortized cost.
- Receivables are classified as amortized cost and are subsequently measured at amortized cost.
- Other assets that meet the definition of a financial asset are classified as amortized cost and are subsequently measured at amortized cost.
- Bank loans, accounts payable and accrued liabilities, other liabilities, and long-term debt are classified as amortized cost and are measured at amortized cost.

The Company applies the simplified approach to recognize lifetime expected credit losses under IFRS 9. Certain derivative instruments are utilized by the Company to manage exposure to variations in interest rate payments and to manage foreign exchange rate risks, including foreign exchange forward contracts, currency swaps, and interest rate swaps. Derivatives are initially recognized at fair value at the date the derivative contracts and currency swaps are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is immediately recognized in net earnings unless the derivative is designated as a hedging instrument.

HEDGING

The Company designates certain financial instruments as cash flow hedges. At the inception of the hedging relationship, the Company designates and formally documents the relationship between the hedging instrument and the hedged item, the risk management objective, and its strategy for undertaking the hedge.

For derivatives instruments designated as cash flow hedges, the change in fair value related to the effective portion of the hedge is recognized in other comprehensive income (loss), and the accumulated amount is presented as a hedging reserve in the consolidated statement of changes in equity. Any ineffective portion is immediately recognized in net earnings. When hedging instruments have come due or are settled, the gains or losses included in other components of equity are reclassified to net earnings offsetting the losses or gains recognized on the underlying hedged items.

The Company formally assesses at inception and quarterly thereafter, the effectiveness of the hedging instruments' ability to offset variations in the cash flow risks associated with the hedged item. Where a hedging relationship is no longer effective, hedge accounting is discontinued and any subsequent change in the fair value of the hedging instrument is recognized in net earnings.

FAIR VALUE HIERARCHY

Assets and liabilities, for which fair value is measured or disclosed in the consolidated financial statements, are categorized into one of three hierarchy levels, described below, for disclosure purposes. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Each level reflects the inputs used to measure the fair values of assets and liabilities:

Level 1 - Inputs are unadjusted quoted prices of identical instruments in active markets.
Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 - One or more significant inputs used in a valuation technique are not based on observable market data in determining fair values of the instruments.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

NOTE 3 MATERIAL ACCOUNTING POLICIES (CONT'D)

USE OF ESTIMATES AND JUDGMENTS IN THE APPLICATION OF ACCOUNTING POLICIES

The preparation of the Company's financial statements requires Management to make certain judgments and estimates about transactions and carrying values that are fulfilled at a future date. Judgments and estimates are subject to fluctuations due to changes in internal and/or external factors and are continuously monitored by Management. A discussion of the judgments and estimates that could have a material effect on the financial statements is provided below.

SIGNIFICANT ESTIMATES AND JUDGMENTS

Income Taxes

The Company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the consolidated provision for income taxes. During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters differs from the amounts that were initially recorded, such differences will impact the results for the reporting period and the respective current income tax and deferred income tax provisions in the reporting period in which such determination is made.

Deferred income tax assets and liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. As a result, a projection of taxable income is required for those years, as well as an assumption of the ultimate recovery or settlement period for temporary differences. The projection of future taxable income is based on Management's best estimates and may vary from actual taxable income. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Canadian, US, and international tax rules and regulations are subject to interpretation and require judgment on the part of the Company that may be challenged by taxation authorities. The Company believes that it has adequately provided for deferred tax obligations that may result from current facts and circumstances. Temporary differences and income tax rates could change due to fiscal budget changes and/or changes in income tax laws.

Goodwill, Intangible Assets, and Business Combinations

Goodwill, trademarks, and customer relationships have principally been recognized as a result of business combinations. The acquisition method, which also requires significant estimates and judgments, is used to account for these business combinations. As part of the allocation process in a business combination, estimated fair values are assigned to the net assets acquired, including trademarks and customer relationships. These estimates are based on forecasts of future cash flows, estimates of economic fluctuations, and an estimated discount rate. The excess of the purchase price over the estimated fair value of the net assets acquired is then assigned to goodwill. In the event that actual net assets fair values are different from estimates, the amounts allocated to the net assets, and specifically to trademarks and customer relationships, could differ from what is currently reported. This would then have a pervasive impact on the carrying value of goodwill. Differences in estimated fair values would also have an impact on the amortization of definite life intangibles.

Impairment of Assets

Significant estimates and judgments are required in testing goodwill, intangible assets, and other long-lived assets, including right-of-use assets, for impairment. Management uses estimates or exercises judgment in assessing indicators of impairment, defining a CGU, forecasting future cash flows, and in determining other key assumptions such as discount rates and earnings multipliers used for assessing fair value (less costs of disposal) or value in use. Goodwill is tested for impairment annually based on the December 31 balances and whenever there is an indication of impairment. Other long-lived assets are tested only when indicators of impairment are present.

NOTE 3 MATERIAL ACCOUNTING POLICIES (CONT'D)

Employee Future Benefits

The Company is the sponsor to both defined benefit and defined contribution plans, which provide pension and other post-employment benefits to its employees.

Several estimates and assumptions are required with regards to the determination of the defined benefit expense and its related obligation, such as the discount rate used in determining the carrying value of the obligation and the interest income on plan assets, the duration of the obligation, inflation, the expected health care cost trend rate, the expected mortality rate, expected salary increase, etc. Changes in a number of key assumptions can have a material impact on the calculation of the obligation. Actual results will normally differ from expectations. Remeasurements of the obligation are presented in the consolidated statements of comprehensive income.

ACCOUNTING STANDARDS, INTERPRETATIONS, AND AMENDMENTS ADOPTED DURING THE YEAR

The following amendments to existing standards were adopted by the Company on or after April 1, 2023:

IAS 12, International Tax Reform - Pillar Two Model Rules

In May 2023, the International Accounting Standards Board (IASB) issued amendments to IAS 12 to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to Pillar Two income taxes. As required, the Company has applied this temporary exception immediately upon issuance.

The adoption of this amendment did not have a material impact on the Company's financial statements. See Note 16 for further information.

IAS 1, Presentation of Financial Statements - Non-current liabilities with covenants

In October 2022, the IASB issued an amendment to clarify that restrictive clauses to be complied with after the reporting date do not impact the classification of debt as current or non-current at the reporting date. This amendment affects the classification and disclosure of liabilities.

The early adoption of this amendment did not impact the Company's financial statements.

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

IFRS 18, Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 to improve reporting of financial performance. IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. It carries forward many requirements from IAS 1 unchanged.

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

NOTE 4 INVENTORIES

	March 31, 2024	March 31, 2023
Finished goods	**$ 1,395**	$ 1,521
Raw materials, work in progress and supplies	**1,465**	1,351
Total	**$ 2,860**	$ 2,872

The amount of inventories recognized as an expense in operating costs for the year ended March 31, 2024, is $14.3 billion ($14.5 billion for the year ended March 31, 2023).

NOTE 5 OPERATING COSTS EXCLUDING DEPRECIATION, AMORTIZATION, AND RESTRUCTURING COSTS

	For the years ended March 31	
	2024	2023
Changes in inventories of finished goods and work in process	**$ (3)**	$ (269)
Raw materials and consumables used	**11,975**	12,687
Foreign exchange loss (gain)	**(61)**	15
Employee benefits expense	**2,251**	2,108
Selling costs	**719**	814
General and administrative costs	**952**	935
	$ 15,833	$ 16,290

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

	For the year ended March 31, 2024			
	Land	**Buildings**	**Furniture, machinery and equipment**	**Total**
Cost				
As at March 31, 2023	**$ 212**	**$ 1,771**	**$ 5,213**	**$ 7,196**
Additions	**—**	**220**	**421**	**641**
Disposals	**—**	**(4)**	**(58)**	**(62)**
Foreign currency and hyperinflation	**—**	**(7)**	**(11)**	**(18)**
As at March 31, 2024	**$ 212**	**$ 1,980**	**$ 5,565**	**$ 7,757**
Accumulated depreciation				
As at March 31, 2023	**$ —**	**$ 591**	**$ 2,319**	**$ 2,910**
Depreciation	**—**	**81**	**296**	**377**
Disposals	**—**	**(4)**	**(57)**	**(61)**
Impairment related to restructuring (Note 14)	**—**	**2**	**2**	**4**
Foreign currency and hyperinflation	**—**	**6**	**(10)**	**(4)**
As at March 31, 2024	**$ —**	**$ 676**	**$ 2,550**	**$ 3,226**
Net book value at March 31, 2024	**$ 212**	**$ 1,304**	**$ 3,015**	**$ 4,531**

The net book value of property, plant and equipment under construction amounts to $507 million as at March 31, 2024, ($592 million as at March 31, 2023) and consists mainly of machinery and equipment.

On April 2, 2023, the Company entered into a definitive agreement to sell two fresh milk processing facilities located in Australia and, as a result, the net book value of property, plant and equipment as at March 31, 2024 includes $21 million ($23 million as at March 31, 2023) of land and building held for sale recorded at the lower of their carrying value and estimated fair value less costs to sell. Refer to Note 7 for information on amounts of right-of-use assets and lease liabilities.

The transaction is valued at approximately $93 million (AU$105 million) and will result in a minimal gain or loss on closing. This intended divestiture is in line with other initiatives undertaken by the Company in the context of its Global Strategic Plan.

NOTE 6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	For the year ended March 31, 2023			
	Land	Buildings	Furniture, machinery and equipment	Total
Cost				
As at March 31, 2022	$ 203	$ 1,584	$ 4,619	$ 6,406
Additions	9	149	459	617
Disposals	—	(19)	(54)	(73)
Impairment related to restructuring (Note 14)	—	—	(4)	(4)
Foreign currency and hyperinflation	—	57	193	250
As at March 31, 2023	$ 212	$ 1,771	$ 5,213	$ 7,196
Accumulated depreciation				
As at March 31, 2022	$ —	$ 501	$ 1,943	$ 2,444
Depreciation	—	72	291	363
Disposals	—	(17)	(54)	(71)
Impairment related to restructuring (Note 14)	—	19	40	59
Foreign currency and hyperinflation	—	16	99	115
As at March 31, 2023	$ —	$ 591	$ 2,319	$ 2,910
Net book value at March 31, 2023	$ 212	$ 1,180	$ 2,894	$ 4,286

NOTE 7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The following table presents changes in right-of-use assets during fiscal 2024:

	For the year ended March 31, 2024		
	Real Estate	**Equipment**	**Total**
As at March 31, 2023	**$ 355**	**$ 91**	**$ 446**
New leases / leases modifications	**72**	**43**	**115**
Disposals	**(13)**	**(1)**	**(14)**
Depreciation	**(41)**	**(33)**	**(74)**
Foreign currency	**(7)**	**(1)**	**(8)**
As at March 31, 2024	**$ 366**	**$ 99**	**$ 465**

The following table presents changes in right-of-use assets during fiscal 2023:

	For the year ended March 31, 2023		
	Real Estate	Equipment	Total
As at March 31, 2022	$ 355	$ 120	$ 475
New leases / leases modifications	46	9	55
Depreciation	(41)	(37)	(78)
Foreign currency	(5)	(1)	(6)
As at March 31, 2023	$ 355	$ 91	$ 446

The following table presents changes in lease liabilities during fiscal 2024 and 2023:

	March 31, 2024	March 31, 2023
As at beginning of year	**$ 433**	$ 451
New leases / lease modifications	**111**	56
Disposals	**(14)**	—
Interest expense	**16**	14
Payments	**(84)**	(82)
Foreign currency	**(7)**	(6)
	455	433
Current portion	**(85)**	(91)
As at end of year	**$ 370**	$ 342

Right-of-use assets as at March 31, 2024 include $58 million ($63 million as at March 31, 2023) of real estate and equipment to be sold pursuant to the definitive agreement to sell two fresh milk processing facilities located in Australia described in Note 6. Lease liabilities relating to these assets total $32 million as at March 31, 2024 ($36 million as at March 31, 2023) and are included in the current portion of lease liabilities.

The following table presents the maturity of the Company's lease liabilities outstanding at March 31, 2024:

Less than 1 year	**$ 100**
1-2 years	**66**
2-3 years	**61**
3-4 years	**52**
4-5 years	**43**
More than 5 years	**265**
	$ 587

NOTE 8 GOODWILL AND INTANGIBLE ASSETS

	For the year ended March 31, 2024				
		Definite Life			
	Goodwill	Trademarks	Customer relationships	Software[1] and other	Total Intangible Assets
Cost					
As at March 31, 2023	$ 3,338	$ 1,138	$ 421	$ 487	$ 2,046
Additions	—	—	—	13	13
Goodwill impairment charge	(265)	—	—	—	—
Foreign currency and hyperinflation	25	16	2	4	22
As at March 31, 2024	$ 3,098	$ 1,154	$ 423	$ 504	$ 2,081
Accumulated Amortization					
As at March 31, 2023	$ —	$ 234	$ 262	$ 268	$ 764
Amortization	—	54	27	63	144
Foreign currency and hyperinflation	—	2	1	4	7
As at March 31, 2024	$ —	$ 290	$ 290	$ 335	$ 915
Net book value at March 31, 2024	$ 3,098	$ 864	$ 133	$ 169	$ 1,166

	For the year ended March 31, 2023				
		Definite Life			
	Goodwill	Trademarks	Customer relationships	Software[1] and other	Total Intangible Assets
Cost					
As at March 31, 2022	$ 3,188	$ 1,118	$ 403	$ 452	$ 1,973
Additions	—	—	—	24	24
Foreign currency and hyperinflation	150	20	18	11	49
As at March 31, 2023	$ 3,338	$ 1,138	$ 421	$ 487	$ 2,046
Accumulated Amortization					
As at March 31, 2022	$ —	$ 174	$ 223	$ 205	$ 602
Amortization	—	54	29	60	143
Foreign currency and hyperinflation	—	5	10	3	18
As at March 31, 2023	$ —	$ 233	$ 262	$ 268	$ 763
Net book value at March 31, 2023	$ 3,338	$ 905	$ 159	$ 219	$ 1,283

[1] None of the software were internally generated.

NOTE 8 GOODWILL AND INTANGIBLE ASSETS (CONT'D)

IMPAIRMENT TESTING

Goodwill

Goodwill impairment testing is conducted at the CGU level annually, on December 31, or at an interim date if indicators of impairment exist.

In determining whether goodwill is impaired, the Company is required to estimate the respective recoverable amounts of CGUs or groups of CGUs to which goodwill is allocated.

Management considers the following CGUs or groups of CGUs for goodwill impairment testing purposes as they represent the lowest level at which the goodwill is monitored for internal management purposes:

Allocation of goodwill	**March 31, 2024**	March 31, 2023
Canada Sector		
Dairy Division (Canada)	**$ 401**	$ 401
USA Sector		
Dairy Division (USA)	**2,059**	2,057
International Sector		
Dairy Division (Australia)	**—**	258
Dairy Division (Argentina)	**9**	9
Europe Sector		
Dairy Division (UK)	**629**	613
	$ 3,098	$ 3,338

Recoverable amounts for each CGU or group of CGUs were estimated using an earnings multiplier valuation model (fair value less costs of disposal). The key assumptions used in these models consist mainly of earnings multipliers of market comparables that are applied to the results of each CGU or group of CGUs tested. The inputs used in this model are Level 3 inputs in the fair value hierarchy described in Note 3.

Considering the activities of the Dairy Division (Australia) and the Dairy Division (UK) were added to the Company's operational footprint in more recent years, recoverable amounts for these divisions were also estimated using a discounted cash flow (value in use) model.

In performing the goodwill impairment testing as at December 31, 2023 for the Dairy Division (Australia) CGU (the Australia CGU) estimates of future discounted cash flows were reduced due to the increasing disconnect in the relation between international cheese and dairy ingredient prices and farm gate milk prices in a context of declining milk production in Australia.

As a result, the estimated recoverable value of the Australia CGU was determined to be lower than its carrying value and a non-cash goodwill impairment charge of $265 million (non tax-deductible) was recorded, representing the total value of the goodwill for this CGU, bringing the Australia CGU's carrying value to its estimated recoverable amount.

In performing the goodwill impairment testing as at December 31, 2023 for the Dairy Division (UK) CGU (the UK CGU), it was determined that the carrying value of the UK CGU approximated its estimated recoverable amount.

The recoverable amounts of both divisions were estimated using a discounted cash flow (value in use) model and an earnings multiplier valuation model (fair value less costs of disposal) based on the following key assumptions: (i) discounted cash flow forecasts for the next five years based on earnings before interest, income taxes, depreciation and amortization adjusted with estimated growth rates, and a terminal value calculated as a perpetuity in the final year, (ii) pre-tax discount rate of 8.6% for the Dairy Division (Australia) and 9.3% for the Dairy Division (UK), (iii) terminal growth rate of 2.5% for the Dairy Division (Australia) and 2.8% for the Dairy Division (UK) and (iv) earnings multipliers of market comparables.

For the remaining CGUs, in performing the annual impairment testing of goodwill, it was determined, based on the December 31, 2023 balances, that the recoverable amounts exceeded their respective carrying values including goodwill; therefore, goodwill for these CGUs was not considered to be impaired as at March 31, 2024.

NOTE 8 GOODWILL AND INTANGIBLE ASSETS (CONT'D)

Trademarks

Trademarks are included in the following CGUs or group of CGUs:

Allocation of trademarks by sectors	March 31, 2024	March 31, 2023
Canada	**$ 176**	$ 189
USA	**120**	126
International	**26**	29
Europe	**542**	561
	$ 864	$ 905

NOTE 9 OTHER ASSETS

	March 31, 2024	March 31, 2023
Joint ventures	**$ 34**	$ 36
Derivative financial assets	**—**	2
Employee benefits (Note 20)	**17**	75
Other	**44**	45
	$ 95	$ 158

The Company holds interests in joint ventures, which are all accounted for using the equity method. The Company recognized $7 million in net earnings, representing its share of earnings in the joint ventures for the year ended March 31, 2024 ($6 million for the year ended March 31, 2023). Dividends received from the joint ventures amounted to $8 million for the year ended March 31, 2024 ($2 million for the year ended March 31, 2023).

NOTE 10 BANK LOANS

		Available for use			Amount drawn as at	
Credit Facilities	Maturity	Canadian Currency Equivalent	Base Currency (in millions)		March 31, 2024	March 31, 2023
North America-USA	December 2028[1]	$ 406	300	USD	**$ —**	$ —
North America-Canada	December 2028[1]	$ 948	700	USD	**71**	—
Australia	Yearly[2]	$ 331	375	AUD	**181**	153
Australia	Yearly[2]	$ 68	50	USD	**26**	—
Japan	Yearly[3]	$ 72	8,000	JPY	**41**	58
United Kingdom	Yearly[4]	$ 214	125	GBP	**91**	120
Argentina	Yearly[5]	$ 306	226	USD	**8**	25
		$ 2,345			**$ 418**	$ 356

[1] Main revolving credit facility. Bears monthly interest at rates ranging from lender's prime rates plus a maximum of 1.00% or SOFR or SONIA or BBSY or CORRA plus a minimum of 0.80% and a maximum of 2.00% depending on the Company credit ratings, plus an adjustment to the applicable margins based on the Company's achievement of its sustainability targets. On December 15, 2023, the maturity date was extended to December 15, 2028.

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

[3] Bears monthly interest at TIBOR plus 0.70%.

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

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

As at March 31, 2024, receivables totalling $308 million ($99 million as at March 31, 2023), 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 11 LONG-TERM DEBT

	March 31, 2024	March 31, 2023
Unsecured bank term loan facilities		
Obtained April 2018 and repaid in November 2023[1]	**$ —**	$ 272
Obtained April 2019 and due in June 2025[2]	**115**	225
Senior unsecured notes[3,4]		
2.83%, issued in November 2016 and repaid in November 2023 (Series 3)	**—**	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)	**300**	300
5.49%, issued in November 2023 and due in November 2030 (Series 11)	**550**	—
Other	**48**	54
	$ 3,113	$ 3,251
Current portion	**(414)**	(307)
	$ 2,699	$ 2,944
Principal repayments are as follows:		
Less than 1 year	**$ 414**	$ 307
1-2 years	**465**	413
2-3 years	**350**	847
3-4 years	**734**	350
4-5 years	**300**	734
More than 5 years	**850**	600
	$ 3,113	$ 3,251

1 Bore 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.

2 Bears monthly interest at lender's prime rates plus a maximum of 1.00% or SOFR or CORRA rates plus 0.80% up to a maximum of 2.00%, depending on the Company's credit ratings. Interest is paid every one, two, three or six months, as selected by the Company. 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 March 31, 2024, US$84 million was drawn.

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

4 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 12 OTHER LIABILITIES

	March 31, 2024	March 31, 2023
Employee benefits (Note 20)	**$ 38**	$ 32
Stock-based compensation - long-term portion	**103**	91
Other	**13**	14
	$ 154	$ 137

NOTE 13 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

The Company has an equity settled stock option plan to allow for the purchase of common shares by key employees and officers of the Company. The total number of common shares which may be issued pursuant to this plan cannot exceed 45,698,394 common shares. As at March 31, 2024, 13,947,991 common shares are available for future grants under this plan. Options may be exercised at a price not less than the weighted average market price for the five trading days immediately preceding the date of grant. The options vest over 5 years at a rate of 20% per year and expire ten years from the grant date.

Options issued and outstanding as at year end are as follows:

		March 31, 2024		March 31, 2023	
Granting period	Exercise price	**Number of options**	**Number of exercisable options**	Number of options	Number of exercisable options
2014	$ 25.55	**—**	**—**	35,357	35,357
2015	$ 27.74	**759,092**	**759,092**	1,021,850	1,021,850
2016	$ 35.08	**1,245,064**	**1,245,064**	1,350,707	1,350,707
2017	$ 41.40	**2,023,438**	**2,023,438**	2,212,048	2,212,048
2018	$ 46.29	**2,179,306**	**2,179,306**	2,349,927	2,349,927
2019	$ 41.02	**2,681,874**	**2,681,874**	2,899,451	2,319,082
2020	$ 45.30	**2,195,250**	**1,774,653**	2,398,411	1,450,657
2021	$ 33.35	**3,296,065**	**1,971,342**	3,608,000	1,386,333
2022	$ 37.52	**1,531,859**	**629,910**	1,685,392	340,768
2023	$ 29.59	**2,288,570**	**472,781**	2,427,160	—
2024	$ 34.90	**2,114,881**	**—**	—	—
		20,315,399	**13,737,460**	19,988,303	12,466,729

Changes in the number of outstanding stock options for the years ended March 31 are as follows:

	March 31, 2024		March 31, 2023	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance, beginning of year	**19,988,303**	**$ 38.02**	22,021,670	$ 38.45
Granted	**2,231,026**	**$ 34.90**	2,600,057	$ 29.59
Exercised	**(366,078)**	**$ 28.78**	(1,684,724)	$ 26.71
Cancelled	**(1,537,852)**	**$ 38.70**	(2,948,700)	$ 40.17
Balance, end of year	**20,315,399**	**$ 37.79**	19,988,303	$ 38.02

NOTE 13 SHARE CAPITAL (CONT'D)

The weighted average exercise price of $34.90 of the stock options granted in fiscal 2024 corresponds to the weighted average market price for the five trading days immediately preceding the date of the grant ($29.59 in fiscal 2023).

The weighted average fair value of stock options granted in fiscal 2024 was estimated at $7.83 per option ($5.57 in fiscal 2023), using the Black-Scholes option pricing model with the following assumptions:

	Fiscal 2024 grant	Fiscal 2023 grant
Weighted average:		
Risk-free interest rate	**3.10 %**	2.39 %
Life of options	**6.6 years**	6.5 years
Volatility[1]	**22.89 %**	22.06 %
Dividend rate	**2.06 %**	2.42 %

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

A compensation expense of $13 million relating to stock options was recorded in operating costs in the consolidated income statements for the year ended March 31, 2024 ($13 million for the year ended March 31, 2023).

Options to purchase 3,022,337 common shares at a price of $26.16 per share were granted on April 1, 2024 with a four-year vesting period at a rate of 25% per year.

DEFERRED SHARE UNIT PLAN FOR DIRECTORS

In accordance with the DSU plan, all eligible Directors of the Company are allocated an annual retainer payable 50% in DSUs and 50% in cash or 100% in DSUs, at the election of the Director. Until the ownership threshold is met by the Director, the Director must receive the entire compensation in DSUs. The number of DSUs granted quarterly to each Director is determined based on the market value of the Company's common shares at the date of each grant. When they cease to be a Director of the Company, a cash payment equal to the market value of the accumulated DSUs will be disbursed. The liability relating to these units is adjusted by taking the number of units outstanding multiplied by the market value of common shares at the Company's year-end. The Company includes the cost of the DSU plan in operating costs in the consolidated income statements.

	2024		2023	
	Units	**Liability**	Units	Liability
Balance, beginning of year	**616,766**	**$ 22**	539,827	$ 16
Annual retainer	**79,392**	**2**	64,269	2
Dividends reinvested	**14,042**	**—**	12,670	—
Payment to directors	**(151,484)**	**(5)**	—	—
Variation due to change in stock price	**—**	**(4)**	—	4
Balance, end of year	**558,716**	**$ 15**	616,766	$ 22

The Company enters into equity forward contracts in order to mitigate the compensation costs associated with its DSU plan. As at March 31, 2024, the Company had equity forward contracts on 100,000 common shares (420,000 as of March 31, 2023) with a notional value of $3 million ($16 million as of March 31, 2023). The net compensation expense related to the DSU plan was $2 million for the year ended March 31, 2024 ($4 million for March 31, 2023), including the effect of the equity forward contracts.

NOTE 13 SHARE CAPITAL (CONT'D)

PERFORMANCE SHARE UNIT PLAN

The Company offers key employees and officers of the Company a performance share unit (PSU) plan to form part of long-term incentive compensation. The PSU plan is non-dilutive and is settled in cash only. Under the PSU plan, each performance cycle shall consist of three fiscal years of the Company. At the time of the grant of a PSU, the Company determines the performance criteria which must be met by the Company. The Corporate Governance and HR Committee has discretion to award compensation absent the achievement of the vesting criteria established.

Following completion of a three-year performance cycle, the PSUs for which the performance criteria have been achieved will vest and the value that will be paid out is based on the price of the common shares at such time, multiplied by the number of PSUs for which the performance criteria have been achieved. The amount potentially payable to eligible employees is recognized as a payable and is revised at each reporting period. The expense is included in employee benefits in operating costs in the consolidated income statements.

	2024 Units	2023 Units
Balance, beginning of year	**2,233,250**	1,324,311
Annual grant	**787,536**	1,344,257
Cancelled	**(260,102)**	(286,349)
Payment	**(294,969)**	(148,969)
Balance, end of year	**2,465,715**	2,233,250

As at March 31, 2024, the long-term obligation related to PSUs was $61 million ($45 million as at March 31, 2023) and the short-term portion of $9 million was included in accrued liabilities ($10 million as at March 31, 2023). On April 1, 2024, 1,185,449 PSUs were granted at a grant date value of $26.16 per unit ($34.90 in 2023).

RESTRICTED SHARE UNIT PLAN

The Company also offers a restricted share unit (RSU) plan to form part of long-term incentive compensation for key employees and officers of the Company. The RSU plan is non-dilutive and is settled in cash only. Under the RSU plan, each restriction period shall consist of three fiscal years of the Company. At the time of the grant of a RSU, the Company determines the vesting criteria which must be met by the participants. Such criteria may include, without limitation, continuing employment through all or part of the restriction period. The Corporate Governance and HR Committee has discretion to award compensation absent the achievement of the vesting criteria established. Following completion of a three-year restriction period, the RSUs for which the vesting criteria have been achieved will vest and the value that will be paid out is based on the price of the common shares at such time, multiplied by the number of RSUs for which the vesting criteria have been achieved. The amount potentially payable to eligible employees is recognized as a payable and is revised at each reporting period. The expense is included in employee benefits in operating costs in the consolidated income statements.

	2024 Units	2023 Units
Balance, beginning of year	**1,130,528**	726,129
Annual grant	**532,674**	612,895
Cancelled	**(45,295)**	(53,377)
Payment	**(219,154)**	(155,119)
Balance, end of year	**1,398,753**	1,130,528

As at March 31, 2024, the long-term obligation related to RSUs was $18 million ($18 million as at March 31, 2023) and the short-term potion of $13 million was included in accrued liabilities ($6 million as at March 31, 2023). On April 1, 2024, 1,067,870 RSUs were granted at a grant date value of $26.16 per unit ($34.90 in 2023).

NOTE 13 SHARE CAPITAL (CONT'D)

The Company enters into equity forward contracts in order to mitigate the compensation costs associated with its PSU and RSU plans. As at March 31, 2024, there were no equity forward contracts outstanding (equity forward contracts on 2,000,000 common shares with a notional value of $77 million as at March 31, 2023). The net compensation expenses related to PSUs and RSUs were $34 million and $13 million, respectively, for the year ended March 31, 2024 ($29 million and $17 million respectively, for the year ended March 31, 2023), including the effect of the equity forward contracts.

DIVIDENDS AND DIVIDEND REINVESTMENT PLAN

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

Dividends paid in cash and settled through the DRIP during the years ended 2024 and 2023 were as follows:

	For the years ended March 31	
	2024	2023
Cash	**$ 245**	$ 199
DRIP	**66**	102
Total	**$ 311**	$ 301

On February 8, 2024, Saputo announced that it has suspended its DRIP until further notice and as a result shareholders who were enrolled in the DRIP received dividend payments in the form of cash, commencing with the dividend paid on March 15, 2024.

NOTE 14 ACQUISITION AND RESTRUCTURING COSTS

During the third quarter of fiscal 2024, the Company announced the permanent closure of its Lancaster, Wisconsin, facility, in line with its Global Strategic Plan. As a result, restructuring costs of $6 million ($4 million after tax), which include non-cash fixed assets write-down of $4 million and severance costs of $2 million, were recorded. The Company incurred severance costs of $19 million ($15 million after tax) during the fourth quarter of fiscal 2024 in the context of cost efficiency efforts.

In fiscal 2023, restructuring costs totalling $95 million ($70 million after tax) were incurred in connection with consolidation initiatives announced by the Company to streamline and enhance its manufacturing footprint as well as other initiatives undertaken in the context of its Global Strategic Plan. Costs of $51 million were attributable to the USA Sector, $37 million to the International Sector and $9 million to the Europe Sector. Restructuring costs were offset by a $2 million gain on disposal of assets related to the sale of a closed facility in the Canada Sector.

Restructuring costs are summarized as follows:

	For the years ended March 31	
	2024	2023
Write down and accelerated depreciation of non-current assets	**$ 4**	$ 65
Severance and other costs	**21**	30
Total	**$ 25**	$ 95

NOTE 15 FINANCIAL CHARGES

	For the years ended March 31	
	2024	2023
Interest on long-term debt	**$ 104**	$ 86
Other finance costs, net	**58**	50
Interest on lease liabilities	**16**	14
Net interest revenue from defined benefit obligation (Note 20)	**(2)**	(5)
	$ 176	$ 145

NOTE 16 INCOME TAXES

Income tax expense comprises the following:

	For the years ended March 31	
	2024	2023
Current tax expense	**$ 144**	$ 163
Deferred tax (recovery) expense	**(5)**	(10)
Income tax expense	**$ 139**	$ 153

RECONCILIATION OF THE EFFECTIVE TAX RATE

The effective income tax rate was 34.4% in 2024 (19.7% in 2023). The Company's income tax expense differs from the one calculated by applying Canadian statutory rates for the following reasons:

	2024	2023
Earnings before tax	**$ 404**	$ 775
Income taxes, calculated using Canadian statutory income tax rates of 26.0% (25.8% in 2023)	**105**	200
Adjustments resulting from the following:		
Effect of tax rates for foreign subsidiaries	**(1)**	16
Share of joint venture(s) earnings	**(2)**	(2)
Effect of tax and accounting treatments of inflation in Argentina	**(30)**	(46)
Goodwill impairment charge	**80**	—
Adjustments in relation to prior years and other	**(13)**	(15)
Income tax expense	**$ 139**	$ 153

INCOME TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME

Income tax on items recognized in other comprehensive income in 2024 and 2023 were as follows:

	2024	2023
Deferred tax recovery on actuarial losses on employee benefit obligations	**$ (17)**	$ (38)
Deferred tax recovery on cash flow hedges	**(1)**	(5)
Total income tax recovery recognized in other comprehensive income	**$ (18)**	$ (43)

NOTE 16 INCOME TAXES (CONT'D)

CURRENT TAX ASSETS AND LIABILITIES

	2024	2023
Income taxes receivable	**$ 32**	$ 16
Income taxes payable	**(23)**	(99)
Income taxes receivable (payable) (net)	**$ 9**	$ (83)

DEFERRED TAX ASSETS AND LIABILITIES

Deferred income taxes are presented as follows on the consolidated statements of financial position, as at March 31:

	2024	2023
Deferred tax assets	**$ 71**	$ 63
Deferred tax liabilities	**(854)**	(860)
Deferred tax liabilities (net)	**$ (783)**	$ (797)

The movement of deferred tax assets and liabilities were as follows for the years ended March 31:

For the year ended March 31, 2024	**As at March 31, 2023**	**Recognized in Net Earnings**	**Recognized in Other Comprehensive Income**	**Foreign currency and hyperinflation**	**As at March 31, 2024**
Inventories	**$ (22)**	**$ 7**	**$ —**	**$ —**	**$ (15)**
Property, plant and equipment	**(412)**	**(42)**	**—**	**3**	**(451)**
Right-of-use assets	**(88)**	**(15)**	**—**	**1**	**(102)**
Goodwill, intangibles and other	**(515)**	**1**	**1**	**(5)**	**(518)**
Net assets of pensions plans	**(9)**	**(1)**	**17**	**—**	**7**
Accounts payable and accrued liabilities	**77**	**24**	**—**	**(7)**	**94**
Lease liabilities	**83**	**18**	**—**	**(1)**	**100**
Tax losses carried forward	**89**	**13**	**—**	**—**	**102**
Net deferred tax liabilities	**$ (797)**	**$ 5**	**$ 18**	**$ (9)**	**$ (783)**

For the year ended March 31, 2023	As at March 31, 2022	Recognized in Net Earnings	Recognized in Other Comprehensive Income	Foreign currency and hyperinflation	As at March 31, 2023
Inventories	$ (27)	$ 7	$ —	$ (2)	$ (22)
Property, plant and equipment	(435)	44	—	(21)	(412)
Right-of-use assets	(98)	9	—	1	(88)
Goodwill, intangibles and other	(466)	(33)	5	(21)	(515)
Net assets of pensions plans	(48)	—	38	1	(9)
Accounts payable and accrued liabilities	58	24	—	(5)	77
Lease liabilities	90	(6)	—	(1)	83
Tax losses carried forward	120	(35)	—	4	89
Net deferred tax liabilities	$ (806)	$ 10	$ 43	$ (44)	$ (797)

As at March 31, 2024, the Company had $273 million in capital losses for which no deferred tax assets had been recognized. These capital losses can be carried forward indefinitely but can only be used against future taxable capital gains.

Recognized deferred tax assets relating to unused tax losses carried forward are supported by projections of future profitability of the Company.

NOTE 16 INCOME TAXES (CONT'D)

PILLAR TWO LEGISLATION

During fiscal 2024, Pillar Two legislation was enacted or substantively enacted in certain jurisdictions in which the Company operates.

The Company performed an assessment of its potential exposure to Pillar Two income taxes based on the most recent information available and determined that Pillar Two effective tax rates in most of the jurisdictions in which the Company operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbour relief does not apply, and the Pillar Two effective tax rate is below 15%. The Company does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

The Company is monitoring the developments in the various jurisdictions in which it operates to continue to assess the overall impact, if any, of Pillar Two legislation on the Company's consolidated financial statements.

NOTE 17 CHANGE IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	For the years ended March 31	
	2024	2023
Receivables	**$ (55)**	$ (205)
Inventories	**(195)**	(396)
Prepaid expenses and other assets	**(3)**	(10)
Accounts payable, accrued liabilities and other	**251**	243
Current income taxes	**—**	1
Changes in non-cash operating working capital items	**$ (2)**	$ (367)

NOTE 18 NET EARNINGS PER SHARE

	For the years ended March 31	
	2024	2023
Net earnings	**$ 265**	$ 622
Weighted average number of common shares outstanding	**423,063,832**	418,620,009
Dilutive shares	**220,845**	609,029
Weighted average diluted number of common shares outstanding	**423,284,677**	419,229,038
Basic net earnings per share	**$ 0.63**	$ 1.49
Diluted net earnings per share	**$ 0.63**	$ 1.48

When calculating diluted net earnings per share for the year ended March 31, 2024, 19,556,307 stock options were excluded from the calculation because their exercise price is higher than the average fair value of common shares (16,503,936 options, were excluded for the year ended March 31, 2023).

NOTE 19 FINANCIAL INSTRUMENTS

In the normal course of business, the Company uses various financial instruments which by their nature involve risk, including credit risk, liquidity risk, interest rate risk, foreign exchange risk, and price risk (including commodity price risk). These financial instruments are subject to normal credit conditions, financial controls, and risk management and monitoring strategies.

Occasionally, the Company may enter into derivative financial instrument transactions in order to mitigate or hedge risks in accordance with risk management strategies. The Company does not enter into these arrangements for speculative purposes.

CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents and receivables. Cash equivalents consist mainly of short-term investments. The Company has deposited these cash and cash equivalents in reputable financial institutions.

The Company also offers credit to its customers in the normal course of business for trade receivables. Credit valuations are performed on a regular basis and reported results take into account expected credit losses.

Due to its large and diverse customer base and its geographic diversity, the Company has low exposure to credit risk concentration with respect to customers' receivables. There are no receivables from any individual customer that exceeded 10% of the total balance of receivables as at March 31, 2024, and March 31, 2023. No customer represented more than 10% of total consolidated revenues for the fiscal years ended March 31, 2024, and March 31, 2023.

Allowances for expected credit loss are reviewed by Management at each financial position date and the estimate of the allowance for expected credit loss is updated based on the evaluation of the recoverability of trade receivables with each customer base, taking into account historical collection trends of past due accounts and current economic conditions. The accounts receivable from our export sales benefit from payment terms that are longer than our standard payment terms applicable to domestic sales. The Company considers a financial asset in default when contractual payments are considered past due and at risk depending on the various economic and asset-specific factors, or if it becomes probable that a customer will enter bankruptcy or other insolvency proceedings.

The amount of the allowance for expected credit loss is sufficient to cover the carrying amount of receivables considered past due and at risk. The amount of the loss is recognized in the consolidated income statements within operating costs. Subsequent recoveries of amounts previously written off are credited against operating costs in the consolidated income statements. These allowances are not significant for the year ended March 31, 2024.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in Note 23 relating to capital disclosures. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors reviews and approves the Company’s operating and capital budgets, as well as any material transactions out of the normal course of business.

Contractual maturities for the significant financial liabilities as at March 31, 2024, are as follows: accounts payable and accrued liabilities, bank loans, lease liabilities and long-term debt. Items included in accounts payable and accrued liabilities are less than one year. For maturities on bank loans, lease liabilities and the long-term debt, please refer to Note 10, Note 7, and Note 11, respectively.

NOTE 19 FINANCIAL INSTRUMENTS (CONT'D)

INTEREST RATE RISK

Bank loans and unsecured bank term loan facilities bear variable interest rates and thereby expose the Company to interest rate risk on cash flows associated to interest payments. As at March 31, 2024, the amount exposed to interest rate fluctuations was $533 million and an assumed 1% change in the interest rate would lead to a change in net earnings of approximately $3 million. The senior notes bear interest at fixed rates and, as a result, no interest rate risk exists on these cash flows.

As a result of past interest rate benchmark reforms, the Company amended the applicable variable interest rates referenced under relevant credit facilities and long-term debt (see Notes 10 and 11). These amendments did not have a significant impact on the Company's financial statements.

On May 16, 2022, Refinitiv Benchmark Services Limited, the administrator of the Canadian Dollar Offered Rate (CDOR), announced that it would cease the calculation and publication of all tenors of CDOR immediately following a final publication on Friday, June 28, 2024. The Company is subject to this reform in connection with certain bank credit facilities and long-term debt (see Notes 10 and 11) as bankers' acceptance funding will also cease as part of this reform and will be replaced by Term and Daily Compounded Canadian Overnight Repo Rate Average (CORRA). As a result, the Company amended relevant credit facilities, which is not expected to have a significant impact on the Company's financial statements.

For the fiscal year ended March 31, 2024, the interest expense on long-term debt totalled $104 million ($86 million in fiscal 2023). The interest accrued as at March 31, 2024, was $31 million ($22 million as at March 31, 2023).

FOREIGN EXCHANGE RISK

The Company operates internationally and is exposed to foreign exchange risk resulting from various foreign currency transactions. Foreign exchange transaction risk arises primarily from commercial transactions that are denominated in a currency that is not the functional currency of the Company's business unit that is party to the transaction, as well as the unsecured bank term loan facilities that can be drawn in US dollars, Australian dollars, Argentine Peso, British pounds sterling, and Japanese Yen.

The Company enters into forward exchange contracts to sell US dollars and buy Australian dollars in order to mitigate market fluctuations in the USD/AUD exchange rates on receivables. As at March 31, 2024, the Company had outstanding forward exchange contracts with a notional value of US$240 million. During the fiscal year, the cash flow hedges were highly effective and accordingly, the Company recognized an unrealized loss of $6 million (net of tax of $3 million) in other comprehensive income as a result. A loss of $3 million (net of tax of $1 million) was reclassified to net earnings during fiscal 2024 related to these forward exchange contracts. These cash flow hedges were also deemed to be highly effective during fiscal 2023, and an unrealized loss of $37 million (net of tax of $16 million), was recorded in other comprehensive income. A loss of $28 million (net of tax of $12 million) was reclassified to net earnings during fiscal 2023 related to these forward exchange contracts.

The Company's largest exposure comes from the US dollar fluctuations from its USA Sector. The following table details the Company's sensitivity to a $0.10 weakening against the US dollar on net earnings and comprehensive income. For a $0.10 appreciation against the US dollar, there would be an equal and opposite impact on net earnings and comprehensive income.

		2024		2023
Change in net earnings	**$**	**11**	$	7
Change in comprehensive income	**$**	**390**	$	381

NOTE 19 FINANCIAL INSTRUMENTS (CONT'D)

COMMODITY PRICE RISK

In certain instances, the Company enters into futures contracts to hedge against fluctuations in the price of commodities. The Company applies hedge accounting for certain of these transactions. During the fiscal year, these hedges (designated as cash flow hedges) were highly effective and accordingly, an unrealized gain of $9 million (net of tax of $3 million) was recorded in other comprehensive income. A gain of $5 million (net of tax of $2 million) was reclassified to net earnings during fiscal 2024 when the related inventory was ultimately sold. These cash flow hedges were also deemed to be highly effective during fiscal 2023, and an unrealized gain of $5 million (net of tax of $2 million), was recorded in other comprehensive income. A gain of $12 million (net of tax of $4 million) was reclassified to net earnings during fiscal 2023 related to futures contracts.

FAIR VALUE OF 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 March 31, 2024, and March 31, 2023. 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.

	March 31, 2024		March 31, 2023	
	Fair value	**Carrying value**	Fair value	Carrying value
Cash flow hedges				
Equity forward contracts (Level 2)	**$ —**	**$ —**	$ (1)	$ (1)
Commodity derivatives (Level 2)	**4**	**4**	(1)	(1)
Foreign exchange derivatives (Level 2)	**(2)**	**(2)**	3	3
Derivatives not designated in a formal hedging relationship				
Equity forward contracts (Level 2)	**—**	**—**	(5)	(5)
Commodity derivatives (Level 2)	**1**	**1**	(1)	(1)
Foreign exchange derivatives (Level 2)	**—**	**—**	(1)	(1)
Long-term debt (Level 2)	**3,010**	**3,113**	3,081	3,251

For the years ended March 31, 2024, and 2023, there were no changes in valuation techniques and in inputs used in the fair value measurements and there were no transfers between the levels of the fair value hierarchy.

Fair values of other assets, long-term debt and derivative financial instruments are determined using discounted cash flow models based on market inputs prevailing at the financial position date. Where applicable, these models use market-based observable inputs including interest-rate-yield curves, volatility of certain prices or rates and credit spreads. If market based observable inputs are not available, judgment is used to develop assumptions used to determine fair values. The fair value estimates are significantly affected by assumptions including the amount and timing of estimated future cash flows and discount rates.

NOTE 20 EMPLOYEE POST-EMPLOYMENT BENEFIT PLANS

The Company sponsors various post-employment benefit plans. These include both defined contribution and defined benefit pension plans, and other post-employment benefit plans.

DEFINED CONTRIBUTION PLANS

The Company offers and participates in defined contribution pension plans of which more than 99% of its active employees are members. The net pension expense under these types of plans is generally equal to the contributions made by the employer and constitutes an expense for the year in which they are due. For fiscal 2024, the defined contribution expenses for the Company amounted to $96 million ($88 million in fiscal 2023). The Company expects to contribute approximately $99 million to its defined contribution plans for fiscal 2025.

DEFINED BENEFIT PLANS

The Company offers and participates in defined benefit pension plans in which the remaining active employees are members. Under the terms of the defined benefit pension plans, pensions are based on years of service and the retirement benefits are up to 2% of the average eligible earnings of the last employment years multiplied by years of credited service.

There are no active employees in the Dairy Division (UK) Defined Benefit Pension Fund, which is a final salary scheme in the United Kingdom that was closed to future service accrual from April 1, 2010, and had been closed to new joiners from June 30, 2006. The Fund is administered by a corporate trustee which is legally separate from the Company; the directors of the corporate trustee comprise representatives of both the employer and employees as well as a professional trustee. The corporate trustee is responsible for the day to day administration of the benefits and the Investment Policy.

The registered pension plans must comply with statutory funding requirements in the jurisdiction in which they are registered. Funding valuations are required on an annual or triennial basis, depending on the jurisdiction, and employer contributions must include amortization payments for any deficit, over a period of five to 15 years. Contribution holidays are allowed and subject to certain thresholds. Other non-registered pension plans and benefits other than pension are not subject to any minimum funding requirements.

The cost of pension benefits earned by employees is actuarially determined using the projected unit credit method and using a discount rate based on high quality corporate bonds and Management's assumptions bearing on, among other things, rates of compensation increase and retirement age of employees. All of these estimates and assessments are formulated with the help of external consultants. The plan assets and benefit obligations were valued as at March 31, with the assistance of the Company's external actuaries. The Company also offers complementary retirement benefit programs, such as health insurance, life insurance, and dental plans to eligible employees and retired employees. The Company expects to contribute approximately $3 million to its defined benefit plans in fiscal 2025.

NOTE 20 EMPLOYEE POST-EMPLOYMENT BENEFIT PLANS (CONT'D)

The principal risks associated with the Company's defined benefit pension plans are as follows:

Investment Risk
The respective present values of the defined benefit plans' obligations are calculated using a discount rate determined with reference to high-quality corporate bond yields; if assets underperform this yield, this will create a deficit.

Changes in Bond Yields
A decrease in the corporate bond yields will increase the value of the defined benefit plans' liabilities, although this will be partially offset by an increase in the value of the defined benefit plans' debt securities holdings.

Inflation Risk
A significant portion of the defined benefit plans' obligations are linked to inflation, and higher expected future inflation will lead to higher liabilities. The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in expected future inflation will also increase the deficit.

Longevity Risk
The majority of the defined benefit plans' obligations are to provide benefits for the life of the member; increases in life expectancy of plan participants will result in an increase in liabilities.

The Company's net surplus (liability) for defined benefit plans comprises the following:

	March 31, 2024			March 31, 2023		
	Dairy Division (UK) Defined Benefit Pension Fund	**Other Plans**	**Total**	Dairy Division (UK) Defined Benefit Pension Fund	Other Plans	Total
Fair value of assets	**$ 1,282**	**$ 67**	**$ 1,349**	$ 1,352	$ 67	$ 1,419
Present value of funded obligations	**1,267**	**60**	**1,327**	1,277	61	1,338
Present value of net surplus (obligations) for funded plans	**15**	**7**	**22**	75	6	81
Present value of unfunded obligations	**—**	**(37)**	**(37)**	—	(33)	(33)
Present value of net surplus (obligations)	**15**	**(30)**	**(15)**	75	(27)	48
Asset ceiling test	**—**	**(6)**	**(6)**	—	(5)	(5)
Accrued pension/benefit cost	**$ 15**	**$ (36)**	**$ (21)**	$ 75	$ (32)	$ 43

Presented in the statement of financial position as follows:

	March 31, 2024	March 31, 2023
Other Assets (Note 9)	**$ 17**	$ 75
Other Liabilities (Note 12)	**(38)**	(32)
Total net surplus (liability)	**$ (21)**	$ 43

NOTE 20 EMPLOYEE POST-EMPLOYMENT BENEFIT PLANS (CONT'D)

The changes in the present value of the defined benefit obligations are as follows:

	March 31, 2024			March 31, 2023		
	Dairy Division (UK) Defined Benefit Pension Fund	**Other Plans**	**Total**	Dairy Division (UK) Defined Benefit Pension Fund	Other Plans	Total
Defined benefit obligation, beginning of year	**$ 1,277**	**$ 94**	**$ 1,371**	$ 1,708	$ 104	$ 1,812
Current service costs	**—**	**3**	**3**	—	4	4
Past service costs, including curtailment gains and settlements[1]	**—**	**—**	**—**	—	1	1
Interest cost	**59**	**4**	**63**	44	4	48
Actuarial (gains) losses due to change in experience	**27**	**2**	**29**	11	1	12
Actuarial gains due to changes in financial assumptions	**(27)**	**(2)**	**(29)**	(426)	(12)	(438)
Actuarial losses due to changes in demographic assumptions	**(30)**	**—**	**(30)**	3	—	3
Exchange differences	**31**	**—**	**31**	7	1	8
Benefits paid	**(70)**	**(4)**	**(74)**	(70)	(9)	(79)
Defined benefit obligation, end of year	**$ 1,267**	**$ 97**	**$ 1,364**	$ 1,277	$ 94	$ 1,371

[1] In January 2023, the Company informed plan participants of two of its defined benefit plans of the intended wind-up of these plans as of December 31, 2024.

The changes in the fair value of plan assets are as follows:

	March 31, 2024			March 31, 2023		
	Dairy Division (UK) Defined Benefit Pension Fund	**Other Plans**	**Total**	Dairy Division (UK) Defined Benefit Pension Fund	Other Plans	Total
Fair value of plan assets, beginning of year	**$ 1,352**	**$ 67**	**$ 1,419**	$ 1,943	$ 71	$ 2,014
Interest income on plan assets	**63**	**3**	**66**	50	3	53
Return on plan assets, excluding interest income	**(94)**	**(2)**	**(96)**	(572)	(5)	(577)
Administration costs	**(1)**	**—**	**(1)**	(1)	—	(1)
Employer contributions	**—**	**3**	**3**	—	7	7
Exchange differences	**32**	**—**	**32**	2	—	2
Benefits paid	**(70)**	**(4)**	**(74)**	(70)	(9)	(79)
Fair value of plan assets, end of year	**$ 1,282**	**$ 67**	**$ 1,349**	$ 1,352	$ 67	$ 1,419

For fiscal 2024, actual return on plan assets amounted to a loss of $31 million (loss of $525 million in fiscal 2023).

NOTE 20 EMPLOYEE POST-EMPLOYMENT BENEFIT PLANS (CONT'D)

The fair value of plan assets, which does not include assets of the Company, consist of the following (all assets have a quoted market value in an active market with the exception of annuity contract and property and other, which is valued based on the corresponding liability, and cash).

	March 31, 2024			March 31, 2023		
	Dairy Division (UK) Defined Benefit Pension Fund	**Other Plans**	**Total**	Dairy Division (UK) Defined Benefit Pension Fund	Other Plans	Total
Bonds, LDI and cash[1]	**$ 832**	**$ 66**	**$ 898**	$ 824	$ 55	$ 879
Annuity contract	**285**	**—**	**285**	293	—	293
Property and other	**165**	**—**	**165**	235	—	235
Equity Instruments	—	**1**	**1**	—	12	12
Total	**$ 1,282**	**$ 67**	**$ 1,349**	$ 1,352	$ 67	$ 1,419

[1] The Liability Driven Investment ('LDI') portfolio is managed by an external party. The objective is to hedge a proportion of the Fund's liabilities against changes in interest rates and inflation expectations by investing in assets that are similarly sensitive to changes in interest rates and inflation expectations. Market yields are monitored against a number of pre-set yield triggers; the level of hedging will be increased as and when triggers are met.

The Consolidated Income Statements include the following:

	March 31, 2024			March 31, 2023		
	Dairy Division (UK) Defined Benefit Pension Fund	**Other Plans**	**Total**	Dairy Division (UK) Defined Benefit Pension Fund	Other Plans	Total
Recognized in "Operating costs" (Note 5):						
Employer current service cost	**$ —**	**$ 3**	**$ 3**	$ —	$ 4	$ 4
Past service costs, including curtailment gains and settlements[1]	**—**	**—**	**—**	—	1	1
Administration costs	**1**	**—**	**1**	1	—	1
	1	**3**	**4**	1	5	6
Recognized in "Financial charges" (Note 15):						
Interest costs	**59**	**4**	**63**	44	4	48
Interest income on plan assets	**(63)**	**(3)**	**(66)**	(50)	(3)	(53)
	(4)	**1**	**(3)**	(6)	1	(5)
Net defined benefits plans expense	**$ (3)**	**$ 4**	**$ 1**	$ (5)	$ 6	$ 1

[1] In January 2023, the Company informed plan participants of two of its defined benefit plans of the intended wind-up of these plans as of December 31, 2024.

NOTE 20 EMPLOYEE POST-EMPLOYMENT BENEFIT PLANS (CONT'D)

The Company recognizes actuarial gains and losses in the period in which they occur for all its defined benefit plans. These actuarial gains and losses are recognized in other comprehensive income and are presented below:

	March 31, 2024			March 31, 2023		
	Dairy Division (UK) Defined Benefit Pension Fund	**Other Plans**	**Total**	Dairy Division (UK) Defined Benefit Pension Fund	Other Plans	Total
Return on plan assets (excluding interest income)	**$ (94)**	**$ (2)**	**$ (96)**	$ (572)	$ (5)	$ (577)
Actuarial gains (losses) due to change in experience	**(27)**	**(2)**	**(29)**	(11)	(1)	(12)
Actuarial gains (losses) due to changes in demographic assumptions	**30**	**—**	**30**	(3)	—	(3)
Actuarial gains due to changes in financial assumptions	**27**	**2**	**29**	426	12	438
Amount recognized in other comprehensive income	**$ (64)**	**$ (2)**	**$ (66)**	$ (160)	$ 6	$ (154)

Weighted average assumptions used in computing the benefit obligations at the financial position date are as follows:

	March 31, 2024		March 31, 2023	
	Dairy Division (UK) Defined Benefit Pension Fund	**Other Plans**	Dairy Division (UK) Defined Benefit Pension Fund	Other Plans
Discount rate	**4.80 %**	**4.91 %**	4.70 %	4.76 %
Duration of the obligation (in years)	**15.00**	**11.41**	15.00	12.97
Inflation Rate	**2.60 %**	**2.00 %**	2.70 %	2.00 %
Future salary increases	**n/a**	**3.0 %**	n/a	3.0 %
Mortality table	**S3P base tables with the following scaling factors: Non-Insured Pens (M/F): 113%/106% Insured Pens (M/F): 106%/108% Defs (M/F): 116%/106%**	**2014 Private Sector Canadian Pens Mortality Table, projected generationally using Scale MI-2017 or Scale B**	S3P base tables with the following scaling factors: Non-Insured Pens (M/F): 119%/112% Insured Pens (M/F): 112%/114% Defs (M/F): 122%/112%	2014 Private Sector Canadian Pens Mortality Table, projected generationally using Scale MI-2017 or Scale B

It has been assumed that the Dairy Division (UK) Defined Benefit Pension Fund members exchange 25% of their pension for a cash lump sum at retirement using the commutation factors in force. 30% of deferred members are assumed to take a pension increase exchange option at retirement which is available under the Fund.

SENSITIVITY TO CHANGES IN ASSUMPTIONS

The impact of an increase (decrease) of 0.1% of the discount rate would be a decrease of approximately $16 million of the amount of the obligation (increase of approximately $16 million). A one-year increase in life expectancy would increase the obligation by approximately $38 million. Specifically, for the Dairy Division (UK) Defined Benefit Pension Fund, the impact of an increase of 0.1% of the inflation rate would be an increase of approximately $6 million of the amount of the obligation. Specifically pertaining to the other plans, an increase of 1% of the percentage of future salary increases would be an increase of $1 million of the amount of the obligation.

NOTE 21 COMMITMENTS AND CONTINGENCIES

COMMITMENTS

The table and paragraphs below present the future minimum payments for contractual commitments that are not recognized as liabilities for the next fiscal years:

	Leases[1]	Purchase obligations[2]	Total
Less than 1 year	$ 9	$ 209	$ 218
1-2 years	5	29	34
2-3 years	2	10	12
3-4 years	1	3	4
4-5 years	1	1	2
More than 5 years	2	—	2
	$ 20	$ 252	$ 272

[1] Commitments related to leases represent short-term and low-value leases that do not meet the definition of a lease under IFRS 16.
[2] Purchase obligations are the contractual obligations for capital expenditures and service agreements to which the Company is committed.

CLAIMS

The Company is a defendant to certain claims arising from the normal course of its business. The Company is also a defendant in certain claims and/or assessments from tax authorities in various jurisdictions. The Company believes that the final resolution of these claims and/or assessments will not have a material adverse effect on its consolidated income statements or consolidated statement of financial position.

INDEMNIFICATIONS

The Company from time to time offers indemnifications to third parties in the normal course of its business, in connection with business or asset acquisitions or disposals. These indemnification provisions may be in connection with breach of representations and warranties, and for future claims for certain liabilities. The terms of these indemnification provisions vary in duration. At March 31, 2024, given that the nature and amount of such indemnifications depend on future events, the Company is unable to reasonably estimate its maximum potential liability under these agreements. The Company has not made any significant indemnification payments in the past, and as at March 31, 2024, and March 31, 2023, the Company had not recorded any significant liabilities associated with these indemnifications.

LETTERS OF CREDIT

As at March 31, 2024, the Company had issued letters of credit in an aggregate amount of $66 million pursuant to a banking facility authorizing the issuance of letters of credit in an aggregate amount of $101 million (as at March 31, 2023, the Company had issued letters of credit in an aggregate amount of $69 million pursuant to a banking facility authorizing the issuance of letters of credit in an aggregate amount of $118 million).

NOTE 22 RELATED PARTY TRANSACTIONS

The Company receives services from and provides goods and services to companies subject to control or significant influence through ownership by its principal shareholder. These transactions, which are not significant to the Company's financial position or financial results, are made in the normal course of business and are entered into and have been recorded at fair value, consistent with market values for similar transactions. The services that are received consist mainly of travel, publicity, lodging, and office space rental. The goods that are provided consist mainly of dairy products. The services that are provided consist of management services.

Transactions with key management personnel (short-term employee benefits, post-employment benefits, and stock-based compensation) are also considered related party transactions. Management defines key management personnel as all the executive officers who have responsibility and authority for controlling, overseeing, and planning the activities of the Company, as well as the Company's directors.

NOTE 22 RELATED PARTY TRANSACTIONS (CONT'D)

Transactions with related parties are as follows:

	For the years ended March 31	
	2024	2023
Key management personnel		
Directors	**$ 3**	$ 3
Executive officers	**43**	37
Entities subject to control or significant influence through ownership by its principal shareholder	**7**	6
	$ 53	$ 46

Dairy products provided by the Company to related parties were less than $1 million for the years ended March 31, 2024, and 2023.

Outstanding accounts payable and accrued liabilities for the transactions above are the following:

	Accounts payable and accrued liabilities	
	March 31, 2024	March 31, 2023
Key management personnel		
Directors	**$ 15**	$ 22
Executive officers	**39**	42
Entities subject to control or significant influence through ownership by its principal shareholder	**—**	1
	$ 54	$ 65

The amounts payable to the Directors consist entirely of balances payable under the Company's DSU plan. Refer to Note 13 for further details. The amounts payable to executive officers consist of short-term employee incentives, share-based awards, and post-retirement benefits. Outstanding accounts receivable from related parties were less than $1 million for the years ended March 31, 2024, and 2023.

KEY MANAGEMENT PERSONNEL COMPENSATION

The compensation expense for transactions with the Company's key management personnel consists of the following:

	2024	2023
Directors		
Cash-settled payments	**$ 1**	$ 1
Stock-based compensation	**2**	2
	$ 3	$ 3
Executive officers		
Short-term employee benefits	**$ 20**	$ 21
Post-employment benefits	**4**	2
Stock-based compensation	**19**	14
	$ 43	$ 37
Total compensation	**$ 46**	$ 40

NOTE 22 RELATED PARTY TRANSACTIONS (CONT'D)

SUBSIDIARIES

All the Company's subsidiaries are wholly owned. The following information summarizes the Company's significant subsidiaries which produce a wide array of dairy products, including cheese, fluid milk, extended shelf-life milk and cream products, cultured products, and dairy ingredients:

	Percentage Owned	Location
Saputo Dairy Products Canada G.P.	100%	Canada
Saputo Cheese USA Inc.	100%	USA
Saputo Dairy Australia Pty Ltd	100%	Australia
Molfino Hermanos S.A.	100%	Argentina
Dairy Crest Ltd	100%	UK

NOTE 23 CAPITAL DISCLOSURES

The Company's capital management strategy requires a well-balanced financing structure to maintain the flexibility needed to implement growth initiatives, pursue disciplined capital investments and maximize shareholder value. This includes ensuring that there is sufficient liquidity to enable organic growth, undertake selective acquisitions and support its Saputo Promise while at the same time taking a conservative approach towards financial leverage and management of financial risk. Also, the Company aims a long-term target leverage of approximately 2.25 times net debt to net earnings before income taxes, financial charges, acquisition and restructuring costs, gain on disposal of assets, impairment of intangible assets, and depreciation and amortization. From time to time, the Company may deviate from its long-term target leverage to pursue strategic opportunities. Should such a scenario arise, the Company expects to deleverage over a reasonable period of time in order to seek to maintain its investment grade ratings.

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 March 31, 2024, and March 31, 2023, are as follows:

		2024		2023
Long-term debt, including current portion	**$**	**3,113**	$	3,251
Bank loans		**418**		356
Lease liabilities		**455**		433
Less: Cash and cash equivalents		**(466)**		(263)
Net debt	**$**	**3,520**	$	3,777

The primary measure used by the Company to monitor its financial leverage is its ratio of net debt to net earnings before income taxes, financial charges, acquisition and restructuring costs, goodwill impairment charge, and depreciation and amortization. The ratio as at March 31, 2024, was 2.33 (2.43 at March 31, 2023).

The Company has existing credit facilities which require a quarterly review of financial ratios and the Company is not in violation of any such ratio covenants as at March 31, 2024.

The Company is not subject to capital requirements imposed by a regulator.

NOTE 24 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, the Chief Financial Officer, the President and Chief Operating Officer (North America), and the President and Chief Operating Officer (International and Europe) are, collectively, the chief operating decision maker of the Company and regularly review operations and performance by sector. They review adjusted EBITDA as the key measure of profit for the purpose of assessing performance of each sector and to make decisions about the allocation of resources. Adjusted EBITDA is defined as net earnings (loss) before income taxes, financial charges, loss (gain) on hyperinflation, acquisition and restructuring costs, depreciation and amortization and goodwill impairment charge.

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

NOTE 24 SEGMENTED INFORMATION (CONT'D)

INFORMATION ON REPORTABLE SECTORS

	For the years ended March 31	
	2024	2023[2]
Revenues		
Canada	**$ 4,922**	$ 4,696
USA	**7,810**	8,339
International[1]	**3,518**	3,785
Europe	**1,092**	1,023
	$ 17,342	$ 17,843
Operating costs excluding depreciation, amortization, and restructuring costs (Note 5)		
Canada	**$ 4,342**	$ 4,145
USA	**7,289**	7,851
International	**3,185**	3,411
Europe	**1,017**	883
	$ 15,833	$ 16,290
Adjusted EBITDA		
Canada	**$ 580**	$ 551
USA	**521**	488
International	**333**	374
Europe	**75**	140
	$ 1,509	$ 1,553
Depreciation and amortization		
Canada	**$ 107**	$ 109
USA	**246**	227
International	**134**	146
Europe	**108**	100
	$ 595	$ 582
Goodwill impairment charge (Note 8)	**265**	—
Acquisition and restructuring costs (Note 14)	**25**	95
Loss (gain) on hyperinflation	**44**	(44)
Financial charges (Note 15)	**176**	145
Earnings before income taxes	**404**	775
Income taxes (Note 16)	**139**	153
Net earnings	**$ 265**	$ 622

[1] Australia accounted for $2,526 million and $2,684 million of the International Sector's revenues while Argentina accounted for $992 million and $1,101 million for the years ended March 31, 2024 and 2023, respectively.

[2] Comparative figures were reclassified to conform with the current year's presentation. Refer to Note 25 for more information.

NOTE 24 SEGMENTED INFORMATION (CONT'D)

MARKET SEGMENT INFORMATION

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

For the years ended March 31	Total		Canada		USA		International		Europe	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Revenues										
Retail	**$ 8,725**	$ 8,638	**$ 2,791**	$ 2,650	**$ 3,608**	$ 3,735	**$ 1,497**	$ 1,525	**$ 829**	$ 728
Foodservice	**5,712**	5,831	**1,767**	1,677	**3,491**	3,728	**421**	394	**33**	32
Industrial	**2,905**	3,374	**364**	369	**711**	876	**1,600**	1,866	**230**	263
	$ 17,342	$ 17,843	**$ 4,922**	$ 4,696	**$ 7,810**	$ 8,339	**$ 3,518**	$ 3,785	**$ 1,092**	$ 1,023

GEOGRAPHIC INFORMATION

	March 31, 2024	March 31, 2023
Net book value of property, plant and equipment		
Canada	**$ 949**	$ 892
USA	**2,184**	1,988
Australia	**749**	792
Argentina	**203**	194
United Kingdom	**446**	420
	$ 4,531	$ 4,286
Net book value of intangible assets		
Canada	**$ 207**	$ 232
USA	**281**	335
Australia	**70**	87
Argentina	**1**	4
United Kingdom	**607**	625
	$ 1,166	$ 1,283
Net book value of right-of-use assets		
Canada	**$ 130**	$ 132
USA	**62**	50
Australia	**163**	163
Argentina	**9**	9
United Kingdom	**101**	92
	$ 465	$ 446

NOTE 25 COMPARATIVE FIGURES

Comparative figures were reclassified to conform with the current year's presentation. The loss (gain) on hyperinflation is presented as a separate line on the consolidated income statements. Previously, this amount was included in financial charges and was disclosed in the notes to the financial statements. Loss (gain) on hyperinflation is relative to the application of hyperinflation accounting for the Dairy Division (Argentina).

Saputo