FISCAL 2024

THIRD QUARTER

Management's discussion & analysis

Consolidated financial statements

Saputo

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The goal of this management's discussion and analysis ("MD&A") is to analyze the results of, and the financial position of Saputo Inc. (we, Saputo or the Company), for the three and nine-month periods ended December 31, 2023. It should be read while referring to the condensed interim consolidated financial statements of the Company and accompanying notes for the three and nine-month periods ended December 31, 2023, and 2022, which are prepared in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board, and generally accepted accounting principles in Canada ("GAAP") as set out in the CPA Canada Handbook - Accounting under Part 1, which incorporates International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. The information in this report is being presented as at December 31, 2023, unless otherwise specified. In preparing this report, we have taken into account material elements between December 31, 2023, and February 8, 2024, the date on which this report was approved by the Company's Board of Directors. Additional information about the Company, including its Annual Report and Annual Information Form for the year ended March 31, 2023, can be obtained on SEDAR+ at www.sedarplus.ca.

NON-GAAP MEASURES

We report our financial results in accordance with GAAP and generally assess our financial performance using financial measures that are prepared using GAAP. However, this MD&A also refers to certain non-GAAP and other financial measures which do not have a standardized meaning under GAAP, including the following: adjusted EBITDA[1]; adjusted net earnings[1]; adjusted EBITDA margin[1]; adjusted net earnings margin[1]; adjusted EPS basic[1]; adjusted EPS diluted[1]; and net debt to adjusted EBITDA[1]. These measures have no standardized meaning under GAAP and are unlikely to be comparable to similar measures presented by other issuers. Refer to the "Non-GAAP Measures" section of this MD&A for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the primary financial statements, as applicable.

We use non-GAAP measures and ratios to provide investors with supplemental metrics to assess and measure our operating performance and financial position from one period to the next. These metrics are presented as a complement to enhance the understanding of operating results but not in substitution of GAAP results. In addition, non-GAAP financial measures should not be viewed as a substitute for the related financial information prepared in accordance with GAAP.

[1] This is a total of segments measure, a non-GAAP financial measure, or a non-GAAP ratio. See the "Non-GAAP Measures" section of this MD&A for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the primary financial statements, as applicable. Adjusted net earnings and adjusted EPS for comparative periods were aligned to meet the current presentation.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This report contains statements which are forward-looking statements within the meaning of applicable securities laws. These forward-looking statements include, among others, statements with respect to our objectives, outlook, business projects, strategies, beliefs, expectations, targets, commitments, goals, ambitions and strategic plans including our ability to achieve these targets, commitments, goals, ambitions and strategic plans, and statements other than historical facts. The words “may”, “could”, “should”, “will”, “would”, “believe”, “plan”, “expect”, “intend”, “anticipate”, “estimate”, “foresee”, “objective”, “continue”, “propose”, “aim”, “commit”, “assume”, “forecast”, “predict”, “seek”, “project”, “potential”, “goal”, “target”, or “pledge”, or the negative of these terms or variations of them, the use of conditional or future tense or words and expressions of similar nature, are intended to identify forward-looking statements. All statements other than statements of historical fact included in this report may constitute forward-looking statements within the meaning of applicable securities laws.

By their nature, forward-looking statements are subject to inherent risks and uncertainties. Actual results could differ materially from those stated, implied, or projected in such forward-looking statements. As a result, we cannot guarantee that any forward-looking statements will materialize, and we warn readers that these forward-looking statements are not statements of historical fact or guarantees of future performance in any way. Assumptions, expectations, and estimates made in the preparation of forward-looking statements and risks and uncertainties that could cause actual results to differ materially from current expectations are discussed in our materials filed with the Canadian securities regulatory authorities from time to time, including the “Risks and Uncertainties” section of the Management's Discussion and Analysis dated June 8, 2023, available on SEDAR+ under the Company's profile at www.sedarplus.ca.

Such risks and uncertainties include the following: product liability; the availability and price variations of milk and other inputs, our ability to transfer input costs increases, if any, to our customers in competitive market conditions; supply chain strain and supplier concentration; the price fluctuation of dairy products in the countries in which we operate, as well as in international markets; our ability to identify, attract, and retain qualified individuals; the increased competitive environment in our industry; consolidation of clientele; cyber threats and other information technology-related risks relating to business disruptions, confidentiality, data integrity business and email compromise-related fraud; unanticipated business disruption; continuing economic and political uncertainties, resulting from actual or perceived changes in the condition of the economy or economic slowdowns or recessions; the ongoing military conflict in Ukraine; public health threats, such as the recent global COVID-19 pandemic, changes in consumer trends; changes in environmental laws and regulations; the potential effects of climate change; increased focus on environmental sustainability matters; the failure to execute our Global Strategic Plan as expected or to adequately integrate acquired businesses in a timely and efficient manner; the failure to complete capital expenditures as planned; changes in interest rates and access to capital and credit markets. There may be other risks and uncertainties that we are not aware of at present, or that we consider to be insignificant, that could still have a harmful impact on our business, financial state, liquidity, results, or reputation.

Forward-looking statements are based on Management’s current estimates, expectations and assumptions regarding, among other things; the projected revenues and expenses; the economic, industry, competitive, and regulatory environments in which we operate or which could affect our activities; our ability to identify, attract, and retain qualified and diverse individuals; our ability to attract and retain customers and consumers; our environmental performance; the results of our sustainability efforts; the effectiveness of our environmental and sustainability initiatives; our operating costs; the pricing of our finished products on the various markets in which we carry on business; the successful execution of our Global Strategic Plan; our ability to deploy capital expenditure projects as planned; reliance on third parties; our ability to gain efficiencies and cost optimization from strategic initiatives; our ability to correctly predict, identify, and interpret changes in consumer preferences and demand, to offer new products to meet those changes, and to respond to competitive innovation; our ability to leverage our brand value; our ability to drive revenue growth in our key product categories or platforms or add products that are in faster-growing and more profitable categories; the successful execution of our M&A strategy; the market supply and demand levels for our products; our warehousing, logistics, and transportation costs; our effective income tax rate; the exchange rate of the Canadian dollar to the currencies of cheese and dairy ingredients. To set our financial performance targets, we have made assumptions regarding, among others: the absence of significant deterioration in macroeconomic conditions; our ability to mitigate inflationary cost pressure; the USA commodity market conditions; labour market conditions and staffing levels in our facilities; the impact of price elasticity; our ability to increase the production capacity and productivity in our facilities; and the demand growth for our products. Our ability to achieve our environmental targets, commitments, and goals is further subject to, among others: our ability to access and implement all technology necessary to achieve our targets, commitments, and goals; the development and performance of technology, innovation and the future use and deployment of technology and associated expected future results; the accessibility of carbon and renewable energy instruments for which a market is still developing and which are subject to risk of invalidation or reversal; and environmental regulation. Our ability to achieve our 2025 Supply Chain Pledges is further subject to, among others, our ability to leverage our supplier relationships and our sustainability advocacy efforts.

Management believes that these estimates, expectations, and assumptions are reasonable as of the date hereof, and are inherently subject to significant business, economic, competitive, and other uncertainties and contingencies regarding future events, and are accordingly subject to changes after such date. Forward-looking statements are intended to provide shareholders with information regarding Saputo, including our assessment of future financial plans, and may not be appropriate for other purposes. Undue importance should not be placed on forward-looking statements, and the information contained in such forward-looking statements should not be relied upon as of any other date.

Unless otherwise indicated by Saputo, forward-looking statements in this report describe our estimates, expectations, and assumptions as of February 8, 2024, and, accordingly, are subject to change after that date. Except as required under applicable securities legislation, Saputo does not undertake to update or revise forward-looking statements, whether written or verbal, that may be made from time to time by itself or on our behalf, whether as a result of new information, future events, or otherwise. All forward-looking statements contained herein are expressly qualified by this cautionary statement.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

Fiscal years	**2024**			2023				2022
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	**4,267**	4,323	4,207	4,468	4,587	4,461	4,327	3,957
Adjusted EBITDA[1]	**370**	398	362	392	445	369	347	260
Adjusted EBITDA margin[1]	**8.7 %**	9.2 %	8.6 %	8.8 %	9.7 %	8.3 %	8.0 %	6.6 %
Net earnings (loss)	**(124)**	156	141	159	179	145	139	37
Acquisition and restructuring costs[2]	**4**	—	—	21	27	16	6	51
Goodwill impairment charge	**265**	—	—	—	—	—	—	—
Loss (gain) on hyperinflation	**3**	9	(2)	—	—	(26)	(18)	(15)
Amortization of intangible assets related to business acquisitions[2]	**15**	16	15	16	15	16	16	20
Adjusted net earnings[1]	**163**	181	154	196	221	151	143	93
Adjusted net earnings margin[1]	**3.8 %**	4.2 %	3.7 %	4.4 %	4.8 %	3.4 %	3.3 %	2.4 %
Earnings (loss) per share (basic and diluted)	**(0.29)**	0.37	0.33	0.38	0.43	0.35	0.33	0.09
Adjusted EPS basic[1]	**0.38**	0.43	0.37	0.47	0.53	0.36	0.34	0.22
Adjusted EPS diluted[1]	**0.38**	0.43	0.36	0.46	0.53	0.36	0.34	0.22

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

(in millions of CDN dollars)

Fiscal years	**2024**			2023				2022
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
USA Market Factors[3,4]	**(27)**	32	(14)	29	(6)	(27)	(7)	(19)
Inventory write-down	**(14)**	(7)	(10)	—	—	—	—	—
Foreign currency exchange[4,5]	**(33)**	(3)	4	(12)	(7)	(12)	(7)	(12)

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2 Net of applicable income taxes.

3 Refer to the ''Glossary'' section of this MD&A.

4 As compared to the same quarter of the previous fiscal year.

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

HIGHLIGHTS

Saputo Inc. (we, Saputo or the Company) is presenting its results for the third quarter of fiscal 2024, which ended on December 31, 2023.

- Revenues amounted to $4.267 billion, down $320 million or 7.0%.
- Net loss totalled $124 million, compared to net earnings of $179 million. Net loss per share was $0.29, compared to net earnings per share (EPS) of $0.43.
- Adjusted EBITDA[1] amounted to $370 million, down $75 million or 16.9%.
- Adjusted net earnings[1] totalled $163 million, down from $221 million, and adjusted EPS[1] (basic and diluted) were $0.38, down from $0.53.
- Net cash generated from operating activities amounted to $388 million, up from $134 million.
- A non-cash goodwill impairment charge of $265 million was recorded in relation to the Dairy Division (Australia).

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

(unaudited)	**For the three-month periods ended December 31**		**For the nine-month periods ended December 31**	
	2023	2022	**2023**	2022
Revenues	**4,267**	4,587	**12,797**	13,375
Adjusted EBITDA[1]	**370**	445	**1,130**	1,161
Net earnings (loss)	**(124)**	179	**173**	463
Adjusted net earnings[1]	**163**	221	**498**	515
Earnings (loss) per share				
Basic and Diluted	**(0.29)**	0.43	**0.41**	1.11
Adjusted EPS[1]				
Basic and Diluted	**0.38**	0.53	**1.18**	1.34

- The macroeconomic environment was not favourable to Saputo's results. Under volatile market conditions, commodity prices dropped, negatively impacting both the USA Sector and the International Sector. The deep devaluation of the Argentine peso late in the quarter had a non-cash negative impact on the results of the International Sector, due to the application of hyperinflation accounting to the Dairy Division (Argentina) results. Despite these market headwinds, Saputo delivered higher sales volumes and increased cash flows from operations with its continued focus on strategic priorities and progression of major capital projects.
- Adjusted EBITDA[1] reflected the following:
    - Solid performance in the Canada Sector;
    - Continued improvement on operational controllables in the USA Sector, although results were affected by negative USA Market Factors[2];
    - Higher sales volumes in both domestic and export markets;
    - In the International Sector, lower international cheese and dairy ingredient market prices; and
    - In the Europe Sector, the selling of inventory produced at higher milk prices.
- The Board of Directors approved a dividend of $0.185 per share payable on March 15, 2024, to shareholders of record on March 5, 2024.

DRIP SUSPENSION

Saputo announces that it suspends its Dividend Reinvestment Plan ("DRIP"), effective February 8, 2024. Until further notice, shareholders who were enrolled in the DRIP will automatically receive dividend payments in the form of cash, including the dividend declared today and payable on March 15, 2024. If Saputo elects to reinstate the DRIP in the future, shareholders that were enrolled in the DRIP at suspension and remained enrolled at reinstatement will automatically resume participation in the DRIP.

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

CONSOLIDATED RESULTS FOR THE THIRD QUARTER AND FISCAL PERIOD ENDED DECEMBER 31, 2023

Revenues

Revenues for the **third quarter of fiscal 2024** totalled $4.267 billion, down $320 million or 7.0%, as compared to $4.587 billion for the same quarter last fiscal year. For the **nine months of fiscal 2024**, revenues totalled $12.797 billion, down $578 million or 4.3%, as compared to $13.375 billion for last fiscal year.

In the third quarter of fiscal 2024, the conversion of foreign currencies to the Canadian dollar had an unfavourable impact of approximately $280 million, mainly due to the devaluation of the Argentine peso. In the nine months of fiscal 2024, the conversion of foreign currencies to the Canadian dollar had an unfavourable impact of approximately $179 million, mainly due to the devaluation of the Argentine peso.

The combined effect of the lower average block market price[2] and of the lower average butter market price[2] in our USA Sector had a negative impact of $167 million and $587 million, in the third quarter of fiscal 2024 and for the nine months of fiscal 2024, respectively. Lower international cheese and dairy ingredient market prices had a negative impact in all our sectors.

Higher domestic selling prices in line with the higher cost of milk as raw material had a favourable impact.

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

Both domestic and export sales volumes were higher in the third quarter of fiscal 2024, despite continued softening of global demand for dairy products. For the nine months of fiscal 2024, export sales volumes were lower due to the softening global demand for dairy products and competitive market conditions, while domestic sales volumes were stable.

Operating costs excluding depreciation, amortization, and restructuring costs

Operating costs excluding depreciation, amortization, and restructuring costs for the **third quarter of fiscal 2024** totalled $3.897 billion, down $245 million or 5.9%, as compared to $4.142 billion for the same quarter last fiscal year. These decreases were in line with lower commodity market prices, which reduced the cost of raw materials and consumables used.

For the **nine months of fiscal 2024**, operating costs excluding depreciation, amortization, and restructuring costs totalled $11.667 billion, down $547 million or 4.5%, as compared to $12.214 billion for the same period last fiscal year. These decreases were in line with lower commodity market prices, which reduced the cost of raw materials and consumables used.

Also contributing to these decreases were lower logistics costs and the favourable impacts from our cost containment measures and from our Global Strategic Plan initiatives. The decreases were partially offset by the negative impacts of ongoing inflation on costs, as well as higher employee salary and benefit expenses, which include the effect of wage increases, as well as costs incurred to implement previously announced network optimization initiatives.

Net earnings (loss)

Net loss for the **third quarter of fiscal 2024** totalled $124 million, as compared to net earnings of $179 million for the same quarter last fiscal year. The net loss is primarily due to a non-cash goodwill impairment charge of $265 million, lower adjusted EBITDA[1], as described below, a loss on hyperinflation, and higher financial charges, offset by lower acquisition and restructuring costs, and lower income tax expense.

For the **nine months of fiscal 2024**, net earnings totalled $173 million, down $290 million or 62.6%, as compared to $463 million for the same period last fiscal year. The decrease is primarily due to a non-cash goodwill impairment charge, lower adjusted EBITDA[1], as described below, a loss on hyperinflation compared to a gain for the same period last fiscal year, and higher financial charges, offset by lower acquisition and restructuring costs, and lower income tax expense.

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

Adjusted EBITDA[1]

Adjusted EBITDA[1] for the **third quarter of fiscal 2024** totalled $370 million, down $75 million or 16.9%, as compared to $445 million for the same quarter last fiscal year.

Adjusted EBITDA[1] reflected a solid performance in the Canada Sector and continued operational improvements in the USA Sector. USA Market Factors[2] resulted in a negative impact of $27 million, driven by the combined negative impacts of the fluctuation of the average block market price[2] related to our cheese products and of the lower average butter market price[2] related to our dairy food products. The milk-cheese Spread[2] was less negative as compared to the same period last fiscal year.

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

The International Sector also showed lower results due to the persistent unfavourable relationship between international cheese and dairy ingredient market prices and the cost of milk, and an inventory write-down of $14 million.

In the Europe Sector, the selling of inventory produced at higher milk prices had a negative impact.

Our ongoing cost containment measures implemented to minimize the effect of inflation, along with lower logistics costs, mainly in North America, had a favourable impact. The benefits derived from our Global Strategic Plan, including continuous improvement, supply chain optimization, and automation initiatives, also had a favourable impact. These favourable impacts were partially offset by costs incurred to implement previously announced network optimization initiatives, including $10 million in the USA Sector.

The conversion of foreign currencies to the Canadian dollar had an unfavourable impact of approximately $33 million, mainly due to the devaluation of the Argentine peso.

Adjusted EBITDA[1] for the **nine months of fiscal 2024** totalled $1.13 billion, down $31 million or 2.7%, as compared to $1.161 billion for the same period last fiscal year.

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

Export sales volumes were lower due to softening of the global demand for dairy products.

Lower international cheese and dairy ingredient market prices had a negative impact.

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

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

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

USA Market Factors[2] had a negative impact of $9 million, driven by the combined negative impacts of the fluctuation of the average block market price[2] related to our cheese products and of the lower average butter market price[2] related to our dairy food products. The milk-cheese Spread[2] was less negative as compared to the same period last fiscal year.

Our ongoing cost containment measures implemented to minimize the effect of inflation, along with lower logistics costs, including lower fuel prices, mainly in North America, had a favourable impact. Benefits derived from our Global Strategic Plan, including continuous improvement, supply chain optimization, and automation initiatives, also had a favourable impact. These favourable impacts were partially offset by costs incurred to implement previously announced network optimization initiatives, including $21 million in the USA Sector.

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

The conversion of foreign currencies to the Canadian dollar had an unfavourable impact of approximately $32 million, mainly due to the devaluation of the Argentine peso.

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

Depreciation and amortization

Depreciation and amortization for the **third quarter of fiscal 2024** and the **nine months of fiscal 2024** totalled $147 million and $438 million respectively, flat, as compared to the comparative period last fiscal year.

Acquisition and restructuring costs

During the **third quarter of fiscal 2024**, we announced the permanent closure of our Lancaster, Wisconsin, facility, in line with our Global Strategic Plan. As a result, restructuring costs of $6 million ($4 million after tax), which include non-cash fixed assets write-down of $4 million and employee-related costs of $2 million, were recorded. There were no other restructuring costs in the first half of fiscal 2024.

Acquisition and restructuring costs for the **third quarter of fiscal 2023** totalled $38 million and included a non-cash fixed assets write-down of $30 million, and employee-related costs of $7 million in connection with consolidation initiatives in our Dairy Division (Australia) being undertaken as part of our Global Strategic Plan.

Acquisition and restructuring costs in the **nine months of fiscal 2023** totalled $67 million and comprised costs as described above in relation to initiatives undertaken in Australia, as well as a non-cash fixed assets write-down of $19 million, accelerated depreciation, and employee-related costs in connection with capital investments and consolidation initiatives in our USA Sector, as well as site closure costs of $9 million relating to the consolidation activities in our Europe Sector as part of our Global Strategic Plan. Restructuring costs also included a $2 million gain on disposal of assets related to the sale of a closed facility in the Canada Sector.

Goodwill impairment charge

In the **third quarter of fiscal 2024** and **nine months of fiscal 2024**, a non-cash goodwill impairment charge of $265 million was recorded.

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

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

Loss (gain) on hyperinflation

Loss on hyperinflation for the **third quarter of fiscal 2024** totalled $3 million (nil in fiscal 2023). For the **nine months of fiscal 2024**, the loss on hyperinflation totalled $10 million ($44 million gain in fiscal 2023). The change in the loss (gain) on hyperinflation is relative to the application of hyperinflation accounting for the Dairy Division (Argentina).

Financial charges

Financial charges for the **third quarter of fiscal 2024** totalled $42 million, up $5 million compared to the same quarter last fiscal year. For **the nine months of fiscal 2024**, financial charges totalled $126 million, up $20 million compared to the same period last fiscal year. These increases reflected higher interest rates.

Income tax expense

Income tax expense for the **third quarter of fiscal 2024** and for the **nine months of fiscal 2024** totalled $31 million and $112 million respectively. Excluding the effect of the non tax-deductible goodwill impairment charge of $265 million, the effective tax rate would have been 18% for the third quarter of fiscal 2024 and 20% for the nine months of fiscal 2024, as compared to 20% and 22% in the corresponding quarter and period last fiscal year.

The effective income tax rate is impacted by the tax and accounting treatments of inflation in Argentina. This impact varies from quarter to quarter. For the third quarter and nine months of fiscal 2024, this impact was positive, resulting in a reduction of the effective tax rate.

The effective tax rate varies and could increase or decrease based on the geographic mix of quarterly and year-to-date earnings across the various jurisdictions in which we operate, the tax and accounting treatments of inflation in Argentina, the amount and source of taxable income, amendments to tax legislations and income tax rates, changes in assumptions, as well as estimates we use for tax assets and liabilities.

Adjusted net earnings[1]

Adjusted net earnings[1] for the **third quarter of fiscal 2024** totalled $163 million, down $58 million or 26.2%, as compared to $221 million for the same quarter last fiscal year. This is mainly due to a decrease in net earnings, as described above, excluding a non-cash goodwill impairment charge, lower acquisition and restructuring costs after tax, as well as the impact of a loss on hyperinflation.

Adjusted net earnings[1] for the **nine months of fiscal 2024** totalled $498 million, down $17 million or 3.3%, as compared to $515 million for the same period last fiscal year. This is mainly due to a decrease in net earnings, as described above, excluding a non-cash goodwill impairment charge, lower acquisition and restructuring costs after tax, as well as the impact of the loss on hyperinflation compared to a gain that was recognized in the same period last fiscal year.

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FY24 OUTLOOK

- We expect to benefit from additional capacity and capabilities, cost containment and efficiency initiatives, new product innovations, and investments in our brands and advertising.
- We will continue to manage the current inflationary environment through our pricing protocols and cost containment measures.
- A more stabilized workforce and fewer supply chain constraints are expected to further enhance our ability to service customers, particularly in the USA Sector.
- As we approach the completion of our major capital projects, we expect to increase our operational efficiencies while further improving our cost structure, particularly in the USA Sector.
- Global demand for dairy products is expected to remain moderate due to macroeconomic conditions and the impact of pricing elasticity.
- The outlook for USA Market Factors[2] remains mixed. Management believes that the long-term environment is likely to be relatively supportive for commodity prices but with continued volatility in the short to medium-term.
- Cheese and dairy ingredient market prices are expected to remain low.
- The Europe Sector is expected to continue to be impacted, although to a lesser extent than in the third quarter of fiscal 2024, by the selling of inventory produced at higher milk prices.
- Capital expenditures are expected to remain at similar levels versus last fiscal year, driven by Global Strategic Plan optimization and capacity expansion initiatives, as well as continued investments in automation.
- We expect strong operating cash flow to continue to support a balanced capital allocation strategy and provide the financial flexibility to consider value-enhancing opportunities, with priority given to: (i) organic growth initiatives through capital expenditures, (ii) shareholder dividends, and (iii) debt repayments.

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

GLOBAL STRATEGIC PLAN HIGHLIGHTS

- In the Canada Sector, we continued the roll-out of our automation projects, which included the completion of several cheese slicing, shredding, and packing automation projects, to take advantage of new business opportunities and to continue to grow with some of our national retail customers.

- In the USA Sector, (i) our new cheese shred lines are in start-up mode at our Tulare Paige, California, plant and are currently meeting customer demand; the planned closure of our Big Stone, South Dakota, Green Bay, Wisconsin, and South Gate, California, facilities by the end of fiscal 2025 should further support network optimization plans, (ii) benefits from the recently converted Reedsburg, Wisconsin, goat cheese manufacturing plant should begin in the first quarter of fiscal 2025 once our Lancaster facility is closed, and (iii) the new automated cut-and-wrap facility in Franklin, Wisconsin, is running with benefits expected to begin by the end of fiscal 2024.

- In the Europe Sector, efficiency benefits from the expanded Nuneaton packing facility are expected to accelerate once the closure of the Frome facility is completed in the first quarter of fiscal 2025. Shipments of new private label contracts began in the fourth quarter of fiscal 2024.

- In the International Sector, previously announced network optimization activities in Australia will result in eleven plants being consolidated into six. Some of these benefits began to be realized in fiscal 2024. We are in the process of also divesting two fresh milk processing facilities and we commenced a review of strategic alternatives related to our King Island facility in Tasmania.

THE SAPUTO PROMISE

The Saputo Promise is our approach to social, environmental, and economic performance which guides our everyday actions and consists of seven Pillars: Food Quality and Safety, Our People, Business Ethics, Responsible Sourcing, Environment, Nutrition, and Community. It is an integral part of our business and a key component of our growth. As we seek to create shared value for all our stakeholders, it provides a framework that ensures we manage ESG risks and opportunities successfully across our operations globally.

Anchored in the most pressing ESG issues for our business, our three-year plan (FY23-FY25) builds on the momentum of the past few years and continues to drive, enable, and sustain our growth.

In the third quarter of fiscal 2024, we continued our efforts across our seven Pillars to progress on our three-year goals. Additional details will be shared with our Q4 results in June with the release of our annual Promise Report.

INFORMATION BY SECTOR

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

CANADA SECTOR

(in millions of CDN dollars)

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

Revenues

Revenues for the **third quarter of fiscal 2024** totalled $1.271 billion, up $58 million or 4.8%, as compared to $1.213 billion for the same quarter last fiscal year. In the **nine months of fiscal 2024**, revenues totalled $3.730 billion, up $190 million or 5.4%, as compared to $3.540 billion for the same period last fiscal year.

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

Sales volumes were stable year-over-year in the retail market segment, while sales volumes in the foodservice market segment were higher.

Adjusted EBITDA

Adjusted EBITDA for the **third quarter of fiscal 2024** totalled $150 million, up $1 million or 0.7%, as compared to $149 million for the same quarter last fiscal year.

Our ongoing cost containment measures implemented to minimize the effect of inflation, along with lower logistics costs, had a favourable impact. Our results continued to include the benefits derived from our Global Strategic Plan, which reached their stable run rate.

Adjusted EBITDA for the **nine months of fiscal 2024** totalled $442 million, up $25 million or 6.0%, as compared to $417 million for the same period last fiscal year.

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

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

USA SECTOR

(in millions of CDN dollars)

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

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

(in millions of CDN dollars)

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

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

Other pertinent information

(in US dollars, except for average exchange rate)

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

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

Revenues

Revenues for the **third quarter of fiscal 2024** totalled $2.056 billion, down $116 million or 5.3%, as compared to $2.172 billion for the same quarter last fiscal year.

The combined effect of the lower average block market price[2] and of the lower average butter market price[2] had a negative impact of $167 million. Lower dairy ingredient market prices also had a negative impact.

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

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

Revenues for the **nine months of fiscal 2024** totalled $5.882 billion, down $395 million or 6.3%, as compared to $6.277 billion for the same period last fiscal year.

The combined effect of the lower average block market price[2] and of the lower average butter market price[2] had a negative impact of $587 million. Lower dairy ingredient market prices also had a negative impact.

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

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

The fluctuation of the US dollar versus the Canadian dollar had a favourable impact of approximately $171 million.

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

Adjusted EBITDA

Adjusted EBITDA for the **third quarter of fiscal 2024** totalled $133 million, down $13 million or 8.9%, as compared to $146 million for the same quarter last fiscal year.

Results were positively impacted by operational improvements as well as by higher domestic sales volumes and lower logistics costs. These positive impacts were offset by negative USA Market Factors[2] discussed below, and lower export sales volumes. Furthermore, additional costs of approximately $10 million were incurred to implement previously announced network optimization initiatives, which include the commissioning of our new Franklin, Wisconsin, facility.

USA Market Factors[2] resulted in a negative impact of $27 million, even though the Spread[2] was less unfavourable than in the same quarter last fiscal year.

USA Market Factors[2] are comprised of the following, and their respective impacts in the third quarter of fiscal 2024 are outlined below:

- The Spread[2] (positive impact due to it being less unfavourable than in the same quarter last fiscal year).
- The impact on the realization of inventories and the absorption of fixed costs from the combined effect of the fluctuation of the average block market price[2] related to our cheese products (negative impact) and of the lower average butter market price[2] related to dairy food products (negative impact).
- The impact of dairy ingredient market prices (negative impact).

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

Adjusted EBITDA for the **nine months of fiscal 2024** totalled $383 million, up $38 million or 11.0%, as compared to $345 million for the same period last fiscal year.

Results were positively impacted by operational improvements as well as by higher domestic sales volumes and lower logistics costs, including the effect of lower fuel prices. These positive impacts were offset by negative USA Market Factors[2] discussed below, and lower export sales volumes. Furthermore, additional costs of approximately $21 million were incurred to implement previously announced network optimization initiatives which include the commissioning of our new Franklin, Wisconsin, facility.

USA Market Factors[2] resulted in a negative impact of $9 million, mainly due to the unfavourable realization of inventories from the combined effect of fluctuations of the average block market price[2] and average butter market prices[2]. This negative impact was offset by the less unfavourable effect of the Spread[2] as compared to the same period last fiscal year. In the first quarter, our results included an inventory write-down of $10 million due to the decrease in certain market selling prices.

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

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

INTERNATIONAL SECTOR

(in millions of CDN dollars)

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

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

(in millions of CDN dollars)

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

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

Revenues

Revenues for the **third quarter of fiscal 2024** totalled $636 million, down $281 million or 30.6%, as compared to $917 million for the same quarter last fiscal year.

The conversion of the functional currencies used in the International Sector to the Canadian dollar had an unfavourable impact of approximately $305 million, mainly due to the devaluation of the Argentine peso.

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

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

Revenues for the **nine months of fiscal 2024** totalled $2.383 billion, down $439 million or 15.6%, as compared to $2.822 billion for the same period last fiscal year.

The conversion of the functional currencies used in the International Sector to the Canadian dollar had an unfavourable impact of approximately $401 million, mainly due to the devaluation of the Argentine peso.

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

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

Adjusted EBITDA

Adjusted EBITDA for the **third quarter of fiscal 2024** totalled $85 million, down $26 million or 23.4%, as compared to $111 million for the same quarter last fiscal year.

The conversion of the functional currencies used in the International Sector to the Canadian dollar had an unfavourable impact of approximately $36 million, mainly due to the devaluation of the Argentine peso.

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

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

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

As a result of a continued decrease in certain market selling prices, our results included an inventory write-down of $14 million.

Adjusted EBITDA for the **nine months of fiscal 2024** totalled $245 million, down $45 million or 15.5%, as compared to $290 million for the same period last fiscal year.

The conversion of the functional currencies used in the International Sector to the Canadian dollar had an unfavourable impact of approximately $50 million, mainly due to the devaluation of the Argentine peso.

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

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

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

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

EUROPE SECTOR

(in millions of CDN dollars)

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

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

(in millions of CDN dollars)

Fiscal years	**2024**			2023			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Foreign currency exchange[1]	**3**	3	1	(1)	(2)	(4)	(2)

1 As compared to same quarter last fiscal year.

Revenues

Revenues for the **third quarter of fiscal 2024** totalled $304 million, up $19 million or 6.7%, as compared to $285 million for the same quarter last fiscal year. In the **nine months of fiscal 2024**, revenues totalled $802 million, up $66 million or 9.0%, as compared to $736 million for the same period last fiscal year.

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

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

The conversion of the British pound sterling to the Canadian dollar had a favourable impact of approximately $17 million in the **third quarter of fiscal 2024** and approximately $51 million for the **nine months of fiscal 2024**.

Adjusted EBITDA

Adjusted EBITDA for the **third quarter of fiscal 2024** totalled $2 million, down $37 million or 94.9%, as compared to $39 million for the same quarter last fiscal year.

The lower results were mainly driven by the selling of inventory produced at higher milk prices through bulk cheese sales volumes, as described above.

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

The conversion of the British pound sterling to the Canadian dollar had a favourable impact of approximately $3 million.

Adjusted EBITDA for the **nine months of fiscal 2024** totalled $60 million, down $49 million or 45.0%, as compared to $109 million for the same period last fiscal year.

The lower results were mainly driven by the selling of inventory produced at higher milk prices through bulk cheese sales volumes, as described above.

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

The conversion of the British pound sterling to the Canadian dollar had a favourable impact of approximately $7 million.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

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

As we navigate through the challenging environment, including geopolitical developments, inflationary pressures, rising interest rates, and the related uncertainties, we are focused on our capital allocation priorities to support our Global Strategic Plan, as well as cash flow generation. Our capital allocation priorities (capital expenditures, shareholder dividends, and debt repayments) allow us to support organic growth, strategic acquisitions, and our Saputo Promise.

The Company's cash and cash equivalents totalled $429 million as at December 31, 2023. In addition to these funds, we have unused credit facilities of $1.936 billion under our bank credit facilities as at December 31, 2023. We believe we are well positioned to face current market conditions given our well-balanced capital structure.

The Company's liquidity needs are funded from cash generated by operations, unsecured bank credit facilities, and senior unsecured notes. These funds are used principally for capital expenditures, dividends, debt repayments, and business acquisitions, if any, and are expected to be sufficient to meet the Company's liquidity requirements. We do not foresee any difficulty in securing financing beyond what is currently available through existing arrangements or public offerings, when appropriate, to fund possible acquisitions and/or to refinance debt obligations.

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

(in millions of CDN dollars)

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2023	2022	**2023**	2022
Net cash generated from operating activities	**388**	134	**820**	604
Cash used for investing activities	**(140)**	(140)	**(449)**	(321)
Cash used for financing activities	**(147)**	(90)	**(218)**	(324)
Increase (decrease) in cash and cash equivalents	**101**	(96)	**153**	(41)

Operating activities

Net cash generated from operating activities for the **third quarter of fiscal 2024** amounted to $388 million, as compared to $134 million for the same quarter last fiscal year. This increase of $254 million was mainly due to an increase related to changes in non-cash operating working capital items of $351 million. This increase was partially offset by higher income taxes paid of $26 million and a decrease in adjusted EBITDA[1] of $75 million.

Net cash generated from operating activities for the **nine months of fiscal 2024** amounted to $820 million, as compared to $604 million for the same period last fiscal year. This increase of $216 million was mainly due to an increase related to changes in non-cash operating working capital items of $358 million and a decrease in non-cash foreign exchange gain on debt of $43 million. This increase was partially offset by higher income taxes paid of $134 million, higher interest paid of $36 million, a decrease in adjusted EBITDA[1] of $31 million.

Changes in non-cash operating working capital for the three and nine-month periods ended December 31, 2023, were mainly driven by the fluctuations in accounts receivable, inventories, and accounts payable in line with the fluctuation of market prices and ongoing inflation, the timing of collections of accounts receivable and of payments of accounts payable.

[1] This is a total of segments measure, a non-GAAP financial measure, or a non-GAAP ratio. See the "Non-GAAP Measures" section below of this MD&A for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the primary financial statements, as applicable.

Investing activities

Investing activities for the **third quarter of fiscal 2024** and for the **nine months of fiscal 2024** amounted to $140 million and $449 million, respectively, and were mainly related to net additions to property, plant and equipment, and intangible assets.

Financing activities

In the **third quarter of fiscal 2024**, cash used for financing activities of $147 million was mainly attributable to the proceeds from the issuance of long-term debt which were more than offset by the repayment of outstanding indebtedness and the payment of dividends to shareholders.

In the **nine months of fiscal 2024**, cash used for financing activities of $218 million was mainly attributable to the proceeds from the issuance of long-term debt and the increase in bank loans which were more than offset by the repayment of of outstanding indebtedness and the payment of dividends to shareholders.

Liquidity

(in millions of CDN dollars, except ratio)

	December 31, 2023	March 31, 2023
Current assets	**4,816**	4,851
Current liabilities	**3,106**	3,002
Working capital[1]	**1,710**	1,849
Working capital ratio[1]	**1.55**	1.62

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

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

Capital management

Our capital management strategy requires a well-balanced financing structure to maintain the flexibility needed to implement growth initiatives, pursue disciplined capital investments, and maximize shareholder value.

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

On December 15, 2023, we extended the maturity date of our main revolving credit facility to December 15, 2028. Refer to Note 6 to the condensed interim consolidated financial statements for further information.

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

	December 31, 2023	March 31, 2023
Net debt[1]	**3,564**	3,777
Trailing twelve months adjusted EBITDA[2]	**1,522**	1,553
Net debt to adjusted EBITDA[2]	**2.34**	2.43
Number of common shares	**424,158,946**	421,604,856
Number of stock options	**20,836,730**	19,988,303

1 Refer to the "Glossary" section of this MD&A and Note 8 to the condensed interim consolidated financial statements.
2 This is a total of segments measure, a non-GAAP financial measure, or a non-GAAP ratio. See the "Non-GAAP Measures" section below of this MD&A for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the primary financial statements, as applicable.

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

As at December 31, 2023, the Company had $429 million in cash and cash equivalents and available bank credit facilities of $2.382 billion, of which $446 million were drawn. See Note 6 and Note 7 to the condensed interim consolidated financial statements for additional information related to bank loans and long-term debt.

Authorized share capital is comprised of an unlimited number of common shares. The common shares are voting and participating. As at January 31, 2024, 424,158,946 common shares and 20,776,594 stock options were outstanding.

CONTRACTUAL OBLIGATIONS

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

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

(in millions of CDN dollars)

	December 31, 2023				March 31, 2023			
	Long-term debt	**Leases**	**Purchase obligations & other**	**Total**	Long-term debt	Leases	Purchase obligations & other	Total
Less than 1 year	**420**	**107**	**165**	**692**	307	115	368	790
1–2 years	**465**	**63**	**121**	**649**	413	63	105	581
2–3 years	**350**	**57**	**16**	**423**	847	56	26	929
3–4 years	**700**	**50**	**4**	**754**	350	49	13	412
4–5 years	**334**	**42**	**3**	**379**	734	43	4	781
More than 5 years	**850**	**259**	**12**	**1,121**	600	281	—	881
	3,119	**578**	**321**	**4,018**	3,251	607	516	4,374

Long-term debt

The Company's long-term debt is described in Note 7 to the condensed interim consolidated financial statements.

Bank term loans

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

In connection with the acquisition of Dairy Crest Group plc in April 2019, we entered into a credit agreement providing for a non-revolving term facility comprised of three tranches. A total of $1.911 billion was drawn, of which $115 million remains to be repaid as at December 31, 2023. The credit facility bears interest at lenders' prime rates plus a maximum of 1.00% or SOFR or bankers' acceptance rates plus a minimum of 0.80% and a maximum of 2.00%, depending on the Company's credit ratings and matures in June 2025. On October 6, 2022, this facility was converted to a Canadian dollar denominated facility.

Senior notes

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

FINANCIAL POSITION

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

The following table sets forth exchange rates expressed in Canadian dollars per currency of our respective local operations' financial position items in foreign currencies as at December 31, 2023, and March 31, 2023.

	December 31, 2023	March 31, 2023
US dollar[1]	**1.3243**	1.3516
Australian dollar[1]	**0.9037**	0.9036
Argentine peso[1]	**0.0016**	0.0065
British pound sterling[1]	**1.6871**	1.6676

1 Based on Bank of Canada published information.

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

CHANGES IN ACCOUNTING POLICIES

New accounting standards, interpretations, and amendments adopted during the period

Please refer to Note 3 to our condensed interim consolidated financial statements for the period ended December 31, 2023, for more information regarding the effect of new accounting standards, interpretations, and amendments adopted on or after April 1, 2023.

Recent standards, interpretations, and amendments not yet implemented

For the period ended December 31, 2023, there were no new accounting standards, interpretations, and amendments not yet implemented.

FOLLOW-UP ON CERTAIN SPECIFIC ITEMS OF THE ANALYSIS

For an analysis of guarantees, related-party transactions, critical accounting estimates and changes in accounting policies, risks and uncertainties, as well as a sensitivity analysis of interest rate and US currency fluctuations, see the discussion provided in the Company's 2023 Annual Report (pages 32 to 43 of the MD&A dated June 8, 2023).

DISCLOSURE CONTROLS AND PROCEDURES

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

There were no changes to Saputo's internal control over financial reporting that occurred during the period beginning on October 1, 2023, and ended on December 31, 2023, that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

NON-GAAP MEASURES

We report our financial results in accordance with GAAP and generally assess our financial performance using financial measures that are prepared using GAAP. However, this MD&A also refers to certain non-GAAP and other financial measures which do not have a standardized meaning under GAAP, and are described in this section.

We use non-GAAP measures and ratios to provide investors with supplemental metrics to assess and measure our operating performance and financial position from one period to the next. We believe that those measures are important supplemental metrics because they eliminate items that are less indicative of our core business performance and could potentially distort the analysis of trends in our operating performance and financial position. We also use non-GAAP measures to facilitate operating and financial performance comparisons from period to period, to prepare annual budgets and forecasts, and to determine components of management compensation. We believe these non-GAAP measures, in addition to the financial measures prepared in accordance with IFRS, enable investors to evaluate the Company's operating results, underlying performance, and future prospects in a manner similar to management. These metrics are presented as a complement to enhance the understanding of operating results but not in substitution of GAAP results.

These non-GAAP measures have no standardized meaning under GAAP and are unlikely to be comparable to similar measures presented by other issuers. Our method of calculating these measures may differ from the methods used by others, and, accordingly, our definition of these non-GAAP financial measures may not be comparable to similar measures presented by other issuers. In addition, non-GAAP financial measures should not be viewed as a substitute for the related financial information prepared in accordance with GAAP. This section provides a description of the components of each non-GAAP measure used in this MD&A and the classification thereof.

NON-GAAP FINANCIAL MEASURES AND RATIOS

A non-GAAP financial measure is a financial measure that depicts the Company's financial performance, financial position, or cash flow and either excludes an amount that is included in or includes an amount that is excluded from the composition of the most directly comparable financial measures disclosed in the Company's financial statements. A non-GAAP ratio is a financial measure disclosed in the form of a ratio, fraction, percentage, or similar representation and that has a non-GAAP financial measure as one or more of its components.

Below are descriptions of the non-GAAP financial measures and ratios that we use as well as reconciliations to the most comparable GAAP financial measures, as applicable.

Adjusted net earnings and adjusted net earnings margin

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

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

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

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2023	2022	**2023**	2022
Net earnings (loss)	**(124)**	179	**173**	463
Acquisition and restructuring costs[1]	**4**	27	**4**	49
Amortization of intangible assets related to business acquisitions[1]	**15**	15	**46**	47
Goodwill impairment charge	**265**	—	**265**	—
Loss (gain) on hyperinflation[2]	**3**	—	**10**	(44)
Adjusted net earnings	**163**	221	**498**	**515**
Revenues	**4,267**	4,587	**12,797**	13,375
Adjusted net earnings margin (expressed as a percentage of revenues)	***3.8 %***	*4.8 %*	***3.9 %***	*3.9 %*

1 Net of applicable income taxes.
2 Starting in the first quarter of fiscal 2024:
- the loss (gain) on hyperinflation is presented on a separate line on the consolidated income statements (Refer to Note 16 of the condensed interim consolidated financial statements for further information); and
- adjusted net earnings exclude the loss (gain) on hyperinflation to provide investors with more useful information with regards to our ongoing operations.

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

Adjusted EPS basic and adjusted EPS diluted

Adjusted EPS basic (adjusted net earnings per basic common share) and adjusted EPS diluted (adjusted net earnings per diluted common share) are non-GAAP ratios and do not have any standardized meaning under GAAP. Therefore, these measures are unlikely to be comparable to similar measures presented by other issuers. We define adjusted EPS basic and adjusted EPS diluted as adjusted net earnings divided by the basic and diluted weighted average number of common shares outstanding for the period. Adjusted net earnings is a non-GAAP financial measure. For more details on adjusted net earnings, refer to the discussion above in the adjusted net earnings and adjusted net earnings margin section.

We use adjusted EPS basic and adjusted EPS diluted, and we believe that certain securities analysts, investors, and other interested parties use these measures, among other ones, to assess the performance of our business without the effect of the acquisition and restructuring costs, amortization of intangible assets related to business acquisitions, gain on disposal of assets, impairment of intangible assets, goodwill impairment charge, and loss (gain) on hyperinflation. We exclude these items because they affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. Adjusted EPS is also a component in the determination of long-term incentive compensation for management.

Net debt to adjusted EBITDA

Net debt to adjusted EBITDA is defined as net debt divided by adjusted EBITDA and is the primary measure used by the Company to monitor its financial leverage. For more details on net debt, refer to the "Glossary" section of this MD&A and Note 8 to the condensed interim consolidated financial statements. For more details on adjusted EBITDA, refer to the discussion below in the adjusted EBITDA and adjusted EBITDA margin section.

TOTAL OF SEGMENTS MEASURES

A total of segments measure is a financial measure that is a subtotal or total of two or more reportable segments and is disclosed within the notes to Saputo's condensed interim consolidated financial statements, but not in its primary financial statements. Consolidated adjusted EBITDA is a total of segments measure.

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

Adjusted EBITDA and adjusted EBITDA margin

We believe that adjusted EBITDA and adjusted EBITDA margin provide investors with useful information because they are common industry measures. Adjusted EBITDA margin consists of adjusted EBITDA expressed as a percentage of revenues. These measures are also key metrics of the Company's operational and financial performance without the variation caused by the impacts of the elements itemized below and provide an indication of the Company's ability to seize growth opportunities in a cost-effective manner, finance its ongoing operations, and service its long-term debt. Adjusted EBITDA is the key measure of profit used by management for the purpose of assessing the performance of each sector and of the Company as a whole, and to make decisions about the allocation of resources. We believe that securities analysts, investors, and other interested parties also use adjusted EBITDA to evaluate the performance of issuers. Adjusted EBITDA is also a component in the determination of short-term incentive compensation for management.

The following table provides a reconciliation of net earnings (loss) to adjusted EBITDA on a consolidated basis.

	For the three-month periods ended December 31		**For the nine-month periods ended December 31**	
	2023	2022	**2023**	2022
Net earnings (loss)	**(124)**	179	**173**	463
Income taxes	**31**	44	**112**	131
Financial charges[1]	**42**	37	**126**	106
Loss (gain) on hyperinflation[1]	**3**	—	**10**	(44)
Acquisition and restructuring costs	**6**	38	**6**	67
Goodwill impairment charge	**265**	—	**265**	—
Depreciation and amortization	**147**	147	**438**	438
Adjusted EBITDA	**370**	445	**1,130**	1,161
Revenues	**4,267**	4,587	**12,797**	13,375
Adjusted EBITDA margin	***8.7 %***	*9.7 %*	***8.8 %***	*8.7 %*

1 Starting in the first quarter of fiscal 2024, the loss (gain) on hyperinflation is presented on a separate line on the consolidated income statements (Refer to Note 16 of the condensed interim consolidated financial statements for further information).
Comparative periods included in this MD&A were aligned to meet the current presentation.

GLOSSARY

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

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

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

Net Debt means long-term debt, bank loans, and lease liabilities, including the current portion thereof, net of cash and cash equivalents. Refer to Note 8 to the condensed interim consolidated financial statements for further information.

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

Trailing twelve months adjusted EBITDA is calculated by adding the actual adjusted EBITDA results for the nine-month period ended December 31, 2023, to the actual adjusted EBITDA results for the year ended March 31, 2023, and subtracting the actual adjusted EBITDA results for the nine-month period ended December 31, 2022.

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

Working capital means current assets minus current liabilities.

Working capital ratio means current assets divided by current liabilities.

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENTS

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

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2023	2022[1]	**2023**	2022[1]
Revenues (Note 15)	**$ 4,267**	$ 4,587	**$ 12,797**	$ 13,375
Operating costs excluding depreciation, amortization, and restructuring costs (Note 5)	**3,897**	4,142	**11,667**	12,214
Earnings before income taxes, financial charges, loss (gain) on hyperinflation, acquisition and restructuring costs, depreciation and amortization and goodwill impairment charge	**370**	445	**1,130**	1,161
Depreciation and amortization	**147**	147	**438**	438
Goodwill impairment charge (Note 4)	**265**	—	**265**	—
Acquisition and restructuring costs (Note 10)	**6**	38	**6**	67
Loss (gain) on hyperinflation	**3**	—	**10**	(44)
Financial charges (Note 11)	**42**	37	**126**	106
Earnings (loss) before income taxes	**(93)**	223	**285**	594
Income taxes	**31**	44	**112**	131
Net earnings (loss)	**$ (124)**	$ 179	**$ 173**	$ 463
Net earnings (loss) per share (Note 13)				
Basic and diluted	**$ (0.29)**	$ 0.43	**$ 0.41**	$ 1.11

[1] Comparative figures were reclassified to conform with the current year's presentation. Refer to Note 16 for more information.

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of CDN dollars)
(unaudited)

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2023	2022	**2023**	2022
Net earnings (loss)	**$ (124)**	$ 179	**$ 173**	$ 463
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	**(169)**	42	**(278)**	317
Unrealized gains (losses) on cash flow hedges (Note 14)	**21**	36	**13**	(32)
Reclassification of (gains) losses on cash flow hedges to net earnings	**(5)**	11	**(2)**	14
Income taxes relating to items that may be reclassified to net earnings	**(5)**	(13)	**(3)**	6
	(158)	76	**(270)**	305
Items that will not be reclassified to net earnings:				
Actuarial (loss) gain	**6**	(75)	**(53)**	(79)
Income taxes relating to items that will not be reclassified to net earnings	**(2)**	19	**13**	20
	4	(56)	**(40)**	(59)
Other comprehensive income (loss)	**(154)**	20	**(310)**	246
Total comprehensive income (loss)	**$ (278)**	$ 199	**$ (137)**	$ 709

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in millions of CDN dollars, except common shares)
(unaudited)

For the nine-month period ended December 31, 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	**421,604,856**	**$ 2,102**	**$ 347**	**$ 9**	**$ 176**	**$ 532**	**$ 4,506**	**$ 7,140**
Net earnings	**—**	**—**	**—**	**—**	**—**	**—**	**173**	**173**
Other comprehensive income (loss)	**—**	**—**	**(278)**	**8**	**—**	**(270)**	**(40)**	**(310)**
Total comprehensive income								**(137)**
Dividends (Note 9)	**—**	**—**	**—**	**—**	**—**	**—**	**(232)**	**(232)**
Shares issued under dividend reinvestment plan (Note 9)	**2,355,481**	**66**	**—**	**—**	**—**	**—**	**—**	**66**
Stock options	**—**	**—**	**—**	**—**	**10**	**10**	**—**	**10**
Exercise of stock options (Note 9)	**198,609**	**7**	**—**	**—**	**(1)**	**(1)**	**—**	**6**
Balance, end of period	**424,158,946**	**$ 2,175**	**$ 69**	**$ 17**	**$ 185**	**$ 271**	**$ 4,407**	**$ 6,853**

For the nine-month period ended December 31, 2022	**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	—	—	—	—	—	—	463	463
Other comprehensive income (loss)	—	—	317	(12)	—	305	(59)	246
Total comprehensive income								709
Dividends (Note 9)	—	—	—	—	—	—	(226)	(226)
Shares issued under dividend reinvestment plan (Note 9)	2,409,163	76	—	—	—	—	—	76
Stock options	—	—	—	—	9	9	—	9
Exercise of stock options (Note 9)	724,755	23	—	—	(3)	(3)	—	20
Balance, end of period	**419,871,959**	**$ 2,044**	**$ 383**	**$ 9**	**$ 178**	**$ 570**	**$ 4,479**	**$ 7,093**

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of CDN dollars)
(unaudited)

As at	December 31, 2023	March 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	**$ 429**	$ 263
Receivables	**1,347**	1,621
Inventories	**2,913**	2,872
Income taxes receivable	**28**	16
Prepaid expenses and other assets	**99**	79
	4,816	4,851
Property, plant and equipment	**4,328**	4,286
Right-of-use assets	**438**	446
Goodwill (Note 4)	**3,046**	3,338
Intangible assets	**1,186**	1,283
Other assets	**101**	158
Deferred tax assets	**68**	63
Total assets	**$ 13,983**	$ 14,425
LIABILITIES		
Current liabilities		
Bank loans (Note 6)	**$ 446**	$ 356
Accounts payable and accrued liabilities	**2,122**	2,149
Income taxes payable	**32**	99
Current portion of long-term debt (Note 7)	**420**	307
Current portion of lease liabilities	**86**	91
	3,106	3,002
Long-term debt (Note 7)	**2,699**	2,944
Lease liabilities	**342**	342
Other liabilities	**144**	137
Deferred tax liabilities	**839**	860
Total liabilities	**$ 7,130**	$ 7,285
EQUITY		
Share capital (Note 9)	**2,175**	2,102
Reserves	**271**	532
Retained earnings	**4,407**	4,506
Total equity	**$ 6,853**	$ 7,140
Total liabilities and equity	**$ 13,983**	$ 14,425

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of CDN dollars)
(unaudited)

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2023	2022	**2023**	2022
Cash flows related to the following activities:				
Operating				
Net earnings (loss)	**$ (124)**	$ 179	**$ 173**	$ 463
Adjustments for:				
Stock-based compensation	**18**	15	**54**	45
Financial charges (Note 11)	**42**	37	**126**	106
Income tax expense	**31**	44	**112**	131
Depreciation and amortization	**147**	147	**438**	438
Goodwill impairment charge (Note 4)	**265**	—	**265**	—
Restructuring charges related to optimization initiatives	**6**	38	**6**	67
Gain on disposal of property, plant and equipment	**(1)**	(2)	**(1)**	(3)
Foreign exchange loss (gain) on debt	**25**	13	**26**	(17)
Loss (gain) on hyperinflation	**3**	—	**10**	(44)
Share of joint venture earnings, net of dividends received and other	**6**	1	**3**	(2)
Changes in non-cash operating working capital items (Note 12)	**63**	(288)	**(71)**	(429)
Cash generated from operating activities	**481**	184	**1,141**	755
Interest and financial charges paid	**(64)**	(47)	**(150)**	(114)
Income taxes paid	**(29)**	(3)	**(171)**	(37)
Net cash generated from operating activities	**$ 388**	$ 134	**$ 820**	$ 604
Investing				
Additions to property, plant and equipment	**(140)**	(135)	**(442)**	(312)
Additions to intangible assets	**(2)**	(7)	**(9)**	(17)
Proceeds from disposal of property, plant and equipment	**2**	2	**2**	8
Net cash used for investing activities	**$ (140)**	$ (140)	**$ (449)**	$ (321)
Financing				
Bank loans	**19**	(326)	**120**	(74)
Proceeds from issuance of long-term debt	**550**	300	**550**	313
Repayment of long-term debt	**(641)**	(1)	**(679)**	(382)
Repayment of lease liabilities	**(17)**	(18)	**(49)**	(50)
Net proceeds from issuance of share capital	**—**	5	**6**	19
Payment of dividends	**(58)**	(50)	**(166)**	(150)
Net cash used for financing activities	**$ (147)**	$ (90)	**$ (218)**	$ (324)
Increase (decrease) in cash and cash equivalents	**101**	(96)	**153**	(41)
Cash and cash equivalents, beginning of period	**339**	270	**263**	165
Effect of exchange rate changes and Argentina hyperinflation	**(11)**	11	**13**	61
Cash and cash equivalents, end of period	**$ 429**	$ 185	**$ 429**	$ 185

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine-month periods ended December 31, 2023, and 2022.

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

NOTE 1 CORPORATE INFORMATION

Saputo Inc. (the Company) is a publicly traded company incorporated and domiciled in Canada. The Company's shares are listed on the Toronto Stock Exchange under the symbol "SAP." The Company produces, markets, and distributes a wide array of dairy products from Canada, the United States, Australia, Argentina, and the United Kingdom. In addition to its dairy portfolio, the Company produces, markets, and distributes a range of dairy alternative 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 condensed interim consolidated financial statements of the Company for the three and nine-month periods ended December 31, 2023 (financial statements) comprise the financial results of the Company and its subsidiaries.

The financial statements were authorized for issuance by the Board of Directors on February 8, 2024.

NOTE 2 BASIS OF PRESENTATION

The financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB). Accordingly, certain disclosure requirements that are necessary in the preparation of an annual financial statement in compliance with International Financial Reporting Standards (IFRS) have been omitted or condensed and, therefore, these financial statements should be read in conjunction with the Company's audited annual consolidated financial statements as at March 31, 2023, and 2022, and for the years then ended.

NOTE 3 MATERIAL ACCOUNTING POLICIES

The accounting policies and methods of computation applied in these financial statements are the same as those applied by the Company in its audited annual consolidated financial statements as at and for the year ended March 31, 2023.

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

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

IAS 12, International Tax Reform - Pillar Two Model Rules
In May 2023, the 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 impact the Company's financial statements.

NOTE 4 GOODWILL

		For the nine-months period ended December 31, 2023
		Goodwill
Net book value at March 31, 2023	**$**	**3,338**
Goodwill impairment charges		**(265)**
Foreign currency and hyperinflation		**(27)**
Net book value at December 31, 2023	**$**	**3,046**

IMPAIRMENT TESTING

Goodwill impairment testing is conducted at the cash-generating unit (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 CGUs or groups of CGUs for goodwill impairment purposes as they represent the lowest level at which the goodwill is monitored for internal management purposes.

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 relationship 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.

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

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2023	2022	**2023**	2022
Changes in inventories of finished goods and work in process	**$ 180**	$ (267)	**$ 56**	$ (315)
Raw materials and consumables used	**2,780**	3,416	**8,724**	9,651
Foreign exchange loss (gain)	**(27)**	8	**(22)**	8
Employee benefits expense	**554**	537	**1,662**	1,570
Selling costs	**174**	211	**531**	610
General and administrative costs	**236**	237	**716**	690
	$ 3,897	$ 4,142	**$ 11,667**	$ 12,214

NOTE 6 BANK LOANS

		Available for use			Amount drawn as at	
Credit Facilities	Maturity	Canadian Currency Equivalent	Base Currency (in millions)		**December 31, 2023**	March 31, 2023
North America-USA	December 2028[1]	$ 397	300	USD	**$ —**	$ —
North America-Canada	December 2028[1]	$ 927	700	USD	**15**	—
Australia	Yearly[2]	$ 339	375	AUD	**206**	153
Australia	Yearly[2]	$ 132	100	USD	**34**	—
Japan	Yearly[3]	$ 75	8,000	JPY	**44**	58
United Kingdom	Yearly[4]	$ 211	125	GBP	**128**	120
Argentina	Yearly[5]	$ 301	227	USD	**19**	25
		$ 2,382			**$ 446**	$ 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 1.60% 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 December 31, 2023, receivables totalling $292 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 7 LONG-TERM DEBT

	December 31, 2023	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	**54**	54
	$ 3,119	$ 3,251
Current portion	**(420)**	(307)
	$ 2,699	$ 2,944
Principal repayments are as follows:		
Less than 1 year	**$ 420**	$ 307
1-2 years	**465**	413
2-3 years	**350**	847
3-4 years	**700**	350
4-5 years	**334**	734
More than 5 years	**850**	600
	$ 3,119	$ 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. Interest was paid every one, two, three or six months, as selected by the Company.

2 Bears monthly interest at lender's prime rates plus a maximum of 1.00% or SOFR or banker's acceptance rates plus 0.80% up to a maximum of 2.00%, depending on the Company's credit ratings. Interest is paid every one, two, three or six months, as selected by the Company. On October 6, 2022, the remaining tranche of the facility was converted to a Canadian dollar denominated facility and can be drawn in CAD or USD. As at December 31, 2023, 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 8 NET DEBT

The Company's capital is composed of net debt and equity. Net debt consists of long-term debt, bank loans, and lease liabilities, net of cash and cash equivalents. The net debt amounts as at December 31, 2023, and March 31, 2023, are as follows:

		December 31, 2023		March 31, 2023
Long-term debt, including current portion	**$**	**3,119**	$	3,251
Bank loans		**446**		356
Lease liabilities, including current portion		**428**		433
Less: Cash and cash equivalents		**(429)**		(263)
Net debt	**$**	**3,564**	$	3,777

The primary measure used by the Company to monitor its financial leverage is its ratio of net debt to trailing twelve months net earnings before income taxes, financial charges, loss (gain) on hyperinflation, acquisition and restructuring costs, depreciation and amortization and goodwill impairment charge. The ratio at December 31, 2023 was 2.34 (2.43 at March 31, 2023).

NOTE 9 SHARE CAPITAL

AUTHORIZED

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

STOCK OPTION PLAN

Changes in the number of outstanding stock options for the nine-month periods ended December 31 are as follows:

	December 31, 2023			December 31, 2022		
	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	**(198,609)**	**$**	**29.66**	(724,755)	$	26.12
Cancelled	**(1,183,990)**	**$**	**39.85**	(2,657,809)	$	40.28
Balance, end of period	**20,836,730**	**$**	**37.66**	21,239,163	$	37.54

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.

NOTE 9 SHARE CAPITAL (CONT'D)

DIVIDENDS AND DIVIDEND REINVESTMENT PLAN

Dividends paid in cash and through the Company's dividend reinvestment plan (DRIP) during the nine-month periods ended December 31, 2023 and 2022 were as follows:

	For the nine-month periods ended December 31	
	2023	2022
Cash	**$ 166**	$ 150
DRIP	**66**	76
Total	**$ 232**	$ 226

NOTE 10 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 employee related costs of $2 million, were recorded. There were no restructuring costs in the first half of fiscal 2024.

For the nine-month period ended December 31, 2022, restructuring costs totalling $67 million ($49 million after tax), of which $38 million ($27 million after tax) were recorded in the third quarter of fiscal 2023, 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. These costs include non-cash fixed assets write-down of $50 million, employee-related costs of $14 million, accelerated depreciation, and other site closure costs.

NOTE 11 FINANCIAL CHARGES

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2023	2022	**2023**	2022
Interest on long-term debt	**$ 27**	$ 22	**$ 78**	61
Other finance costs, net	**12**	13	**38**	38
Interest on lease liabilities	**4**	3	**12**	10
Net interest revenue from defined benefit obligation	**(1)**	(1)	**(2)**	(3)
	$ 42	$ 37	**$ 126**	$ 106

NOTE 12 CHANGE IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2023	2022	**2023**	2022
Inventories	**$ 44**	$ (277)	**$ (179)**	$ (403)
Receivables	**(156)**	(63)	**—**	(220)
Prepaid expenses and other assets	**(9)**	(3)	**(15)**	(5)
Accounts payable, accrued liabilities and other	**190**	49	**131**	189
Current income taxes	**(6)**	6	**(8)**	10
Changes in non-cash operating working capital	**$ 63**	$ (288)	**$ (71)**	$ (429)

NOTE 13 NET EARNINGS (LOSS) PER SHARE

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2023	2022	**2023**	2022
Net earnings (loss)	**$ (124)**	$ 179	**$ 173**	$ 463
Weighted average number of common shares outstanding	**423,520,745**	419,142,679	**422,679,919**	418,054,463
Dilutive shares	**—**	924,111	**306,630**	616,657
Weighted average diluted number of common shares outstanding	**423,520,745**	420,066,790	**422,986,549**	418,671,120
Earnings (loss) per share (basic and diluted)	**$ (0.29)**	$ 0.43	**$ 0.41**	$ 1.11

For the nine-month period ended December 31, 2023, 19,903,455 options were excluded from the calculation of the diluted net earnings per share because their exercise price is higher than the average market value of shares during the same period (16,904,995 options were excluded for the three and nine-month periods ended December 31, 2022). For the three-month period ended December 31, 2023, options were excluded from the calculation of diluted net earnings (loss) per share as they would be anti-dilutive.

NOTE 14 FINANCIAL INSTRUMENTS

The Company determined that the fair value of certain of its financial assets and financial liabilities with short-term maturities approximates their carrying value. These financial instruments include cash and cash equivalents, receivables, bank loans, accounts payable, and accrued liabilities. The table below presents the fair value and the carrying value of other financial instruments as at December 31, 2023, 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.

	December 31, 2023		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)	1	1	(1)	(1)
Foreign exchange derivatives (Level 2)	9	9	3	3
Derivatives not designated in a formal hedging relationship				
Equity forward contracts (Level 2)	(7)	(7)	(5)	(5)
Commodity derivatives (Level 2)	1	1	(1)	(1)
Foreign exchange derivatives (Level 2)	(1)	(1)	(1)	(1)
Long-term debt (Level 2)	3,028	3,119	3,081	3,251

NOTE 15 SEGMENTED INFORMATION

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

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

NOTE 15 SEGMENTED INFORMATION (CONT'D)

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.

INFORMATION ON REPORTABLE SECTORS

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2023	2022	**2023**	2022
Revenues				
Canada	**$ 1,271**	$ 1,213	**$ 3,730**	$ 3,540
USA	**2,056**	2,172	**5,882**	6,277
International[1]	**636**	917	**2,383**	2,822
Europe	**304**	285	**802**	736
	$ 4,267	$ 4,587	**$ 12,797**	$ 13,375
Operating costs excluding depreciation, amortization, and restructuring costs				
Canada	**$ 1,121**	$ 1,064	**$ 3,288**	$ 3,123
USA	**1,923**	2,026	**5,499**	5,932
International	**551**	806	**2,138**	2,532
Europe	**302**	246	**742**	627
	$ 3,897	$ 4,142	**$ 11,667**	$ 12,214
Adjusted EBITDA				
Canada	**$ 150**	$ 149	**$ 442**	$ 417
USA	**133**	146	**383**	345
International	**85**	111	**245**	290
Europe	**2**	39	**60**	109
	$ 370	$ 445	**$ 1,130**	$ 1,161
Depreciation and amortization				
Canada	**$ 26**	$ 27	**$ 79**	$ 82
USA	**63**	59	**183**	171
International	**33**	36	**97**	110
Europe	**25**	25	**79**	75
	$ 147	$ 147	**$ 438**	$ 438
Goodwill impairment charge	**265**	—	**265**	—
Acquisition and restructuring costs	**6**	38	**6**	67
Loss (gain) on hyperinflation	**3**	—	**10**	(44)
Financial charges	**42**	37	**126**	106
Earnings (loss) before income taxes	**(93)**	223	**285**	594
Income taxes	**31**	44	**112**	131
Net earnings (loss)	**$ (124)**	$ 179	**$ 173**	$ 463

[1] Australia accounted for $645 million and $1,878 million of the International Sector's revenues for the three and nine-month periods ended December 31, 2023 respectively, while Argentina accounted for negative $9 million for the three months ended December 31, 2023, and $505 million for the nine-month period ended December 31, 2023. Argentina revenues for the three months ended December 31, 2023 were negative due to the application of hyperinflation accounting. Australia accounted for $667 million and $1,991 million of the International Sector's revenues, while Argentina accounted for $250 million and $831 million for the three and nine-month periods ended December 31, 2022, respectively.

NOTE 15 SEGMENTED INFORMATION (CONT'D)

MARKET SEGMENT INFORMATION

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

For the three-month periods ended December 31	Total		Canada		USA		International		Europe	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Revenues										
Retail	**$ 2,199**	$ 2,317	**$ 733**	$ 706	**$ 998**	$ 1,028	**$ 253**	$ 382	**$ 215**	$ 201
Foodservice	**1,427**	1,459	**443**	415	**873**	931	**102**	104	**9**	9
Industrial	**641**	811	**95**	92	**185**	213	**281**	431	**80**	75
	$ 4,267	$ 4,587	**$ 1,271**	$ 1,213	**$ 2,056**	$ 2,172	**$ 636**	$ 917	**$ 304**	$ 285

For the nine-month periods ended December 31	Total		Canada		USA		International		Europe	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Revenues										
Retail	**$ 6,480**	$ 6,458	**$ 2,100**	$ 1,994	**$ 2,724**	$ 2,793	**$ 1,044**	$ 1,137	**$ 612**	$ 534
Foodservice	**4,323**	4,411	**1,365**	1,275	**2,629**	2,824	**304**	289	**25**	23
Industrial	**1,994**	2,506	**265**	271	**529**	660	**1,035**	1,396	**165**	179
	$ 12,797	$ 13,375	**$ 3,730**	$ 3,540	**$ 5,882**	$ 6,277	**$ 2,383**	$ 2,822	**$ 802**	$ 736

NOTE 16 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).