

# CONSOLIDATED FINANCIAL STATEMENTS

## MANAGEMENT'S STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

*(signed) Carl Colizza*  
Carl Colizza  
President and Chief Executive Officer

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

June 5, 2025



**KPMG LLP**

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Saputo Inc.

### **Opinion**

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

- the consolidated statements of financial position as at March 31, 2025 and March 31, 2024;
- the consolidated income statements for the years then ended
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2025 and March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### **Basis for Opinion**

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

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

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

### ***Assessment of the carrying amount of Goodwill for Dairy Division (UK) cash generating unit (CGU)***

#### ***Description of the matter***

We draw attention to Notes 3 and 8 of the financial statements. The goodwill balance is \$2,598 million, of which nil relates to the Dairy Division (UK) CGU subsequent to an impairment charge of \$662 million. Goodwill impairment testing is conducted at the CGU level annually, on December 31, or at an interim date if indicators of impairment exist. When testing goodwill for impairment, the carrying values of the CGUs or group of CGUs, including goodwill, are compared with their respective recoverable amounts and an impairment loss, if any, is recognized for the excess.

The recoverable amount as at December 31, 2024, was estimated using the higher of the amount determined from 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, (iii) terminal growth rate and (iv) earnings multipliers of market comparables.

#### ***Why the matter is a key audit matter***

We identified the assessment of the carrying amount of Goodwill for Dairy Division (UK) CGU as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the carrying amount of the CGU and high degree of estimation uncertainty and sensitivity of the key assumptions used to determine the recoverable amounts of the CGU. In addition, significant auditor judgment and involvement of those with specialized skills and knowledge were required in evaluating the results of our audit procedures.

#### ***How the matter was addressed in the audit***

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

We evaluated the Entity's ability to accurately forecast EBITDA by comparing actual results to historical EBITDA forecasts. We also took into account changes in conditions and events affecting the CGU, including industry and economic data, to assess the reasonability of the adjustment made by the Entity to historical results in arriving at the forecasted amounts.

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

- Terminal growth rate by developing a range of independent terminal growth rates using publicly available industry market data and expected long term inflation rates and comparing to the Entity's terminal growth rate assumption
- Discount rate by comparing against a discount rate range that was independently developed using publicly available market data including data from comparable entities

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

### ***Other Information***

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

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

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

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

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

We have nothing to report in this regard.

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

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

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

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



### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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

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

/s/ KPMG LLP\*

Montreal, Canada

June 5, 2025

\* CPA auditor, public accountancy permit No. A123145

## CONSOLIDATED INCOME STATEMENTS

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

Years ended March 31	2025	2024
<b>Revenues</b>	\$ 19,061	\$ 17,342
Operating costs excluding depreciation, amortization, and restructuring costs (Note 5)	17,496	15,833
<b>Earnings before income taxes, financial charges, loss (gain) on hyperinflation, restructuring costs, (gain) on disposal of assets, goodwill and intangible assets impairment charge, and depreciation and amortization</b>	<b>1,565</b>	1,509
Depreciation and amortization	629	595
Goodwill and intangible assets impairment charge (Note 8)	684	265
(Gain) on disposal of assets (Note 6)	(24)	—
Restructuring costs (Note 14)	87	25
Loss (gain) on hyperinflation (Argentina net monetary position)	12	44
Financial charges (Note 15)	196	176
<b>Earnings (loss) before income taxes</b>	<b>(19)</b>	404
Income taxes (Note 16)	157	139
<b>Net earnings (loss)</b>	<b>\$ (176)</b>	\$ 265
<b>Net earnings (loss) per share (Note 18)</b>		
Basic and diluted	\$ (0.41)	\$ 0.63

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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of CDN dollars)

Years ended March 31	2025	2024
<b>Net earnings (loss)</b>	<b>\$ (176)</b>	<b>\$ 265</b>
Other comprehensive income (loss):		
<i>Items that may be reclassified to net earnings:</i>		
Effects of, exchange differences arising from foreign currency translation and, application of hyperinflation	576	(82)
Unrealized (losses) gains on cash flow hedges (Note 19)	(32)	4
Reclassification of losses (gains) on cash flow hedges to net earnings	3	(6)
Income taxes relating to items that may be reclassified to net earnings	8	1
	<b>555</b>	<b>(83)</b>
<i>Items that will not be reclassified to net earnings:</i>		
Actuarial gain (loss) (Note 20)	10	(66)
Income taxes relating to items that will not be reclassified to net earnings	(3)	17
	<b>7</b>	<b>(49)</b>
<b>Other comprehensive income (loss)</b>	<b>562</b>	<b>(132)</b>
<b>Total comprehensive income</b>	<b>\$ 386</b>	<b>\$ 133</b>

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

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in millions of CDN dollars, except common shares)

	Share capital		Reserves					Retained Earnings	Total Equity
	Common Shares	Amount	Foreign Currency Translation and Hyperinflation	Cash Flow Hedges	Stock Option Plan	Total Reserves			
<b>For the year ended March 31, 2025</b>									
<b>Balance, beginning of year</b>	424,326,415	\$ 2,180	\$ 265	\$ 8	\$ 186	\$ 459	\$ 4,411	\$ 7,050	
Net loss	—	—	—	—	—	—	(176)	(176)	
Other comprehensive income	—	—	576	(21)	—	555	7	562	
Total comprehensive income								386	
Dividends (Note 13)	—	—	—	—	—	—	(320)	(320)	
Stock options (Note 13)	—	—	—	—	15	15	—	15	
Exercise of stock options (Note 13)	32,044	1	—	—	—	—	—	1	
Purchased for cancellation under normal course issuer bid (Note 13)	(6,023,335)	(31)	—	—	—	—	(124)	(155)	
<b>Balance, end of year</b>	<b>418,335,124</b>	<b>\$ 2,150</b>	<b>\$ 841</b>	<b>\$ (13)</b>	<b>\$ 201</b>	<b>\$ 1,029</b>	<b>\$ 3,798</b>	<b>\$ 6,977</b>	

	Share capital		Reserves					Retained Earnings	Total Equity
	Common Shares	Amount	Foreign Currency Translation and Hyperinflation	Cash Flow Hedges	Stock Option Plan	Total Reserves			
<b>For the year ended March 31, 2024</b>									
<b>Balance, beginning of year</b>	421,604,856	\$ 2,102	\$ 347	\$ 9	\$ 176	\$ 532	\$ 4,506	\$ 7,140	
Net earnings	—	—	—	—	—	—	265	265	
Other comprehensive loss	—	—	(82)	(1)	—	(83)	(49)	(132)	
Total comprehensive income								133	
Dividends (Note 13)	—	—	—	—	—	—	(311)	(311)	
Issued under dividend reinvestment plan (Note 13)	2,355,481	66	—	—	—	—	—	66	
Stock options (Note 13)	—	—	—	—	12	12	—	12	
Exercise of stock options (Note 13)	366,078	12	—	—	(2)	(2)	—	10	
<b>Balance, end of year</b>	<b>424,326,415</b>	<b>\$ 2,180</b>	<b>\$ 265</b>	<b>\$ 8</b>	<b>\$ 186</b>	<b>\$ 459</b>	<b>\$ 4,411</b>	<b>\$ 7,050</b>	

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

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of CDN dollars)

As at	March 31, 2025	March 31, 2024
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 257	\$ 466
Receivables	1,565	1,401
Inventories (Note 4)	2,927	2,860
Income taxes receivable (Note 16)	21	32
Prepaid expenses and other assets	85	75
	<b>4,855</b>	4,834
<b>Property, plant and equipment</b> (Note 6)	<b>4,693</b>	4,531
<b>Right-of-use assets</b> (Note 7)	<b>503</b>	465
<b>Goodwill</b> (Note 8)	<b>2,598</b>	3,098
<b>Intangible assets</b> (Note 8)	<b>1,071</b>	1,166
<b>Other assets</b> (Note 9)	<b>115</b>	95
<b>Deferred tax assets</b> (Note 16)	<b>78</b>	71
<b>Total assets</b>	<b>\$ 13,913</b>	\$ 14,260
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank loans (Note 10)	\$ 364	\$ 418
Accounts payable and accrued liabilities	2,269	2,193
Income taxes payable (Note 16)	39	23
Current portion of long-term debt (Note 11)	465	414
Current portion of lease liabilities (Note 7)	65	85
	<b>3,202</b>	3,133
<b>Long-term debt</b> (Note 11)	<b>2,234</b>	2,699
<b>Lease liabilities</b> (Note 7)	<b>466</b>	370
<b>Other liabilities</b> (Note 12)	<b>131</b>	154
<b>Deferred tax liabilities</b> (Note 16)	<b>903</b>	854
<b>Total liabilities</b>	<b>\$ 6,936</b>	\$ 7,210
<b>EQUITY</b>		
Share capital (Note 13)	2,150	2,180
Reserves	1,029	459
Retained earnings	3,798	4,411
<b>Total equity</b>	<b>\$ 6,977</b>	\$ 7,050
<b>Total liabilities and equity</b>	<b>\$ 13,913</b>	\$ 14,260

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

On behalf of the Board,

(signed) Lino A. Saputo  
Lino A. Saputo, C.M.  
Executive Chair of the Board

(signed) Annalisa King  
Annalisa King  
Director

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of CDN dollars)

Years ended March 31	2025	2024
<b>Cash flows related to the following activities:</b>		
<b>Operating</b>		
Net earnings (loss)	\$ (176)	\$ 265
Adjustments for:		
Stock-based compensation	25	49
Financial charges (Note 15)	196	176
Income tax expense	157	139
Depreciation and amortization	629	595
Goodwill and intangible assets impairment charge (Note 8)	684	265
Restructuring costs (Note 14)	87	25
(Gain) on disposal of property, plant and equipment	(25)	(1)
Foreign exchange loss on debt	2	27
Loss (gain) on hyperinflation (Argentina net monetary position)	12	44
Share of joint venture earnings, net of dividends received and other	(10)	2
Changes in non-cash operating working capital items (Note 17)	(159)	(2)
Cash generated from operating activities	1,422	1,584
Interest and financial charges paid	(192)	(177)
Income taxes paid	(133)	(216)
Net cash generated from operating activities	\$ 1,097	\$ 1,191
<b>Investing</b>		
Additions to property, plant and equipment	(409)	(641)
Additions to intangible assets	(7)	(13)
Proceeds from disposal of property, plant and equipment (Note 6)	131	2
Net cash used for investing activities	\$ (285)	\$ (652)
<b>Financing</b>		
Bank loans	(61)	95
Proceeds from issuance of long-term debt	—	550
Repayment of long-term debt	(414)	(686)
Repayment of lease liabilities	(87)	(68)
Net proceeds from issuance of share capital	1	11
Shares purchased for cancellation under normal course issuer bid (Note 13)	(149)	—
Payment of dividends	(320)	(245)
Net cash used in financing activities	\$ (1,030)	\$ (343)
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(218)</b>	<b>196</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>466</b>	<b>263</b>
<b>Effect of exchange rate changes</b>	<b>9</b>	<b>7</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 257</b>	<b>\$ 466</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended March 31, 2025, and 2024.

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

## NOTE 1 CORPORATE INFORMATION

Saputo Inc. (the Company) is a publicly traded company incorporated and domiciled in Canada. The Company's shares are listed on the Toronto Stock Exchange under the symbol "SAP". The Company produces, markets, and distributes a wide array of dairy products from Canada, the United States, Australia, Argentina, and the United Kingdom. In addition to its dairy portfolio, the Company produces, markets, and distributes a range of dairy alternative products. The address of the Company's head office is 1000 de la Gauchetière Street West, Suite 2900, Montréal, Québec, Canada, H3B 4W5. The consolidated financial statements of the Company for the fiscal year ended March 31, 2025 comprise the financial results of the Company and its subsidiaries.

The consolidated financial statements were authorized for issuance by the Board of Directors on June 5, 2025.

## NOTE 2 BASIS OF PRESENTATION

### **STATEMENT OF COMPLIANCE**

The consolidated financial statements of the Company were prepared in accordance with International Financial Reporting Standards (IFRS) Accounting Standards, as issued by the International Accounting Standards Board (IASB).

### **BASIS OF MEASUREMENT**

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

### **FUNCTIONAL AND PRESENTATION CURRENCY**

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

## NOTE 3 MATERIAL ACCOUNTING POLICIES

### **CONSOLIDATED FINANCIAL STATEMENTS**

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

### **CASH AND CASH EQUIVALENTS**

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

### **INVENTORIES**

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

## NOTE 3 MATERIAL ACCOUNTING POLICIES (CONT'D)

### **PROPERTY, PLANT AND EQUIPMENT**

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

Buildings	15 to 40 years
Machinery, equipment and other	3 to 20 years

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

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

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

### **RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

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

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

### **GOODWILL AND INTANGIBLE ASSETS**

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

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

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

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

## **NOTE 3 MATERIAL ACCOUNTING POLICIES (CONT'D)**

### ***IMPAIRMENT OF OTHER LONG-LIVED ASSETS***

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

### ***BUSINESS COMBINATIONS***

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

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

### ***EMPLOYEE FUTURE BENEFITS***

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

### ***REVENUE RECOGNITION***

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

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

### ***FOREIGN CURRENCY TRANSLATION***

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

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

## **NOTE 3 MATERIAL ACCOUNTING POLICIES (CONT'D)**

### **FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES**

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

### **STOCK-BASED COMPENSATION**

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

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

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

### **INCOME TAXES**

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

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

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

## **NOTE 3 MATERIAL ACCOUNTING POLICIES (CONT'D)**

### **FINANCIAL INSTRUMENTS**

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

The Company has made the following classifications:

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

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

### **HEDGING**

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

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

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

### **FAIR VALUE HIERARCHY**

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

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

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

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

## **NOTE 3 MATERIAL ACCOUNTING POLICIES (CONT'D)**

### ***USE OF ESTIMATES AND JUDGMENTS IN THE APPLICATION OF ACCOUNTING POLICIES***

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

### ***SIGNIFICANT ESTIMATES AND JUDGMENTS***

#### ***Income Taxes***

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

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

#### ***Goodwill, Intangible Assets, and Business Combinations***

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

#### ***Impairment of Assets***

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

## NOTE 3 MATERIAL ACCOUNTING POLICIES (CONT'D)

### **Employee Future Benefits**

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

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

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

#### **IFRS 18, Presentation and Disclosure in the Financial Statements**

In April 2024, the IASB issued IFRS 18 to replace IAS 1 *Presentation of Financial Statements*. IFRS 18 carries forward many requirements from IAS 1 unchanged and introduces increased disclosure of management defined performance measures as well as new principles for aggregation and disaggregation of information included in the consolidated income statement.

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

#### **IFRS 9, Financial Instruments and IFRS 7, Financial Instruments disclosures**

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to address the derecognition of financial assets and liabilities settled via electronic payment systems and, to clarify the classification and measurement of certain financial instruments.

These amendments are applicable to the Company beginning on April 1, 2026. The adoption of these amendments will not have a significant impact on its consolidated financial statements.

## NOTE 4 INVENTORIES

	March 31, 2025	March 31, 2024
Finished goods	\$ 1,444	\$ 1,395
Work in progress	993	1,013
Raw Materials, spare parts and supplies	490	452
Total	\$ 2,927	\$ 2,860

The amount of inventories recognized as an expense in operating costs for the year ended March 31, 2025, is \$14.842 billion (\$14.298 billion for the year ended March 31, 2024).

## NOTE 5 OPERATING COSTS

	For the years ended March 31	
	2025	2024
Changes in inventories of finished goods and work in process	\$ (31)	\$ (3)
Raw materials and consumables used	13,396	11,917
Foreign exchange gain	(22)	(61)
Employee benefits expense	2,378	2,251
Selling costs	731	719
General and administrative costs	1,044	1,010
<b>Operating costs excluding depreciation, amortization, and restructuring costs</b>	<b>\$ 17,496</b>	<b>\$ 15,833</b>
Add:		
Depreciation and amortization	629	595
Restructuring costs (Note 14)	87	25
<b>Operating costs including depreciation, amortization, and restructuring costs</b>	<b>\$ 18,212</b>	<b>\$ 16,453</b>

Comparative figures were reclassified between raw materials and consumables used and general and administrative costs, presented in the table above, to conform with the current year's presentation.

## NOTE 6 PROPERTY, PLANT AND EQUIPMENT

	For the year ended March 31, 2025			
	Land	Buildings	Machinery, equipment and other	Total
<b>Cost</b>				
As at March 31, 2024	\$ 212	\$ 1,980	\$ 5,565	\$ 7,757
Additions	—	122	287	409
Disposals	(18)	(28)	(121)	(167)
Foreign currency and hyperinflation	8	97	327	432
As at March 31, 2025	\$ 202	\$ 2,171	\$ 6,058	\$ 8,431
<b>Accumulated depreciation and impairment charges</b>				
As at March 31, 2024	\$ —	\$ 676	\$ 2,550	\$ 3,226
Depreciation	—	84	335	419
Impairment related to restructuring (Note 14)	—	9	38	47
Disposals	—	(20)	(115)	(135)
Foreign currency and hyperinflation	—	31	150	181
As at March 31, 2025	\$ —	\$ 780	\$ 2,958	\$ 3,738
Net book value at March 31, 2025	\$ 202	\$ 1,391	\$ 3,100	\$ 4,693

The net book value of property, plant and equipment under construction amounts to \$522 million as at March 31, 2025, (\$507 million as at March 31, 2024) and consists mainly of machinery and equipment.

Disposals in fiscal 2025, include the sale, on June 24, 2024, of the Company's two fresh milk processing facilities located in Australia for proceeds of \$95 million (AU\$105 million) resulting in a minimal gain on disposal of assets. Refer to Note 7 for information on amounts of right-of-use assets and lease liabilities. During fiscal 2025, the Company also recorded a gain on disposal of assets of \$24 million (\$17 million after tax) from the sale of land owned by the Dairy Division (Australia) for proceed of \$29 million (AU\$32 million).

On March 7, 2025, the Company entered into a binding agreement to sell its King Island Dairy business located in Australia. The sale closed on May 9, 2025, for proceeds of \$27 million (AU\$30 million). As a result, the net book value of property, plant and equipment as at March 31, 2025, includes \$17 million of land and buildings held for sale, recorded at the lower of their carrying value and estimated fair value less costs to sell. The transaction also includes the sale of \$10 million of other net assets.

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

## NOTE 7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The following table presents changes in right-of-use assets during fiscal 2025:

	For the year ended March 31, 2025		
	Real Estate	Equipment	Total
As at March 31, 2024	\$ 366	\$ 99	\$ 465
New leases / leases modifications	125	21	146
Disposals	(35)	(25)	(60)
Depreciation	(44)	(23)	(67)
Impairment related to restructuring (Note 14)	—	(6)	(6)
Foreign currency and hyperinflation	21	4	25
As at March 31, 2025	\$ 433	\$ 70	\$ 503

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

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

The following table presents changes in lease liabilities during fiscal 2025 and 2024:

	March 31, 2025	March 31, 2024
As at beginning of year	\$ 455	\$ 433
New leases / lease modifications	144	111
Disposals	—	(14)
Interest expense	20	16
Payments	(107)	(84)
Foreign currency	19	(7)
	531	455
Current portion	(65)	(85)
As at end of year	\$ 466	\$ 370

The disposals of right-of-use assets in fiscal 2025 include real estate and equipment sold in connection with the Company's sale of its two fresh milk processing facilities located in Australia described in Note 6. Lease liabilities for the assets sold were repaid.

The following table presents the maturity of the Company's lease liabilities outstanding at March 31, 2025:

Less than 1 year	\$ 79
1-2 years	78
2-3 years	70
3-4 years	57
4-5 years	54
More than 5 years	391
	\$ 729

## NOTE 8 GOODWILL AND INTANGIBLE ASSETS

### GOODWILL

	March 31, 2025	March 31, 2024
As at beginning of year	\$ 3,098	\$ 3,338
Impairment charges	(662)	(265)
Foreign currency and hyperinflation	162	25
As at end of year	\$ 2,598	\$ 3,098

### Impairment testing

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

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

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

	March 31, 2025	March 31, 2024
Canada Sector		
Dairy Division (Canada)	\$ 401	\$ 401
USA Sector		
Dairy Division (USA)	2,188	2,059
International Sector		
Dairy Division (Argentina)	9	9
Europe Sector		
Dairy Division (UK)	—	629
	\$ 2,598	\$ 3,098

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

Considering the activities of the Dairy Division (UK) were added to the Company's operational footprint in more recent years, recoverable amount for this division was also estimated using a discounted cash flow (value in use) model.

### Europe Sector's Dairy Division (UK) CGU (the UK CGU) - Fiscal 2025

In performing the goodwill impairment testing as at December 31, 2024, for the Europe Sector's UK CGU, estimates of future discounted cash flows were reduced primarily due to ongoing challenging market conditions in the United Kingdom, including persisting inflation and elevated interest rates. While margins have been improving during fiscal 2025, these improvements have not been as rapid as initially expected, leading to a longer projected recovery period. As a result, the estimated recoverable value of the UK CGU was determined to be lower than its carrying value and a non-cash goodwill impairment charge of \$662 million (\$657 million after tax) was recorded, representing the total value of goodwill for this CGU, bringing the UK CGU's carrying value to its estimated recoverable amount.

The recoverable amount as at December 31, 2024, was estimated using the higher of the amount determined from 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 9.8% (9.3% as at December 31, 2023), (iii) terminal growth rate of 2.8% (2.8% as at December 31, 2023) and (iv) earnings multipliers of market comparables.

## NOTE 8 GOODWILL AND INTANGIBLE ASSETS (CONT'D)

The impairment charge of \$684 million (\$674 million after tax) also includes a non-cash charge of \$22 million (\$17 million after tax) related to acquired intangible assets.

### International Sector's Dairy Division (Australia) CGU (the Australia CGU) - Fiscal 2024

In performing the goodwill impairment testing as at December 31, 2023, for the International Sector's Australia CGU, estimates of future discounted cash flows were reduced due to the increasing disconnect in the relation between international cheese and dairy ingredient prices and farm gate milk prices in a context of declining milk production in Australia. As a result, the estimated recoverable value of the Australia CGU was determined to be lower than its carrying value and a non-cash goodwill impairment charge of \$265 million (non tax-deductible) was recorded, representing the total value of the goodwill for this CGU, bringing the Australia CGU's carrying value to its estimated recoverable amount.

The recoverable amount as at December 31, 2023, was estimated using the higher of the amount determined from 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% (iii) terminal growth rate of 2.5% and (iv) earnings multipliers of market comparables.

### Remaining CGUs

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

## INTANGIBLE ASSETS

	For the year ended March 31, 2025			
	Definite Life Intangibles			Total Intangible Assets
	Trademarks	Customer relationships	Software <sup>1</sup> and other	
Cost				
As at March 31, 2024	\$ 1,154	\$ 423	\$ 504	\$ 2,081
Additions	—	—	7	7
Disposals	—	—	(3)	(3)
Foreign currency and hyperinflation	72	23	27	122
As at March 31, 2025	\$ 1,226	\$ 446	\$ 535	\$ 2,207
Accumulated amortization and impairment charges				
As at March 31, 2024	\$ 290	\$ 290	\$ 335	\$ 915
Amortization	56	24	63	143
Impairment charges	21	1	—	22
Disposals	—	—	(3)	(3)
Foreign currency and hyperinflation	19	15	25	59
As at March 31, 2025	\$ 386	\$ 330	\$ 420	\$ 1,136
Net book value at March 31, 2025	\$ 840	\$ 116	\$ 115	\$ 1,071

## NOTE 8 GOODWILL AND INTANGIBLE ASSETS (CONT'D)

	For the year ended March 31, 2024			
	Definite Life			Total Intangible Assets
	Trademarks	Customer relationships	Software <sup>1</sup> and other	
<b>Cost</b>				
As at March 31, 2023	\$ 1,138	\$ 421	\$ 487	\$ 2,046
Additions	—	—	13	13
Foreign currency and hyperinflation	16	2	4	22
As at March 31, 2024	\$ 1,154	\$ 423	\$ 504	\$ 2,081
<b>Accumulated amortization and impairment charges</b>				
As at March 31, 2023	\$ 234	\$ 262	\$ 268	\$ 764
Amortization	54	27	63	144
Foreign currency and hyperinflation	2	1	4	7
As at March 31, 2024	\$ 290	\$ 290	\$ 335	\$ 915
Net book value at March 31, 2024	\$ 864	\$ 133	\$ 169	\$ 1,166

<sup>1</sup> None of the software were internally generated.

Trademarks are allocated to the following CGUs or group of CGUs:

	March 31, 2025	March 31, 2024
Canada	\$ 163	\$ 176
USA	120	120
International	25	26
Europe	532	542
	\$ 840	\$ 864

## NOTE 9 OTHER ASSETS

	March 31, 2025	March 31, 2024
Joint ventures	\$ 45	\$ 34
Employee benefits (Note 20)	26	17
Other	44	44
	<b>\$ 115</b>	<b>\$ 95</b>

The Company holds interests in joint ventures, which are all accounted for using the equity method. The Company recognized \$11 million in net earnings, representing its share of earnings in the joint ventures for the year ended March 31, 2025 (\$7 million for the year ended March 31, 2024). Dividends received from the joint ventures amounted to \$1 million for the year ended March 31, 2025 (\$8 million for the year ended March 31, 2024).

## NOTE 10 BANK LOANS

Credit Facilities	Maturity	Available for use		Amount drawn as at	
		Canadian Currency Equivalent	Base Currency (in millions)	March 31, 2025	March 31, 2024
North America-USA	December 2029 <sup>1</sup>	\$ 432	300 USD	\$ —	\$ —
North America-Canada	December 2029 <sup>1</sup>	\$ 1,007	700 USD	14	71
Australia	Yearly <sup>2</sup>	\$ 382	425 AUD	96	181
Australia	Yearly	\$ —	— USD	—	26
Japan	Yearly <sup>3</sup>	\$ 77	8,000 JPY	54	41
United Kingdom	Yearly <sup>4</sup>	\$ 232	125 GBP	44	91
Argentina	Yearly <sup>5</sup>	\$ 415	288 USD	156	8
		<b>\$ 2,545</b>		<b>\$ 364</b>	<b>\$ 418</b>

<sup>1</sup> Main revolving credit facility. Bears monthly interest at rates ranging from lenders' 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 17, 2024, the maturity date was extended to December 17, 2029.

<sup>2</sup> Bears monthly interest at SOFR or Australian Bank Bill Rate plus up to 1.15% and can be drawn in AUD or USD.

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

<sup>4</sup> Bears monthly interest at rates ranging from base rate plus 0.80% or SONIA plus 0.80%.

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

As at March 31, 2025, receivables totalling \$341 million (\$308 million as at March 31, 2024), were sold under receivables purchase agreements. These receivables were derecognized upon sale as substantially all risks and rewards were passed to the purchaser under the terms of the agreements.

## NOTE 11 LONG-TERM DEBT

	March 31, 2025	March 31, 2024
Unsecured bank term loan facilities		
Obtained April 2019 and due in June 2025 <sup>1</sup>	\$ 115	\$ 115
Senior unsecured notes <sup>2</sup>		
3.60%, issued in August 2018 and due in August 2025 (Series 5)	350	350
2.88%, issued in November 2019 and repaid in November 2024 (Series 6)	—	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	550
Other	34	48
	\$ 2,699	\$ 3,113
Current portion	(465)	(414)
	\$ 2,234	\$ 2,699
Principal repayments are as follows:		
Less than 1 year	\$ 465	\$ 414
1-2 years	350	465
2-3 years	734	350
3-4 years	300	734
4-5 years	300	300
More than 5 years	550	850
	\$ 2,699	\$ 3,113

<sup>1</sup> Bears monthly interest at lenders' prime rates plus a maximum of 1.00% or SOFR or CORRA rates plus 0.80% up to a maximum of 2.00%, depending on the Company's credit ratings. Interest is paid every one, two, three or nine months, as selected by the Company. As at March 31, 2025, US\$79 million was drawn. This facility was repaid in May 2025 ahead of its June 1, 2025, maturity date.

<sup>2</sup> Issued under the Company's medium term note program. Interest payments are semi-annual.

## NOTE 12 OTHER LIABILITIES

	March 31, 2025	March 31, 2024
Employee benefits (Note 20)	\$ 40	\$ 38
Stock-based compensation - long-term portion	85	103
Other	6	13
	\$ 131	\$ 154

## NOTE 13 SHARE CAPITAL

### AUTHORIZED

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

### NORMAL COURSE ISSUER BID (NCIB)

The Company's NCIB began November 19, 2024, and will end no later than November 18, 2025. On February 6, 2025, the Company amended the NCIB to increase the number of common shares that may be purchased for cancellation from 8,487,169 to 21,217,922, representing 5% of its 424,358,459 issued and outstanding common shares as of November 8, 2024. During fiscal 2025, the Company purchased 6,023,335 common shares at an average price per share of \$25.23, for a total purchase price of approximately \$152 million, with \$3 million recorded in accounts payable and accrued liabilities as of March 31, 2025, for 117,621 shares purchased on March 31, 2025, and cancelled after year-end. Retained earnings include a charge of \$124 million relating to \$121 million of excess of the purchase price over the carrying value of the shares and \$3 million of applicable taxes.

In connection with the NCIB, the Company established an automatic purchase plan (APP). The APP enables Saputo to provide predetermined instructions regarding how the common shares are to be repurchased on the open market during self-imposed blackout periods and constitutes an automatic plan for purposes of applicable Canadian securities legislation. As at March 31, 2025, no liability was recorded in the Company's consolidated statements of financial position in connection with the APP.

### STOCK OPTION PLAN

The Company has an equity settled stock option plan to allow for the purchase of common shares by key employees and officers of the Company. The total number of common shares which may be issued pursuant to this plan cannot exceed 45,698,394 common shares. As at March 31, 2025, 13,176,815 common shares are available for future grants under this plan. Options may be exercised at a price not less than the weighted average market price for the five trading days immediately preceding the date of grant. Options granted before April 1, 2024, vest over 5 years at a rate of 20% per year, whereas those granted on or after this date vest over 4 years at a rate of 25% per year. All options expire ten years from the grant date.

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

Granting period	Weighted average exercise price	March 31, 2025		March 31, 2024	
		Number of options	Number of exercisable options	Number of options	Number of exercisable options
2015	\$ 27.74	—	—	759,092	759,092
2016	\$ 35.08	1,139,457	1,139,457	1,245,064	1,245,064
2017	\$ 41.40	1,836,100	1,836,100	2,023,438	2,023,438
2018	\$ 46.29	1,978,623	1,978,623	2,179,306	2,179,306
2019	\$ 41.02	2,453,264	2,453,264	2,681,874	2,681,874
2020	\$ 45.30	2,037,025	2,037,025	2,195,250	1,774,653
2021	\$ 33.35	3,085,972	2,465,534	3,296,065	1,971,342
2022	\$ 37.52	1,441,715	881,554	1,531,859	629,910
2023	\$ 29.59	2,124,860	864,849	2,288,570	472,781
2024	\$ 34.90	2,007,183	418,048	2,114,881	—
2025	\$ 26.29	2,950,332	—	—	—
		21,054,531	14,074,454	20,315,399	13,737,460

## NOTE 13 SHARE CAPITAL (CONT'D)

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

	March 31, 2025		March 31, 2024	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	20,315,399	\$ 37.79	19,988,303	\$ 38.02
Granted	3,135,791	\$ 26.29	2,231,026	\$ 34.90
Exercised	(32,044)	\$ 29.59	(366,078)	\$ 28.78
Cancelled	(2,364,615)	\$ 34.37	(1,537,852)	\$ 38.70
Balance, end of year	21,054,531	\$ 36.48	20,315,399	\$ 37.79

The weighted average exercise price of \$26.29 of the stock options granted in fiscal 2025 corresponds to the weighted average market price for the five trading days immediately preceding the date of the grants (\$34.90 in fiscal 2024).

The weighted average fair value of stock options granted in fiscal 2025 was estimated at \$5.58 per option (\$7.83 in fiscal 2024), using the Black-Scholes option pricing model with the following assumptions:

	Fiscal 2025 grants	Fiscal 2024 grant
<b>Weighted average:</b>		
Risk-free interest rate	3.56 %	3.10 %
Life of options	6.5 years	6.6 years
Volatility <sup>1</sup>	23.61 %	22.89 %
Dividend rate	2.82 %	2.06 %

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

A compensation expense of \$15 million relating to stock options was recorded in operating costs in the consolidated income statements for the year ended March 31, 2025 (\$13 million for the year ended March 31, 2024).

Options to purchase 3,925,715 common shares at a price of \$25.04 per share were granted on April 1, 2025 with a 4-year vesting period at a rate of 25% per year.

### DEFERRED SHARE UNIT PLAN FOR DIRECTORS

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

	2025		2024	
	Units	Liability	Units	Liability
Balance, beginning of year	558,716	\$ 15	616,766	\$ 22
Annual retainer	87,276	2	79,392	2
Dividends reinvested	14,700	1	14,042	—
Payment to directors	(76,163)	(2)	(151,484)	(5)
Variation due to change in stock price	—	(1)	—	(4)
Balance, end of year	584,529	\$ 15	558,716	\$ 15

## NOTE 13 SHARE CAPITAL (CONT'D)

The Company enters into equity forward contracts in order to mitigate the compensation costs associated with its DSU plan. As at March 31, 2025, the Company had equity forward contracts on 100,000 common shares (100,000 as of March 31, 2024) with a notional value of \$3 million (\$3 million as of March 31, 2024). The net compensation expense related to the DSU plan was \$3 million for the year ended March 31, 2025 (\$2 million for March 31, 2024), including the effect of the equity forward contracts.

### PERFORMANCE SHARE UNIT PLAN

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

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

	2025 Units	2024 Units
Balance, beginning of year	2,465,715	2,233,250
Granted <sup>1</sup>	1,239,907	787,536
Cancelled	(448,115)	(260,102)
Payment	(184,481)	(294,969)
Balance, end of year	3,073,026	2,465,715

<sup>1</sup> The PSUs granted in fiscal 2025 had a weighted average grant date value of \$26.32 per unit (\$34.90 in fiscal 2024).

As at March 31, 2025, the long-term obligation related to PSUs was \$45 million (\$61 million as at March 31, 2024) and the short-term portion of \$15 million was included in accrued liabilities (\$9 million as at March 31, 2024). On April 1, 2025, 1,373,083 PSUs were granted at a grant date value of \$25.04 per unit.

### RESTRICTED SHARE UNIT PLAN

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

	2025 Units	2024 Units
Balance, beginning of year	1,398,753	1,130,528
Granted <sup>1</sup>	1,081,484	532,674
Cancelled	(52,233)	(45,295)
Payment	(416,947)	(219,154)
Balance, end of year	2,011,057	1,398,753

<sup>1</sup> The RSUs granted in fiscal 2025 had a weighted average grant date value of \$26.21 per unit (\$34.90 in fiscal 2024).

## NOTE 13 SHARE CAPITAL (CONT'D)

As at March 31, 2025, the long-term obligation related to RSUs was \$25 million (\$18 million as at March 31, 2024) and the short-term portion of \$17 million was included in accrued liabilities (\$13 million as at March 31, 2024). On April 1, 2025, 1,164,054 RSUs were granted at a grant date value of \$25.04 per unit.

The Company enters into equity forward contracts in order to mitigate the compensation costs associated with its PSU and RSU plans. As at March 31, 2025, the Company had equity forward contracts on 1,000,000 common shares (none as of March 31, 2024) with a notional value of \$27 million (nil as at March 31, 2024). The net compensation expense related to PSUs and RSUs was \$9 million, for the year ended March 31, 2025 (\$47 million for the year ended March 31, 2024), including the effect of the equity forward contracts.

### **DIVIDENDS AND DIVIDEND REINVESTMENT PLAN**

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

Dividends paid in cash and settled through the DRIP during the years ended 2025 and 2024 were as follows:

	For the years ended March 31	
	2025	2024
Cash	320 \$	245
DRIP	—	66
Total	\$ 320	\$ 311

In the fourth quarter of fiscal 2024, the Company suspended the DRIP until further notice.

## NOTE 14 RESTRUCTURING COSTS

In fiscal 2025, restructuring costs totalled \$87 million (\$65 million after tax) and comprised non-cash assets write-down of \$64 million mainly relating to fixed assets in connection with the Company's decision to stop manufacturing certain functional dairy ingredient products in its Dairy Division (UK) by mid-fiscal 2026. This decision was made as a result of expected changes in demand for these products. Severance costs relative to this project will be recorded in fiscal 2026. Restructuring costs also included severance and site closure costs totalling \$23 million incurred relative to the optimization of selling, general, and administrative costs.

In fiscal 2024, restructuring costs totalled \$25 million (\$19 million after tax) mainly comprised of severance costs totalling \$19 million in the context of cost efficiency efforts in all our sectors and a non-cash fixed assets write-down of \$4 million in connection with the closure of a facility in the USA Sector.

Restructuring costs were as follows:

	For the years ended March 31	
	2025	2024
Severance and other costs	\$ 23	\$ 21
Non-cash write-down of assets	64	4
Total	\$ 87	\$ 25

Refer to Note 24 for information on restructuring costs by reportable sector.

## NOTE 15 FINANCIAL CHARGES

	For the years ended March 31	
	2025	2024
Interest on long-term debt	\$ 100	\$ 104
Other finance costs, net	76	58
Interest on lease liabilities	19	16
Net interest expense (revenue) from defined benefit obligation (Note 20)	1	(2)
	\$ 196	\$ 176

## NOTE 16 INCOME TAXES

Income tax expense comprises the following:

	For the years ended March 31	
	2025	2024
Current tax expense	\$ 169	\$ 144
Deferred tax recovery	(12)	(5)
Income tax expense	\$ 157	\$ 139

### RECONCILIATION OF THE EFFECTIVE TAX RATE

The Company's income tax expense differs from the one calculated by applying Canadian statutory rates for the following reasons:

	2025	2024
Earnings (loss) before income taxes	\$ (19)	\$ 404
Income taxes, calculated using Canadian statutory income tax rates of 26.3% (26.0% in 2024)	(5)	105
Adjustments resulting from the following:		
Effect of tax rates for foreign subsidiaries	1	(1)
Share of joint venture(s) earnings	(3)	(2)
Effect of tax and accounting treatments of inflation in Argentina	5	(30)
Goodwill impairment charge	161	80
Adjustments in relation to prior years and other	(2)	(13)
Income tax expense	\$ 157	\$ 139

### INCOME TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME

Income tax on items recognized in other comprehensive income in 2025 and 2024 were as follows:

	2025	2024
Deferred tax expense (recovery) on actuarial losses on employee benefit obligations	\$ 3	\$ (17)
Deferred tax recovery on cash flow hedges	(8)	(1)
Total income tax recovery recognized in other comprehensive income	\$ (5)	\$ (18)

## NOTE 16 INCOME TAXES (CONT'D)

### CURRENT TAX ASSETS AND LIABILITIES

	2025	2024
Income taxes receivable	\$ 21	\$ 32
Income taxes payable	(39)	(23)
Income taxes (payable) receivable (net)	\$ (18)	\$ 9

### DEFERRED TAX ASSETS AND LIABILITIES

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

	2025	2024
Deferred tax assets	\$ 78	\$ 71
Deferred tax liabilities	(903)	(854)
Deferred tax liabilities (net)	\$ (825)	\$ (783)

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

For the year ended March 31, 2025	As at March 31, 2024	Recognized in Net Earnings	Recognized in Other Comprehensive Income	Foreign currency and hyperinflation	As at March 31, 2025
Inventories	\$ (15)	\$ (18)	\$ —	\$ (2)	\$ (35)
Property, plant and equipment	(451)	15	—	(34)	(470)
Right-of-Use Assets	(102)	(13)	—	(3)	(118)
Goodwill, intangibles and other	(518)	6	8	(31)	(535)
Net assets of pensions plans	7	2	(3)	—	6
Accounts payable and accrued liabilities	94	5	—	1	100
Lease Liabilities	100	16	—	3	119
Tax losses carried forward	102	(1)	—	7	108
Net deferred tax liabilities	\$ (783)	\$ 12	\$ 5	\$ (59)	\$ (825)

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

As at March 31, 2025, the Company had \$268 million in capital losses for which no deferred tax assets had been recognized. These capital losses can be carried forward indefinitely but can only be used against future taxable capital gains.

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

## NOTE 16 INCOME TAXES (CONT'D)

### PILLAR TWO LEGISLATION

The Corporation is subject to the global minimum top-up tax under Pillar Two tax legislation. For the year ended March 31, 2025, the Corporation recognized a minimal amount of current income tax expense related to the top-up tax.

The Company applies the temporary mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 *Income taxes*, issued in May 2023.

## NOTE 17 CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	For the years ended March 31	
	2025	2024
Receivables	\$ (165)	\$ (55)
Inventories	24	(195)
Prepaid expenses and other assets	(2)	(3)
Accounts payable, accrued liabilities and other	(16)	251
Changes in non-cash operating working capital items	\$ (159)	\$ (2)

## NOTE 18 NET EARNINGS (LOSS) PER SHARE

	For the years ended March 31	
	2025	2024
Net earnings (loss)	\$ (176)	\$ 265
Weighted average number of common shares outstanding	423,578,443	423,063,832
Dilutive shares	—	220,845
Weighted average diluted number of common shares outstanding	423,578,443	423,284,677
Net earnings (loss) per share (basic and diluted)	\$ (0.41)	\$ 0.63

For the year ended March 31, 2025, 21,054,531 stock options were excluded from the calculation of the diluted net earnings (loss) per share as they would be anti-dilutive.

For the year ended March 31, 2024 19,556,307 stock options were excluded from the calculation of diluted net earnings (loss) per share because their exercise price is higher than the average market value of shares during the same period.

Shares purchased under the NCIB were excluded from the calculation of earnings per share as of the date of purchase.

## **NOTE 19 FINANCIAL INSTRUMENTS**

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

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

### **CREDIT RISK**

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

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

Due to its large and diverse customer base and its geographic diversity, the Company has low exposure to credit risk concentration with respect to customers' receivables. There are no receivables from any individual customer that exceeded 10% of the total balance of receivables as at March 31, 2025, and March 31, 2024. No customer represented more than 10% of total consolidated revenues for the fiscal years ended March 31, 2025, and March 31, 2024.

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

The amount of the allowance for expected credit loss is sufficient to cover the carrying amount of receivables considered past due and at risk. The amount of the loss is recognized in the consolidated income statements within operating costs. Subsequent recoveries of amounts previously written off are credited against operating costs in the consolidated income statements. These allowances are not significant for the year ended March 31, 2025.

### **LIQUIDITY RISK**

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

Contractual maturities for the significant financial liabilities as at March 31, 2025, are as follows: accounts payable and accrued liabilities, bank loans, lease liabilities and long-term debt. Items included in accounts payable and accrued liabilities are less than one year. For maturities on bank loans, lease liabilities and the long-term debt, please refer to Note 10, Note 7, and Note 11, respectively.

## NOTE 19 FINANCIAL INSTRUMENTS (CONT'D)

### INTEREST RATE RISK

Bank loans and unsecured bank term loan facilities bear variable interest rates and thereby expose the Company to interest rate risk on cash flows associated to interest payments. As at March 31, 2025, the amount exposed to interest rate fluctuations was \$479 million and an assumed 1% change in the interest rate would lead to a change in net earnings of approximately \$3 million. The senior notes bear interest at fixed rates and, as a result, no interest rate risk exists on these cash flows.

In May 2022, Refinitiv Benchmark Services Limited announced it would stop publishing the Canadian Dollar Offered Rate (CDOR) after June 28, 2024. As the Company was subject to this reform, during fiscal 2025, it replaced CDOR with Compounded Canadian Overnight Repo Rate Average (CORRA) for certain credit facilities and long-term debt. As a result of this reform and other past interest rate benchmark reforms, the Company amended the applicable variable interest rates referenced under relevant credit facilities and long-term debt (see Notes 10 and 11). These amendments did not have a significant impact on the Company's consolidated financial statements.

For the fiscal year ended March 31, 2025, the interest expense on long-term debt totalled \$100 million (\$104 million in fiscal 2024). The interest accrued as at March 31, 2025, was \$27 million (\$31 million as at March 31, 2024).

### FOREIGN EXCHANGE RISK

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

The Company enters into forward exchange contracts to sell US dollars and buy Australian dollars in order to mitigate market fluctuations in the USD/AUD exchange rates on receivables. As at March 31, 2025, the Company had outstanding forward exchange contracts with a notional value of US\$260 million. During the fiscal year, the cash flow hedges were highly effective and accordingly, the Company recognized an unrealized loss of \$11 million (net of tax of \$5 million) in other comprehensive income as a result. A loss of \$3 million (net of tax of \$1 million) was reclassified to net earnings during fiscal 2025 related to these forward exchange contracts. These cash flow hedges were also deemed to be highly effective during fiscal 2024, and an unrealized loss of \$6 million (net of tax of \$3 million), was recorded in other comprehensive income. A loss of \$3 million (net of tax of \$1 million) was reclassified to net earnings during fiscal 2024 related to these forward exchange contracts.

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

	2025	2024
Change in net earnings	\$ 14	\$ 11
Change in comprehensive income	\$ 302	\$ 390

## NOTE 19 FINANCIAL INSTRUMENTS (CONT'D)

### COMMODITY PRICE RISK

In certain instances, the Company enters into futures contracts to hedge against fluctuations in the price of commodities. The Company applies hedge accounting for certain of these transactions. During the fiscal year, these hedges (designated as cash flow hedges) were highly effective and accordingly, an unrealized loss of \$12 million (net of tax of \$4 million) was recorded in other comprehensive income. A minimal loss was reclassified to net earnings during fiscal 2025 when the related inventory was ultimately sold. These cash flow hedges were also deemed to be highly effective during fiscal 2024, and an unrealized gain of \$9 million (net of tax of \$3 million), was recorded in other comprehensive income. A gain of \$5 million (net of tax of \$2 million) was reclassified to net earnings during fiscal 2024 related to futures contracts.

### FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company determined that the fair value of certain of its financial assets and financial liabilities with short-term maturities approximates their carrying value. These financial instruments include cash and cash equivalents, receivables, bank loans, accounts payable, and accrued liabilities. The table below presents the fair value and the carrying value of other financial instruments as at March 31, 2025, and March 31, 2024. Since estimates are used to determine fair value, they must not be interpreted as being realizable in the event of a settlement of the instruments.

	March 31, 2025		March 31, 2024	
	Fair value	Carrying value	Fair value	Carrying value
<b>Cash flow hedges</b>				
Equity forward contracts (Level 2)	\$ (2)	\$ (2)	\$ —	\$ —
Commodity derivatives (Level 2)	(12)	(12)	4	4
Foreign exchange derivatives (Level 2)	(13)	(13)	(2)	(2)
<b>Derivatives not designated in a formal hedging relationship</b>				
Equity forward contracts (Level 2)	(1)	(1)	—	—
Commodity derivatives (Level 2)	(3)	(3)	1	1
<b>Long-term debt (Level 2)</b>	<b>2,728</b>	<b>2,699</b>	3,010	3,113

For the years ended March 31, 2025, and 2024, there were no changes in valuation techniques and in inputs used in the fair value measurements and there were no transfers between the levels of the fair value hierarchy.

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

## **NOTE 20 EMPLOYEE POST-EMPLOYMENT BENEFIT PLANS**

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

### **DEFINED CONTRIBUTION PLANS**

The Company offers and participates in defined contribution pension plans of which more than 99% of its active employees are members. The net pension expense under these types of plans is generally equal to the contributions made by the employer and constitutes an expense for the year in which they are due. For fiscal 2025, the defined contribution expenses for the Company amounted to \$108 million (\$96 million in fiscal 2024). The Company expects to contribute approximately \$111 million to its defined contribution plans for fiscal 2026.

### **DEFINED BENEFIT PLANS**

In fiscal 2025, the Company decided to close its remaining defined benefit pension plans to new participants, with existing participants grandfathered in their existing plans. Under the terms of the defined benefit pension plans, pensions are based on years of service and the retirement benefits are up to 2% of the average eligible earnings of the last employment years multiplied by years of credited service.

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

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

The cost of pension benefits earned by employees is actuarially determined using the projected unit credit method and using a discount rate based on high quality corporate bonds and Management's assumptions bearing on, among other things, rates of compensation increase and retirement age of employees. All of these estimates and assessments are formulated with the help of external consultants. The plan assets and benefit obligations were valued as at March 31, with the assistance of the Company's external actuaries. The Company also offers complementary retirement benefit programs, such as health insurance, life insurance, and dental plans to eligible employees and retired employees. The Company expects to make a minimal contribution to its defined benefit plans in fiscal 2026.

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

#### *Investment Risk*

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

#### *Changes in Bond Yields*

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

#### *Inflation Risk*

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

#### *Longevity Risk*

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

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

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

	March 31, 2025			March 31, 2024		
	Dairy Division (UK) Defined Benefit		Total	Dairy Division (UK) Defined Benefit		Total
	Pension Fund	Other Plans		Pension Fund	Other Plans	
Fair value of assets	\$ 1,225	\$ 70	\$ 1,295	\$ 1,282	\$ 67	\$ 1,349
Present value of funded obligations	1,201	65	1,266	1,267	60	1,327
Present value of net surplus (obligations) for funded plans	24	5	29	15	7	22
Present value of unfunded obligations	—	(39)	(39)	—	(37)	(37)
Present value of net surplus (obligations)	24	(34)	(10)	15	(30)	(15)
Asset ceiling test	—	(4)	(4)	—	(6)	(6)
Accrued pension/benefit cost	\$ 24	\$ (38)	\$ (14)	\$ 15	\$ (36)	\$ (21)

Presented in the statement of financial position as follows:

	March 31, 2025	March 31, 2024
Other assets (Note 9)	\$ 26	\$ 17
Other liabilities (Note 12)	(40)	(38)
Total net liability	\$ (14)	\$ (21)

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

	March 31, 2025			March 31, 2024		
	Dairy Division (UK) Defined Benefit		Total	Dairy Division (UK) Defined Benefit		Total
	Pension Fund	Other Plans <sup>1</sup>		Pension Fund	Other Plans	
Defined benefit obligation, beginning of year	\$ 1,267	\$ 97	\$ 1,364	\$ 1,277	\$ 94	\$ 1,371
Current service costs	—	3	3	—	3	3
Interest cost	61	5	66	59	4	63
Actuarial (gains) losses due to change in experience	(5)	1	(4)	27	2	29
Actuarial (gains) losses due to changes in financial assumptions	(155)	3	(152)	(27)	(2)	(29)
Actuarial gains due to changes in demographic assumptions	(8)	—	(8)	(30)	—	(30)
Exchange differences	119	2	121	31	—	31
Benefits paid	(78)	(7)	(85)	(70)	(4)	(74)
Defined benefit obligation, end of year	\$ 1,201	\$ 104	\$ 1,305	\$ 1,267	\$ 97	\$ 1,364

<sup>1</sup> As at December 31, 2024, three of its defined benefit plans have wound up. Liquidation of the assets and obligations will take place after the authority's approval.

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

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

	March 31, 2025			March 31, 2024		
	Dairy Division (UK) Defined Benefit		Total	Dairy Division (UK) Defined Benefit		Total
	Pension Fund	Other Plans		Pension Fund	Other Plans	
Fair value of plan assets, beginning of year	\$ 1,282	\$ 67	\$ 1,349	\$ 1,352	\$ 67	\$ 1,419
Interest income on plan assets	62	3	65	63	3	66
Return on plan assets, excluding interest income	(158)	2	(156)	(94)	(2)	(96)
Administration costs	(2)	—	(2)	(1)	—	(1)
Employer contributions	—	5	5	—	3	3
Exchange differences	119	—	119	32	—	32
Benefits paid	(78)	(7)	(85)	(70)	(4)	(74)
Fair value of plan assets, end of year	\$ 1,225	\$ 70	\$ 1,295	\$ 1,282	\$ 67	\$ 1,349

For fiscal 2025, actual return on plan assets amounted to a loss of \$93 million (loss of \$31 million in fiscal 2024).

The fair value of plan assets, which does not include assets of the Company, consist of the following (all assets have a quoted market value in an active market with the exception of annuity contracts and properties and other and cash).

	March 31, 2025			March 31, 2024		
	Dairy Division (UK) Defined Benefit		Total	Dairy Division (UK) Defined Benefit		Total
	Pension Fund	Other Plans		Pension Fund	Other Plans	
Bonds, LDI and cash <sup>1</sup>	\$ 807	\$ 69	\$ 876	\$ 832	\$ 66	\$ 898
Annuity contracts	269	—	269	285	—	285
Properties and other	149	—	149	165	—	165
Equity Instruments	—	1	1	—	1	1
<b>Total</b>	<b>\$ 1,225</b>	<b>\$ 70</b>	<b>\$ 1,295</b>	<b>\$ 1,282</b>	<b>\$ 67</b>	<b>\$ 1,349</b>

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

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

The consolidated income statements include the following:

	March 31, 2025			March 31, 2024		
	Dairy Division (UK) Defined Benefit Pension Fund	Other Plans	Total	Dairy Division (UK) Defined Benefit Pension Fund	Other Plans	Total
Recognized in "Operating costs" (Note 5):						
Employer current service cost	\$ —	\$ 3	\$ 3	\$ —	\$ 3	\$ 3
Administration costs	2	—	2	1	—	1
	2	3	5	1	3	4
Recognized in "Financial charges" (Note 15):						
Interest costs	61	5	66	59	4	63
Interest income on plan assets	(62)	(3)	(65)	(63)	(3)	(66)
	(1)	2	1	(4)	1	(3)
Net defined benefits plans expense	\$ 1	\$ 5	\$ 6	\$ (3)	\$ 4	\$ 1

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

	March 31, 2025			March 31, 2024		
	Dairy Division (UK) Defined Benefit Pension Fund	Other Plans	Total	Dairy Division (UK) Defined Benefit Pension Fund	Other Plans	Total
Return on plan assets (excluding interest income)	\$ (158)	\$ 2	\$ (156)	\$ (94)	\$ (2)	\$ (96)
Actuarial gains (losses) due to change in experience	5	(1)	4	(27)	(2)	(29)
Actuarial gains due to changes in demographic assumptions	8	—	8	30	—	30
Actuarial gains (losses) due to changes in financial assumptions	155	(3)	152	27	2	29
Effect of the asset ceiling test	—	2	2	—	—	—
Amount recognized in other comprehensive income	\$ 10	\$ —	\$ 10	\$ (64)	\$ (2)	\$ (66)

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

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

	March 31, 2025		March 31, 2024	
	Dairy Division (UK) Defined Benefit Pension Fund	Other Plans	Dairy Division (UK) Defined Benefit Pension Fund	Other Plans
Discount rate	5.70 %	4.69 %	4.80 %	4.91 %
Duration of the obligation (in years)	15.00	11.93	15.00	11.41
Inflation Rate	2.50 %	2.00 %	2.60 %	2.00 %
Future salary increases	n/a	3.0 %	n/a	3.0 %
Mortality table	S3P base tables with the following scaling factors: Non-Insured Pens (M/F): 113%/106% Insured Pens (M/F): 106%/108% Defs (M/F): 116%/106%	2014 Private Sector Canadian Pens Mortality Table, projected generationally using Scale MI-2017 or Scale B	S3P base tables with the following scaling factors: Non-Insured Pens (M/F): 113%/106% Insured Pens (M/F): 106%/108% Defs (M/F): 116%/106%	2014 Private Sector Canadian Pens Mortality Table, projected generationally using Scale MI-2017 or Scale B

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

### **SENSITIVITY TO CHANGES IN ASSUMPTIONS**

The impact of an increase (decrease) of 0.1% of the discount rate would be a decrease of approximately \$14 million of the amount of the obligation (increase of approximately \$15 million). A one-year increase in life expectancy would increase the obligation by approximately \$37 million. Specifically, for the Dairy Division (UK) Defined Benefit Pension Fund, the impact of an increase of 0.1% of the inflation rate would be an increase of approximately \$11 million of the amount of the obligation. Specifically pertaining to the other plans, an increase of 1% of the percentage of future salary increases would minimally increase the amount of the obligation.

## NOTE 21 COMMITMENTS AND CONTINGENCIES

### COMMITMENTS

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

		Leases <sup>1</sup>	Purchase obligations <sup>2</sup>	Total
Less than 1 year	\$	13	\$ 189	\$ 202
1-2 years		8	55	63
2-3 years		4	4	8
3-4 years		4	1	5
4-5 years		2	—	2
More than 5 years		2	—	2
	\$	33	\$ 249	\$ 282

<sup>1</sup> Commitments related to leases represent short-term and low-value leases that do not meet the definition of a lease under IFRS 16.

<sup>2</sup> Purchase obligations are the contractual obligations for capital expenditures and service agreements to which the Company is committed.

### CLAIMS

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

### INDEMNIFICATIONS

The Company from time to time offers indemnifications to third parties in the normal course of its business, in connection with business or asset acquisitions or disposals. These indemnification provisions may be in connection with breach of representations and warranties, and for future claims for certain liabilities. The terms of these indemnification provisions vary in duration. At March 31, 2025, given that the nature and amount of such indemnifications depend on future events, the Company is unable to reasonably estimate its maximum potential liability under these agreements. The Company has not made any significant indemnification payments in the past, and as at March 31, 2025, and March 31, 2024, the Company had not recorded any significant liabilities associated with these indemnifications.

### LETTERS OF CREDIT

As at March 31, 2025, the Company had issued letters of credit in an aggregate amount of \$69 million pursuant to a banking facility authorizing the issuance of letters of credit in an aggregate amount of \$102 million (as at March 31, 2024, the Company had issued letters of credit in an aggregate amount of \$66 million pursuant to a banking facility authorizing the issuance of letters of credit in an aggregate amount of \$101 million).

## NOTE 22 RELATED PARTY TRANSACTIONS

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

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

Transactions with related parties are as follows:

	For the years ended March 31	
	2025	2024
Key management personnel		
Directors	\$ 3	\$ 3
Executive officers	35	43
Entities subject to control or significant influence through ownership by its principal shareholder	7	7
	\$ 45	\$ 53

Dairy products provided by the Company to related parties were less than \$1 million for the years ended March 31, 2025, and 2024.

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

	Accounts payable and accrued liabilities	
	March 31, 2025	March 31, 2024
Key management personnel		
Directors	\$ 15	\$ 15
Executive officers	45	39
	\$ 60	\$ 54

The amounts payable to the Directors consist entirely of balances payable under the Company's DSU plan. Refer to Note 13 for further details. The amounts payable to executive officers consist of short-term employee incentives, share-based awards, and post-retirement benefits. Outstanding accounts receivable and accounts payable from/to related parties were less than \$1 million for the years ended March 31, 2025, and 2024.

## NOTE 22 RELATED PARTY TRANSACTIONS (CONT'D)

### KEY MANAGEMENT PERSONNEL COMPENSATION

	For the years ended March 31	
	2025	2024
Directors		
Cash-settled payments	\$ —	\$ 1
Stock-based compensation	3	2
	\$ 3	\$ 3
Executive officers		
Short-term employee benefits	\$ 25	\$ 20
Post-employment benefits	4	4
Stock-based compensation	6	19
	\$ 35	\$ 43
	\$ 38	\$ 46

### SUBSIDIARIES

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

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

## NOTE 23 CAPITAL DISCLOSURES

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

The Company's capital is composed of net debt and equity. Net debt consists of long-term debt, bank loans, and lease liabilities, net of cash and cash equivalents. The net debt amounts as at March 31, 2025, and March 31, 2024, are as follows:

	2025	2024
Long-term debt, including current portion	\$ 2,699	\$ 3,113
Bank loans	364	418
Lease liabilities	531	455
Less: Cash and cash equivalents	(257)	(466)
Net debt	\$ 3,337	\$ 3,520

The primary measure used by the Company to monitor its financial leverage is its ratio of net debt to net earnings before income taxes, financial charges, loss (gain) on hyperinflation, restructuring costs, (gain) on disposal of assets, goodwill and intangible assets impairment charge, and depreciation and amortization. The ratio as at March 31, 2025, was 2.13 (2.33 at March 31, 2024).

The Company has existing credit facilities which require a quarterly review of financial ratios and the Company is not in violation of any such ratio covenants as at March 31, 2025.

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

## NOTE 24 SEGMENTED INFORMATION

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

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

The President and Chief Executive Officer (CEO) and the Chief Financial Officer are, together, 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, restructuring costs, (gain) on disposal of assets, goodwill and intangible assets impairment charge, and depreciation and amortization.

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

### INFORMATION ON REPORTABLE SECTORS

	For the year ended March 31, 2025				
	Canada	USA	International <sup>1</sup>	Europe	Total
<b>Revenues</b>	\$ 5,164	\$ 8,755	\$ 3,955	\$ 1,187	\$ 19,061
<b>Operating costs excluding depreciation, amortization, and restructuring costs (Note 5)</b>	4,517	8,140	3,758	1,081	17,496
<b>Adjusted EBITDA</b>	647	615	197	106	1,565
Depreciation and amortization	118	275	123	113	629
Goodwill and intangible assets impairment charge (Note 8)	—	—	—	684	684
(Gain) on disposal of assets (Note 6)	—	—	(24)	—	(24)
Restructuring costs (Note 14)	6	4	7	70	87
Loss (gain) on hyperinflation (Argentina net monetary position)	—	—	12	—	12
Financial charges (Note 15)	—	—	—	—	196
<b>Loss before income taxes</b>	—	—	—	—	(19)

<sup>1</sup> Australia accounted for \$2.706 billion of the International Sector's revenues while Argentina accounted for \$1.249 billion for the year ended March 31, 2025.

	For the year ended March 31, 2024				
	Canada	USA	International <sup>1</sup>	Europe	Total
<b>Revenues</b>	\$ 4,922	\$ 7,810	\$ 3,518	\$ 1,092	\$ 17,342
<b>Operating costs excluding depreciation, amortization, and restructuring costs (Note 5)</b>	4,342	7,289	3,185	1,017	15,833
<b>Adjusted EBITDA</b>	580	521	333	75	1,509
Depreciation and amortization	107	246	134	108	595
Goodwill impairment charge (Note 8)	—	—	265	—	265
Restructuring costs (Note 14)	6	10	4	5	25
Loss (gain) on hyperinflation (Argentina net monetary position)	—	—	44	—	44
Financial charges (Note 15)	—	—	—	—	176
<b>Earnings before income taxes</b>	—	—	—	—	404

<sup>1</sup> Australia accounted for \$2.526 billion of the International Sector's revenues while Argentina accounted for \$992 million for the year ended March 31, 2024.

## NOTE 24 SEGMENTED INFORMATION (CONT'D)

### MARKET SEGMENT INFORMATION

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

For the years ended March 31										
	Total		Canada		USA		International		Europe	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
<b>Revenues</b>										
Retail	\$ 9,269	\$ 8,725	\$ 2,923	\$ 2,791	\$ 3,957	\$ 3,608	\$ 1,470	\$ 1,497	\$ 919	\$ 829
Foodservice	6,283	5,712	1,802	1,767	3,975	3,491	466	421	40	33
Industrial	3,509	2,905	439	364	823	711	2,019	1,600	228	230
	\$ 19,061	\$ 17,342	\$ 5,164	\$ 4,922	\$ 8,755	\$ 7,810	\$ 3,955	\$ 3,518	\$ 1,187	\$ 1,092

### GEOGRAPHIC INFORMATION

	March 31, 2025		March 31, 2024	
<b>Net book value of property, plant and equipment</b>				
Canada	\$	969	\$	949
USA		2,318		2,184
Australia		711		749
Argentina		279		203
United Kingdom		416		446
	\$	4,693	\$	4,531
<b>Net book value of intangible assets</b>				
Canada	\$	183	\$	207
USA		239		281
Australia		58		70
Argentina		1		1
United Kingdom		590		607
	\$	1,071	\$	1,166
<b>Net book value of right-of-use assets</b>				
Canada	\$	167	\$	130
USA		135		62
Australia		95		163
Argentina		14		9
United Kingdom		92		101
	\$	503	\$	465