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

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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).

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