3 THIRD QUARTER | FISCAL 2022

Saputo Inc. (we, Saputo or the Company) is presenting its results for the third quarter of fiscal 2022, which ended on December 31, 2021.

- Revenues amounted to $3.901 billion, up $138 million or 3.7%.
- Adjusted EBITDA* amounted to $322 million, down $109 million or 25.3%.
- Net earnings totalled $86 million and EPS** (basic and diluted) were $0.21, down from $210 million and EPS (basic and diluted) of $0.51.
- Adjusted net earnings excluding amortization of intangible assets related to business acquisitions* totalled $139 million, down from $228 million, and the corresponding EPS** (basic and diluted) were $0.34 and $0.33, down from $0.56 and $0.55, respectively.

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

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2021	2020	**2021**	2020
Revenues	**3,901**	3,763	**11,078**	10,856
Adjusted EBITDA*	**322**	431	**895**	1,168
Net earnings	**86**	210	**237**	523
Adjusted net earnings excluding amortization of intangible assets related to business acquisitions*	**139**	228	**377**	591
Net earnings per share				
Basic	**0.21**	0.51	**0.57**	1.28
Diluted	**0.21**	0.51	**0.57**	1.27
Adjusted net earnings per share excluding amortization of intangible assets related to business acquisitions*				
Basic	**0.34**	0.56	**0.91**	1.44
Diluted	**0.33**	0.55	**0.91**	1.44

* See the "Non-IFRS Financial Measures" section of this Management's Discussion and Analysis for the reconciliations to IFRS measures.

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** Refer to the ''Glossary'' section of this Management's Discussion and Analysis.

HIGHLIGHTS

- Challenging market conditions, including labour shortages, supply chain disruptions, and inflationary pressures, continued to impact our sectors to varying degrees, with the USA Sector being the most impacted.
- The Canada Sector continued to show improved results despite challenging market conditions.
- Inflation continued to put upward pressure on input costs, including an impact on adjusted EBITDA* of $46 million related to freight and logistical costs, mainly in North America. USA Market Factors** negatively impacted adjusted EBITDA by $40 million compared to the same quarter last fiscal year.
- The fluctuation of the Canadian dollar versus foreign currencies negatively impacted revenues and adjusted EBITDA by $67 million and $18 million, respectively.
- As part of the Optimize and Enhance Operations pillar of the Company's Global Strategic Plan, Saputo announced several major capital investments and consolidation initiatives intended to enhance and streamline its manufacturing footprint in its USA Sector and International Sector. Costs connected with the capital investments and consolidation initiatives will be approximately $46 million after tax, which include a non-cash fixed assets write-down of approximately $39 million after tax. These costs will be recorded in the fourth quarter of fiscal 2022.
- As part of the continuous evaluation of our overall activities and to reallocate resources to support the growth ambitions of our Global Strategic Plan, we decided to pause the deployment of our Enterprise Resource Planning (ERP) project in Canada for a minimum of three years. An impairment of intangible assets charge of $43 million after tax was recorded during the quarter. The impairment charge also included the effect of the application of an agenda decision of the International Financial Reporting Interpretations Committee (IFRIC) related to the capitalization of cloud-based software costs.
- The Board of Directors approved a dividend of $0.18 per share payable on March 18, 2022, to common shareholders of record on March 8, 2022.

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MANAGEMENT’S DISCUSSION AND ANALYSIS

The goal of the management report is to analyze the results and the financial position of Saputo for the quarter ended December 31, 2021. The management report should be read while referring to Saputo's condensed interim consolidated financial statements and accompanying notes for the three and nine-month periods ended December 31, 2021, and 2020. The Company’s condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board. The accounting policies of the Company are in accordance with International Financial Reporting Standards (IFRS). All dollar amounts are in Canadian dollars, unless otherwise indicated. This report takes into account material elements between December 31, 2021, and February 10, 2022, the date on which this report was approved by the Company’s Board of Directors. The information in this report is being presented as at December 31, 2021, unless otherwise specified. Additional information about the Company, including its Annual Report and Annual Information Form for the year ended March 31, 2021, can be obtained on SEDAR at www.sedar.com.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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

By their nature, forward-looking statements are subject to a number of inherent risks and uncertainties. Actual results could differ materially from those stated, implied or projected in such forward-looking statements. As a result, we cannot guarantee that any forward-looking statements will materialize, and we warn readers that these forward-looking statements are not statements of historical fact or guarantees of future performance in any way. Assumptions, expectations and estimates made in the preparation of forward-looking statements and risks and uncertainties that could cause actual results to differ materially from current expectations are discussed in our materials filed with the Canadian securities regulatory authorities from time to time, including the "Risks and Uncertainties" section of the Management's Discussion and Analysis dated June 3, 2021, available on SEDAR under Saputo's profile at www.sedar.com.

Such risks and uncertainties include the following: product liability; the COVID-19 pandemic; the availability of raw materials (including as a result of climate change or extreme weather) and related price variations, along with our ability to transfer those increases, if any, to our customers in competitive market conditions; the price fluctuation of our products in the countries in which we operate, as well as in international markets, which are based on supply and demand levels for dairy products; cyber threats and other information technology-related risks relating to business disruptions, confidentiality, data integrity business and email compromise-related fraud; the increased competitive environment in the dairy industry; consolidation of clientele; supplier concentration; unanticipated business disruption; the economic environment; changes in environmental laws and regulations; the potential effects of climate change; increased focus on environmental sustainability matters; our ability to identify, attract and retain qualified individuals; the failure to adequately integrate acquired businesses in a timely and efficient manner; the failure to execute our global strategic plan as expected; the failure to complete capital expenditures as planned; changes in consumer trends; changes in interest rates and access to capital markets. Our ability to achieve our environmental targets, commitments and goals is further subject to, among others, our ability to access and implement all technology necessary to achieve our targets, commitments and goals, as well as the development and performance of technology, innovation and the future use and deployment of technology and associated expected future results, and environmental regulation. Our ability to achieve our 2025 Supply Chain Pledges is further subject to, among others, our ability to leverage our supplier relationships.

Forward-looking statements are based on Management's current estimates, expectations and assumptions regarding, among other things; the projected revenues and expenses; the economic, industry, competitive and regulatory environments in which we operate or which could affect our activities; our ability to attract and retain customers and consumers; our environmental performance; our sustainability efforts; the effectiveness of our environmental and sustainability initiatives; the availability and cost of milk and other raw materials and energy supplies; our operating costs; the pricing of our finished products on the various markets in which we carry on business; the effects of the COVID-19 pandemic; the successful execution of our global strategic plan; our ability to deploy capital expenditure projects as planned; our ability to correctly predict, identify, and interpret changes in consumer preferences and demand, to offer new products to meet those changes, and to respond to competitive innovation; our ability to leverage our brand value; our ability to drive revenue growth in our key product categories or platforms or add products that are in faster-growing and more profitable categories; the contribution of recent acquisitions; the anticipated market supply and demand levels for dairy products; the anticipated warehousing, logistical and transportation costs; our effective income tax rate; the exchange rate of the Canadian dollar to the currencies of cheese and dairy ingredients.

Management believes that these estimates, expectations and assumptions are reasonable as of the date hereof, and are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events, including the duration and severity of the COVID-19 pandemic, and are accordingly subject to changes after such date. Forward-looking statements are intended to provide shareholders with information regarding Saputo, including our assessment of future financial plans, and may not be appropriate for other purposes. Undue importance should not be placed on forward-looking statements, and the information contained in such forward-looking statements should not be relied upon as of any other date.

All forward-looking statements included herein speak only as of the date hereof or as of the specific date of such forward-looking statements. Except as required under applicable securities legislation, Saputo does not undertake to update or revise forward-looking statements, whether written or verbal, that may be made from time to time by itself or on our behalf, whether as a result of new information, future events or otherwise. All forward-looking statements contained herein are expressly qualified by this cautionary statement.

CONSOLIDATED RESULTS FOR THE THIRD QUARTER AND FISCAL PERIOD ENDED DECEMBER 31, 2021

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

Revenues

Revenues for the **third quarter of fiscal 2022** totalled $3.901 billion, up $138 million or 3.7%, as compared to $3.763 billion for the same quarter last fiscal year.

Revenues increased due to higher international cheese and dairy ingredient market prices and higher domestic selling prices. Pricing initiatives implemented in all our sectors to mitigate increasing input costs contributed positively.

Foodservice market segment sales volumes increased, and retail market segment sales volumes decreased, as they continued to return closer to their historical levels. Retail market segment sales volumes in the third quarter of fiscal 2021 had benefited from increased demand levels in connection with the shift in consumer demand caused by the COVID-19 pandemic. In the ongoing COVID-19 context, supply chain challenges, due to container and vessel availability issues and port inefficiencies, continued to negatively impact export sales volumes in our International Sector. Sales volumes were stable compared to those of the third quarter of fiscal 2021.

The combined effect of the lower average block market price** and of the higher average butter market price** had a negative impact of $84 million. The effect of the fluctuation of the Argentine peso and the Australian dollar on export sales denominated in US dollars was favourable.

The contributions of the acquisitions completed earlier this fiscal year, Bute Island Foods Ltd. (Bute Island Acquisition), the Reedsburg facility of Wisconsin Specialty Protein, LLC (Reedsburg Facility Acquisition), the business of Wensleydale Dairy Products Limited (Wensleydale Dairy Products Acquisition) and the Carolina Aseptic and Carolina Dairy businesses formerly operated by AmeriQual Group Holdings, LLC (Carolina Acquisition), (collectively, the Recent Acquisitions), totalled $51 million.

Finally, the fluctuation of foreign currencies, most particularly the US dollar, versus the Canadian dollar had an unfavourable impact of $67 million.

Revenues for the **first nine months of fiscal 2022** totalled $11.078 billion, up $222 million or 2.0%, as compared to $10.856 billion for the same period last fiscal year.

Revenues increased due to higher international cheese and dairy ingredient market prices and higher domestic selling prices. However, during the first six months of fiscal 2022, fulfilling the export sales contracts that had been entered into in fiscal 2021 at depressed commodity prices in the International Sector had an unfavourable impact. Pricing initiatives implemented in all our sectors to mitigate increasing input costs contributed positively.

Sales volumes were higher than those of the first nine months of fiscal 2021, mainly due to an increase in the foodservice market segment and, to a lesser extent, in the industrial market segment. However, sales volumes decreased in the retail market segment when compared to the surge that occurred in the first quarter of fiscal 2021, although this surge began to level off starting in the second quarter of fiscal 2021. In the ongoing COVID-19 context, supply chain challenges, due to container and vessel availability issues and port inefficiencies, negatively impacted export sales volumes in our International Sector.

The combined effect of the lower average block market price** and of the higher average butter market price** had a negative impact of $156 million. The effect of the fluctuation of the Argentine peso and the Australian dollar on export sales denominated in US dollars was favourable.

The contributions of the Recent Acquisitions totalled $79 million.

Finally, the fluctuation of foreign currencies, most particularly the US dollar, versus the Canadian dollar had an unfavourable impact of $389 million.

** Refer to the ''Glossary'' section of this Management's Discussion and Analysis.

Adjusted EBITDA*

Adjusted EBITDA for the **third quarter of fiscal 2022** totalled $322 million, down $109 million or 25.3%, as compared to $431 million for the same quarter last fiscal year.

We continued to face rising inflation where pricing initiatives lagged cost surges. Input costs, such as transportation, fuel, consumables, and packaging, increased in all our sectors due to inflationary pressures. This included an increase of $46 million related to freight and logistical costs, mainly in North America, which more than offset the positive effect of pricing initiatives, although the net impact was more favourable than in previous quarters.

USA Market Factors** had a negative effect of $40 million, as compared to the same quarter last fiscal year. The relation between international cheese and dairy ingredient market prices and the cost of milk as raw material in the International Sector had a positive impact.

The contributions of the Recent Acquisitions were positive.

The positive effects of lower administrative costs, such as travel and promotional activities, in the context of the COVID-19 pandemic, tapered off compared to the same quarter last fiscal year.

The fluctuation of foreign currencies versus the Canadian dollar had an unfavourable impact of $18 million.

Adjusted EBITDA for the **first nine months of fiscal 2022** totalled $895 million, down $273 million or 23.4%, as compared to $1.168 billion for the same period last fiscal year.

Input costs, such as transportation, fuel, consumables, and packaging, increased in all our divisions due to inflationary pressures. This included an increase of $102 million related to freight and logistical costs, mainly in North America, which more than offset the positive effect of the pricing initiatives discussed above.

In a volatile dairy commodity market, USA Market Factors** had a negative effect of $99 million, as compared to the same period last fiscal year. On the other hand, the relation between international cheese and dairy ingredient market prices and the cost of milk as raw material in the International Sector had a positive impact. However, in the first six months of fiscal 2022, the effect of fulfilling export sales contracts entered into last fiscal year at depressed commodity prices was unfavourable.

The contributions of the Recent Acquisitions were positive.

The positive effects of lower administrative costs, such as travel and promotional activities, in the context of the COVID-19 pandemic, tapered off compared to the same period last fiscal year.

The fluctuation of foreign currencies versus the Canadian dollar had an unfavourable impact of $60 million.

Operating costs excluding depreciation, amortization, and restructuring costs

Operating costs excluding depreciation, amortization, and restructuring costs for the **third quarter of fiscal 2022** totalled $3.579 billion, up $247 million or 7.4%, as compared to $3.332 billion for the same quarter last fiscal year. In the **first nine months of fiscal 2022,** operating costs excluding depreciation, amortization, and restructuring costs totalled $10.183 billion, up $495 million or 5.1%, as compared to $9.688 billion for the same period last fiscal year. These increases were due to higher input costs in all our divisions caused by inflationary pressures. Higher revenues, dairy commodity market volatility, and higher input costs contributed to the higher cost of raw materials and consumables used. Employee salary and benefit expenses increased due to inflation and wage increases.

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Depreciation and amortization

Depreciation and amortization for the **third quarter of fiscal 2022** totalled $144 million, up $16 million, as compared to $128 million for the same quarter last fiscal year. In the **first nine months of fiscal 2022**, depreciation and amortization totalled $412 million, up $32 million, as compared to $380 million for the same period last fiscal year. These increases were mainly attributable to additional depreciation and amortization related to the Recent Acquisitions, as well as additions to property, plant and equipment, which increased the depreciable base.

Gain on disposal of assets

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

Impairment of intangible assets

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

In fiscal 2021, an impairment of intangible assets charge of $19 million was incurred in relation to our decision to retire one of our cheese brand names from our Dairy Division (Australia) portfolio.

Acquisition and restructuring costs

Acquisition and restructuring costs for the **first nine months of fiscal 2022** amounted to nil, representing the net of costs incurred for the Recent Acquisitions and of a favourable purchase price adjustment for a prior year acquisition. During the same period last fiscal year, a gain on disposal of assets of $6 million ($5 million after tax) was recorded related to the sale of a closed facility in the Canada Sector.

Financial charges

In the **third quarter and first nine months of fiscal 2022**, financial charges totalled $17 million and $54 million, respectively, down $9 million and $19 million, respectively, mainly due to an increased gain on hyperinflation derived from the indexation of non-monetary assets and liabilities in Argentina.

Income tax expense

Income tax expense for the **third quarter of fiscal 2022** totalled $26 million, reflecting an effective tax rate of 23.2% as compared to 24.3% for the same quarter last fiscal year. For the third quarter of fiscal 2022, we recorded an income tax benefit related to the non-taxable portion of the gain on disposal of assets in Canada. Excluding this, the effective tax rate for the third quarter of fiscal 2022 would have been 24.4%.

Income tax expense for the **first nine months of fiscal 2022** totalled $143 million, reflecting an effective tax rate of 37.6% as compared to 25.5% for the same period last fiscal year. Deferred income tax liability balances were adjusted to reflect the enactment in June 2021 of an increase from 19% to 25% of the corporate income tax rate in the United Kingdom which will be effective as of April 1, 2023. As a result, we incurred a one-time non-cash income tax expense of $50 million. The effective tax rate also reflected the increase in the Argentine corporate income tax rate from 25% to 35%, enacted in June 2021, and the non-taxable portion of the gain on disposal of assets in Canada. During the same period last fiscal year, income tax expense reflected the tax treatment of an impairment of intangible assets charge of $19 million. Excluding the effects of these factors, the effective tax rates for the nine-month periods ended December 31, 2021, and 2020, would have been 24.2% and 24.8%, respectively.

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

Net earnings

Net earnings for the **third quarter of fiscal 2022** totalled $86 million, down $124 million or 59.0%, as compared to $210 million for the same quarter last fiscal year. In the **first nine months of fiscal 2022**, net earnings totalled $237 million, down $286 million or 54.7%, as compared to $523 million for the same period last fiscal year. These decreases were mainly due to the aforementioned factors.

Adjusted net earnings excluding amortization of intangible assets related to business acquisitions*

Adjusted net earnings excluding amortization of intangible assets related to business acquisitions for the **third quarter of fiscal 2022** totalled $139 million, down $89 million or 39.0%, as compared to $228 million for the same quarter last fiscal year. In the **first nine months of fiscal 2022**, adjusted net earnings excluding amortization of intangible assets related to business acquisitions totalled $377 million, down $214 million or 36.2%, as compared to $591 million for the same period last fiscal year. These decreases were due to the aforementioned factors.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

Fiscal years	**2022**			2021				2020
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	**3,901**	3,689	3,488	3,438	3,763	3,702	3,391	3,719
Adjusted EBITDA*	**322**	283	290	303	431	370	367	299
Adjusted EBITDA margin**	**8.3 %**	7.7 %	8.3 %	8.8 %	11.5 %	10.0 %	10.8 %	8.0 %
Net earnings	**86**	98	53	103	210	171	142	89
Gain on disposal of assets[1]	**(8)**	—	—	—	—	—	—	—
Impairment of intangible assets[1]	**43**	—	—	—	—	—	19	—
UK tax rate change[2]	**—**	—	50	—	—	—	—	—
Acquisition and restructuring costs[1]	**—**	(1)	1	2	—	(5)	—	10
Amortization of intangible assets related to business acquisitions[1]	**18**	19	18	19	18	18	18	18
Adjusted net earnings excluding amortization of intangible assets related to business acquisitions*	**139**	116	122	124	228	184	179	117
Per share								
Net earnings								
Basic	**0.21**	0.24	0.13	0.25	0.51	0.42	0.35	0.22
Diluted	**0.21**	0.24	0.13	0.25	0.51	0.42	0.35	0.22
Adjusted net earnings per share excluding amortization of intangible assets related to business acquisitions*								
Basic	**0.34**	0.28	0.30	0.30	0.56	0.45	0.44	0.29
Diluted	**0.33**	0.28	0.29	0.30	0.55	0.45	0.44	0.28

* See the "Non-IFRS Financial Measures" section of this Management's Discussion and Analysis for the reconciliations to IFRS measures.
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1 Net of income taxes.
2 The UK Finance Act 2021 was enacted, increasing the UK corporate income tax rate from 19% to 25%, effective April 1, 2023. Refer to Note 10 to the consolidated financial statements for further information.

Selected factors positively (negatively) affecting financial performance

(in millions of CDN dollars)

Fiscal years	**2022**			2021				2020
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
USA Market Factors*[,1]	**(40)**	(17)	(42)	(4)	34	4	23	(8)
Foreign currency exchange[1, 2]	**(18)**	(21)	(21)	(2)	—	4	(4)	(3)

* Refer to the ''Glossary'' section of this Management's Discussion and Analysis.
1 As compared to same quarter last fiscal year.
2 Foreign currency exchange includes effect on adjusted EBITDA of conversion of US dollars, Australian dollars, British pounds sterling and Argentine pesos to Canadian dollars.

OUTLOOK

- The global economy recovery remains uneven. As economies re-open, we are faced with labour challenges, supply chain bottlenecks, and inflationary pressures.

- Input costs, including overtime wages, transportation, fuel, consumables, and packaging, are expected to remain at sustained high levels due to inflationary pressures. As a mitigating measure, we continue to implement multiple phases of pricing initiatives across all geographies.

- Overall, the retail market segment continues to perform well, and we expect our sales to keep pace with pre-pandemic levels. However, internal labour challenges and supply chain difficulties are impacting our ability to supply ongoing demand and maintain historical order fill rate levels, particularly in the USA.

- We expect the demand for our products to remain elevated, with continued strength in the retail and industrial market segments and a steady improvement in the foodservice market segment.

- The foodservice market segment in the USA is expected to remain competitive, but the overall supply-demand dynamics of mozzarella are expected to improve as inventories revert to historical levels.

- Labour challenges are expected to continue to impact our third-party transport and logistics partners in the USA, leading to reduced service levels and higher costs.

- USA Market Factors* will continue to fluctuate from quarter to quarter, but we expect them to remain challenging as dairy commodity market prices remain volatile. Although we adjust our pricing to reflect commodity prices, there may be a lag which can cause swings in operating income and cash flow from one quarter to another.

- Despite the volatile nature of international cheese and dairy ingredient markets, our outlook is positive with respect to export prices, as we expect them to continue to stabilize.

- Volumes destined for export markets continue to recover, however, the pace and timing of the recovery to pre-pandemic levels will vary depending on the export market and supply chain improvements.

- With the slower than anticipated recovery and the difficulties we faced since the beginning of the fiscal year, our overall performance in fiscal 2022 will be below that of fiscal 2021.

- In the fourth quarter, we expect inflationary pressures to be partially mitigated by ongoing pricing initiatives undertaken in all of our geographies since the beginning of fiscal 2022. We expect the operating environment to continue to face labour challenges and supply chain bottlenecks. We will continue to leverage the momentum of our ongoing Global Strategic Plan initiatives to strengthen our position as a high-quality, low-cost processor with a relentless focus on productivity and efficiency.

* Refer to the ''Glossary'' section of this Management's Discussion and Analysis.

GLOBAL STRATEGIC PLAN HIGHLIGHTS

As part of the Optimize and Enhance Operations pillar of the Company's Global Strategic Plan, the Company announced, on February 8, 2022, several major capital investments and consolidation initiatives intended to enhance and streamline its manufacturing footprint in its USA Sector and International Sector.

In the USA Sector, as a first phase, the Company plans to invest approximately $169 million towards the modernization and expansion of its cheese manufacturing facilities in Wisconsin and California and to support its growth plan in the retail market segment. These initiatives will begin in the fourth quarter of fiscal 2022 and are expected to take approximately 24 months to implement. Complementing this first phase, Saputo plans to consolidate the cut-and-wrap activities in its West Coast operations, and right-size its footprint by closing its Bardsley Street, Tulare, California, facility in fiscal 2023. In the International Sector, the Company will be streamlining operations in two of its manufacturing facilities in Australia.

These measures are expected to improve our product portfolio, modernize processes, enhance capacities, and enable us to pursue initiatives to deliver against growth objectives. These planned activities are consistent with the previously announced Global Strategic Plan designed to create shared value for all stakeholders.

THE SAPUTO PROMISE

The Saputo Promise, our approach to social, environmental, and economic performance, supports our strategic plans and allows us to pursue growth and create shared value for all stakeholders, ensuring the long-term sustainability of our business.

During the third quarter, through our partnership with Lightsource bp, we completed the construction of a five-megawatt solar project to provide renewable power for our Davidstow plant in the UK. This project is expected to deliver 10% of the facility's annual electricity demand and enable us to save almost 1,500 tonnes of CO_2 a year.

Our Europe Sector partnered with flexible packaging supplier Wipak UK on a project which resulted in 33% of virgin plastic being replaced with post-consumer recycled (PCR) material for some of our block cheese packaging. The PCR packs are being gradually introduced in Marks and Spencer stores, and we expect to roll out PCR packaging into a wider range of our products in the future as technology improves and the quantity of available materials increases.

Additionally, in December, our Dairy Division (USA) announced a collaborative partnership with Hyperlight Energy, the developer of Hylux™, a low cost solar steam technology, which aims to cost-effectively reduce greenhouse gas (GHG) emissions in an industrial setting. This innovative renewable thermal energy system will be implemented at one of our facilities in California, allowing us to leverage the Hylux™ technology to help reduce the CO_2 intensity of our operations.

* Refer to the ''Glossary'' section of this Management's Discussion and Analysis.

INFORMATION BY SECTOR

CANADA SECTOR

(in millions of CDN dollars)

Fiscal years	2022			2021			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**1,112**	1,081	1,033	1,001	1,089	1,063	982
Adjusted EBITDA	**121**	124	113	108	118	117	104
Adjusted EBITDA margin	**10.9 %**	11.5 %	10.9 %	10.8 %	10.8 %	11.0 %	10.6 %

The Canada Sector consists of the Dairy Division (Canada).

Revenues

Revenues for the **third quarter of fiscal 2022** totalled $1.112 billion, up $23 million or 2.1%, as compared to $1.089 billion for the same quarter last fiscal year.

Higher selling prices in connection with the higher cost of milk as raw material and pricing initiatives implemented during the previous quarter to mitigate increasing input costs caused by inflationary pressures both contributed positively.

Sales volumes were lower in the retail market segment, as they returned closer to their historical levels, although partially offset by a rebound in sales volumes in the foodservice market segment. Retail market segment sales in the comparative quarter of fiscal 2021 had benefited from an uplift from the shift in consumer demand related to the COVID-19 pandemic, mainly in the fluid milk category.

Revenues for the **first nine months of fiscal 2022** totalled $3.226 billion, up $92 million or 2.9%, as compared to $3.134 billion for the same period last fiscal year.

Higher selling prices in connection with the higher cost of milk as raw material and pricing initiatives implemented to mitigate increasing input costs caused by inflationary pressures both contributed positively.

Sales volumes in the retail and industrial market segments were lower, although partially offset by a rebound in sales volumes in the foodservice market segment. Retail market segment sales in the comparative period of fiscal 2021 had benefited from an uplift in consumer demand related to the COVID-19 pandemic, mainly in the fluid milk category.

Adjusted EBITDA

Adjusted EBITDA for the **third quarter of fiscal 2022** totalled $121 million, up $3 million or 2.5%, as compared to $118 million for the same quarter last fiscal year.

The Canada Sector continued to show improved results despite challenging market conditions. Higher input costs caused by inflationary pressures continued to have an unfavourable impact. This included an amount of $5 million related to freight and logistical costs, which were offset by the positive effect of pricing initiatives described above. Furthermore, in November 2021, we were challenged by an extreme weather event in British Columbia, which required that we incur incremental freight and logistical costs to service our customers.

Adjusted EBITDA for the **first nine months of fiscal 2022** totalled $358 million, up $19 million or 5.6%, as compared to $339 million for the same period last fiscal year.

Higher input costs caused by inflationary pressures had an unfavourable impact, including $13 million related to freight and logistical costs. Pricing initiatives were undertaken to offset these increased costs. Also, as described above, the extreme weather event in British Columbia in November 2021 had a negative impact, mainly due to incremental freight and logistics costs required to service our customers.

The positive effects of lower administrative costs, such as travel and promotional activities, in the context of the COVID-19 pandemic, tapered off compared to the same period last fiscal year.

USA SECTOR

(in millions of CDN dollars)

Fiscal years	2022			2021			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**1,627**	1,533	1,506	1,399	1,657	1,649	1,417
Adjusted EBITDA	**83**	67	96	93	171	140	163
Adjusted EBITDA margin	**5.1 %**	4.4 %	6.4 %	6.6 %	10.3 %	8.5 %	11.5 %

Selected factors positively (negatively) affecting financial performance

(in millions of CDN dollars)

Fiscal years	2022			2021			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
USA Market Factors*,[1]	**(40)**	(17)	(42)	(4)	34	4	23
US currency exchange[1]	**(6)**	(8)	(18)	(5)	(2)	2	5

* Refer to the ''Glossary'' section of this Management's Discussion and Analysis.
[1] As compared to same quarter last fiscal year.

Other pertinent information

(in US dollars, except for average exchange rate)

Fiscal years	2022			2021			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Block market price*							
Opening	**1.873**	1.553	1.738	1.650	2.573	2.640	1.330
Closing	**1.980**	1.873	1.553	1.738	1.650	2.573	2.640
Average	**1.805**	1.706	1.657	1.687	2.129	2.249	1.778
Butter market price*							
Opening	**1.760**	1.740	1.818	1.420	1.510	1.765	1.335
Closing	**2.453**	1.760	1.740	1.818	1.420	1.510	1.765
Average	**1.975**	1.716	1.805	1.480	1.444	1.571	1.500
Average whey market price*	**0.622**	0.522	0.626	0.517	0.388	0.311	0.356
Spread*	**(0.099)**	(0.034)	(0.164)	0.001	0.168	0.141	0.047
US average exchange rate to Canadian dollar[1]	**1.260**	1.259	1.231	1.268	1.306	1.333	1.378

* Refer to the ''Glossary'' section of this Management's Discussion and Analysis.
[1] Based on Bank of Canada published information.

The USA Sector consists of the Dairy Division (USA).

Revenues

Revenues for the **third quarter of fiscal 2022** totalled $1.627 billion, down $30 million or 1.8%, as compared to $1.657 billion for the same quarter last fiscal year.

The combined effect of the lower average block market price* and of the higher average butter market price* had a negative impact of $84 million.

Sales volumes were stable, with higher sales volumes in the foodservice market segment, while retail market segment sales volumes were lower. Consumer demand for mozzarella continued to recover, as compared to the same quarter last fiscal year, although market conditions remained highly competitive.

Pricing initiatives implemented to mitigate increasing input costs caused by inflationary pressures contributed positively.

The contributions of the Reedsburg Facility Acquisition and the Carolina Acquisition totalled $22 million.

The fluctuation of the US dollar versus the Canadian dollar had an unfavourable impact of $57 million.

Revenues for the **first nine months of fiscal 2022** totalled $4.666 billion, down $57 million or 1.2%, as compared to $4.723 billion for the same period last fiscal year.

The combined effect of the lower average block market price* and of the higher average butter market price* had a negative impact of $156 million.

Higher sales volumes in the foodservice market segment had a positive impact, partially offset by lower retail market segment sales volumes. Consumer demand for mozzarella continued to recover, although it remained in flux and subject to highly competitive market conditions.

Pricing initiatives implemented to mitigate increasing input costs caused by inflationary pressures contributed positively.

The contributions of the Reedsburg Facility Acquisition and the Carolina Acquisition, for the seven-month and four-month periods, respectively, since they were acquired, totalled $32 million.

The fluctuation of the US dollar versus the Canadian dollar had an unfavourable impact of $309 million.

* Refer to the "Glossary" section of this Management's Discussion and Analysis.

Adjusted EBITDA

Adjusted EBITDA for the **third quarter of fiscal 2022** totalled $83 million, down $88 million or 51.5%, as compared to $171 million for the same quarter last fiscal year.

We continued to face rising inflation where pricing initiatives lagged cost surges, more so than historically. Pricing initiatives did not fully mitigate increasing input costs caused by inflationary pressures. This included an increase of $39 million related to freight and logistical costs.

USA Market Factors* resulted in a negative net impact of $40 million, as compared to the same quarter last fiscal year.

The following factors and their impact are included in USA Market Factors:

- The spread* (negative impact).
- The impact on the realization of inventories and the absorption of fixed costs from the combined effect of the fluctuation of the average block market price* and of the average butter market price* related to dairy food products (positive impact).
- Higher dairy ingredient market prices (positive impact).

Labour shortages in some of our facilities, supply chain disruptions, and an adverse weather event in Kentucky put pressure on our ability to supply ongoing demand. These negative effects more than offset the positive effect of increased sales volumes in the foodservice market segment on efficiencies and the absorption of fixed costs.

The contributions of the Reedsburg Facility Acquisition and the Carolina Acquisition were minimal.

The fluctuation of the US dollar versus the Canadian dollar had an unfavourable impact of $6 million.

Adjusted EBITDA for the **first nine months of fiscal 2022** totalled $246 million, down $228 million or 48.1%, as compared to $474 million for the same period last fiscal year.

USA Market Factors* resulted in a negative net impact of $99 million, as compared to the same period last fiscal year.

The following factors and their impact are included in USA Market Factors:

- The spread* (negative impact).
- The impact on the realization of inventories and the absorption of fixed costs from the combined effect of the fluctuation of the average block market price* and of the average butter market price* related to dairy food products (negative impact).
- Higher dairy ingredient market prices (positive impact).

Pricing initiatives did not fully mitigate increasing input costs caused by inflationary pressures, including an increase of $86 million related to freight and logistical costs.

Labour shortages in some of our facilities and supply chain disruptions put pressure on our ability to supply ongoing demand. These negative effects more than offset the positive effect of increased sales volumes, led by the foodservice market segment, on efficiencies and the absorption of fixed costs.

The contributions of the Reedsburg Facility Acquisition and the Carolina Acquisition, for the seven-month and four-month periods, respectively, since they were acquired, were minimal.

The fluctuation of the US dollar versus the Canadian dollar had an unfavourable impact of $32 million.

* Refer to the "Glossary" section of this Management's Discussion and Analysis.

INTERNATIONAL SECTOR

(in millions of CDN dollars)

Fiscal years	2022			2021			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**919**	858	754	827	807	806	781
Adjusted EBITDA	**85**	56	45	62	105	78	60
Adjusted EBITDA margin	**9.2 %**	6.5 %	6.0 %	7.5 %	13.0 %	9.7 %	7.7 %

Selected factors positively (negatively) affecting financial performance

(in millions of CDN dollars)

Fiscal years	2022			2021			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Foreign currency exchange[1]	**(13)**	(14)	(4)	3	4	(1)	(9)

1 As compared to same quarter last fiscal year.

The International Sector consists of the Dairy Division (Australia) and the Dairy Division (Argentina).

Revenues

Revenues for the **third quarter of fiscal 2022** totalled $919 million, up $112 million or 13.9%, as compared to $807 million for the same quarter last fiscal year.

Higher international cheese and dairy ingredient market prices and the effect of the fluctuation of the Argentine peso and the Australian dollar on export sales denominated in US dollars were favourable. However, export sales volumes were negatively impacted by supply chain challenges due to container and vessel availability issues and port inefficiencies.

Higher domestic selling prices in our Dairy Division (Argentina), as a result of the hyperinflationary economy, as well as pricing initiatives implemented in our Dairy Division (Australia), in response to the higher cost of milk as raw material and increasing input costs caused by inflationary pressures, contributed positively.

The fluctuation of the functional currencies used in the International Sector versus the Canadian dollar had an unfavourable impact of $7 million.

Revenues for the **first nine months of fiscal 2022** totalled $2.531 billion, up $137 million or 5.7%, as compared to $2.394 billion for the same period last fiscal year.

Higher international cheese and dairy ingredient market prices had a positive impact. However, during the first six months of fiscal 2022, fulfilling the export sales contracts that had been entered into in fiscal 2021 at depressed commodity prices had an unfavourable impact. The effect of the fluctuation of the Argentine peso and the Australian dollar on export sales denominated in US dollars was favourable. Supply chain challenges, as discussed above, negatively impacted export sales volumes.

The effect of higher domestic selling prices in our Dairy Division (Argentina), as a result of the hyperinflationary economy, continued to be positive. Pricing initiatives implemented in our Dairy Division (Australia), in response to the higher cost of milk and increasing input costs caused by inflationary pressures, contributed positively.

The fluctuation of the functional currencies used in the International Sector versus the Canadian dollar had an unfavourable impact of $79 million.

Adjusted EBITDA

Adjusted EBITDA for the **third quarter of fiscal 2022** totalled $85 million, down $20 million or 19.0%, as compared to $105 million for the same quarter last fiscal year.

Supply chain challenges, due to container and vessel availability issues and port inefficiencies, negatively impacted export sales volumes. However, the relation between international cheese and dairy ingredient market prices and the cost of milk as raw material had a positive impact.

Higher input costs, such as freight and logistical costs, caused by inflationary pressures had an unfavourable impact. Pricing initiatives were undertaken and offset these increased costs.

The fluctuation of the functional currencies used in the International Sector versus the Canadian dollar had an unfavourable impact of $13 million.

Adjusted EBITDA for the **first nine months of fiscal 2022** totalled $186 million, down $57 million or 23.5%, as compared to $243 million for the same period last fiscal year.

Supply chain challenges, due to container and vessel availability issues and port inefficiencies, negatively impacted export sales volumes. The relation between international cheese and dairy ingredient market prices and the cost of milk as raw material had a positive impact. However, fulfilling the export sales contracts entered into at depressed commodity prices last fiscal year partially offset this positive impact in the first six months of fiscal 2022.

Reduced milk availability in our Dairy Division (Australia) from intensified competition for raw material negatively impacted efficiencies and the absorption of fixed costs.

Higher input costs, such as freight and logistical costs, caused by inflationary pressures had an unfavourable impact. Pricing initiatives were undertaken and offset these increased costs.

The fluctuation of the functional currencies used in the International Sector versus the Canadian dollar had an unfavourable impact of $31 million.

EUROPE SECTOR

(in millions of CDN dollars)

Fiscal years	2022			2021			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**243**	217	195	211	210	184	211
Adjusted EBITDA	**33**	36	36	40	37	35	40
Adjusted EBITDA margin	**13.6 %**	16.6 %	18.5 %	19.0 %	17.6 %	19.0 %	19.0 %

The Europe Sector consists of the Dairy Division (UK).

Revenues

Revenues for the **third quarter of fiscal 2022** totalled $243 million, up $33 million or 15.7%, as compared to $210 million for the same quarter last fiscal year.

Revenues were higher as compared to the same quarter last fiscal year, mainly due to increased industrial market segment sales volumes. While higher industrial market segment sales volumes, mainly in the cheese and dairy ingredients categories, had a positive impact, international dairy ingredient market prices for our products in this market segment were lower. Sales volumes in the retail market segment were lower, as they returned to historical levels. Pricing initiatives implemented in the previous quarter to mitigate higher input costs caused by inflationary pressures contributed positively.

The contributions of the Bute Island Acquisition and the Wensleydale Dairy Products Acquisition totalled $29 million.

The impact of the fluctuation of the British pound sterling versus the Canadian dollar had an unfavourable impact of $3 million.

Revenues for the **first nine months of fiscal 2022** totalled $655 million, up $50 million or 8.3%, as compared to $605 million for the same period last fiscal year.

Revenues were higher as compared to those of the same period last fiscal year. Higher industrial market segment sales volumes, mainly in the cheese and dairy ingredients categories, had a positive impact, although international dairy ingredient market prices for our products in this market segment were lower. Sales volumes in the retail market segment were lower, as they returned to historical levels. Pricing initiatives implemented to mitigate higher input costs caused by inflationary pressures contributed positively.

The contributions of the Bute Island Acquisition and Wensleydale Dairy Products Acquisition, for the seven-month and five-month periods, respectively, since they were acquired, totalled $47 million.

The impact of the fluctuation of the British pound sterling versus the Canadian dollar had an unfavourable impact of $1 million.

Adjusted EBITDA

Adjusted EBITDA for the **third quarter of fiscal 2022** totalled $33 million, down $4 million or 10.8%, as compared to $37 million for the same quarter last fiscal year.

Higher sales volumes, led by increased industrial market segment sales volumes, mainly in the cheese and dairy ingredients categories, had a positive impact on efficiencies. Lower international dairy ingredient market prices for our products in this market segment had an offsetting negative impact. The positive effect of pricing initiatives implemented in the previous quarter did not fully offset higher input costs caused by inflationary pressures, increased commodity prices, and lower retail market segment sales volumes.

The contributions of the Bute Island Acquisition and the Wensleydale Dairy Products Acquisition had a positive impact of $4 million.

The impact of the fluctuation of the British pound sterling versus the Canadian dollar was minimal.

Adjusted EBITDA for the **first nine months of fiscal 2022** totalled $105 million, down $7 million or 6.3%, as compared to $112 million for the same period last fiscal year.

Higher sales volumes, led by increased industrial market segment sales volumes, mainly in the cheese and dairy ingredients categories, had a positive impact on efficiencies. Lower international dairy ingredient market prices for our products in this market segment had an offsetting negative impact. The positive effect of pricing initiatives did not fully offset higher input costs caused by inflationary pressures, increased commodity prices, and lower retail market segment sales volumes.

The contributions of the Bute Island Acquisition and the Wensleydale Dairy Products Acquisition, for the seven-month and five-month periods, respectively, since they were acquired, had a positive impact of $6 million.

The impact of the fluctuation of the British pound sterling versus the Canadian dollar was minimal.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The intent of this section is to provide insight into our cash and capital management strategies and how they drive operational objectives, as well as to provide details on how we manage our liquidity risk to meet Saputo's financial obligations as they come due.

As we navigate through the lingering disruptions of the COVID-19 pandemic and the related uncertainties, we are focused on our capital allocation priorities to support our Global Strategic Plan as well as cash flow generation. Our current capital allocation priorities are focused on investing wisely to support organic growth, strategic acquisitions, and our Saputo Promise.

The Company's cash and cash equivalents totalled $163 million as at December 31, 2021. In addition to these funds, we have unused credit facilities of $1.795 billion under our bank credit facilities as at December 31, 2021. We believe we are well positioned to face current market conditions given our strong balance sheet.

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

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

(in millions of CDN dollars)

	For the three-month periods ended December 31		**For the nine-month periods ended December 31**	
	2021	2020	**2021**	2020
Cash generated from operating activities	**167**	294	**691**	1,110
Net cash generated from operating activities	**107**	217	**509**	928
Cash used for investing activities	**(68)**	(100)	**(638)**	(230)
Cash used for financing activities	**(108)**	(249)	**(40)**	(515)
(Decrease) increase in cash and cash equivalents	**(69)**	(132)	**(169)**	183

Operating Activities

Net cash generated from operating activities for the **third quarter of fiscal 2022**, amounted to $107 million, in comparison to $217 million for the same quarter last fiscal year. This decrease of $110 million was mainly due to a decrease in adjusted EBITDA of $109 million and a decrease of $19 million in non-cash foreign exchange gain on debt. The decrease was partially offset by a decrease of $17 million in income taxes paid. Changes in non-cash operating working capital items related to the fluctuations in accounts receivable, inventories, and accounts payable in line with the fluctuation of market prices as well as the timing of collections of accounts receivable and of payments of accounts payable were minimal.

In the **first nine months of fiscal 2022**, net cash generated from operating activities amounted to $509 million, in comparison to $928 million for the same period last fiscal year. This decrease of $419 million was mainly due to a decrease in adjusted EBITDA of $273 million and a decrease in non-cash foreign exchange loss on debt of $76 million. The decrease was also due to a decrease related to changes in non-cash operating working capital items of $87 million, driven by the fluctuations in accounts receivable, inventories, and accounts payable in line with the fluctuation of market prices as well as the timing of collections of accounts receivable and of payments of accounts payable.

Investing Activities

Investing activities for the **third quarter of fiscal 2022** amounted to $68 million, which included $79 million disbursed for additions to property, plant and equipment, additions to intangible assets totalling $8 million related to the ERP initiative and proceeds from the disposal of assets in the amount of $17 million.

Investing activities for the **first nine months of fiscal 2022** amounted to $638 million, which included $373 million disbursed for the Recent Acquisitions, $246 million disbursed for additions to property, plant and equipment, additions to intangible assets totalling $38 million related to the ERP initiative and proceeds from the disposal of assets in the amount of $19 million.

Financing Activities

Financing activities for the **third quarter of fiscal 2022** included the net repayment of $29 million of bank loans and $13 million of term loan facilities incurred in connection with prior acquisitions. Also, we paid $21 million and $53 million of lease liabilities and dividends, respectively, net of $21 million settled through the dividend reinvestment plan (DRIP). Finally, shares were issued as part of the stock option plan for $2 million.

Financing activities for the **first nine months of fiscal 2022** included an increase in bank loans of $335 million, relating to funds drawn in connection with our Recent Acquisitions. Financing activities also included the issuance, on June 22, 2021, of Series 9 medium term notes for an aggregate principal amount of $300 million. The net proceeds of the issuance were used to repay the $300 million aggregate principal amount of the Series 2 medium term notes due June 23, 2021. We repaid $186 million of term loan facilities incurred in connection with prior acquisitions. Also, $62 million of lease liabilities and $159 million in dividends were paid, net of $62 million settled through the DRIP. Finally, shares were issued as part of the stock option plan for $26 million.

Liquidity

(in millions of CDN dollars, except ratio)

	December 31, 2021	March 31, 2021
Current assets	**4,192**	3,948
Current liabilities	**2,633**	2,146
Working capital*	**1,559**	1,802
Working capital ratio*	**1.59**	1.84

* Refer to the ''Glossary'' section of this Management's Discussion and Analysis.

The working capital ratio is an indication of the Company's ability to cover short-term liabilities with short-term assets, without having excess dormant assets. The decrease in the working capital ratio was mainly due to a higher level of bank loans, which included funds drawn in connection with our Recent Acquisitions.

Capital Management

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

We target a long-term leverage of approximately 2.25 times net debt to adjusted EBITDA*. From time to time, we may deviate from our long-term leverage target to pursue acquisitions and other strategic opportunities.

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

	December 31, 2021	March 31, 2021
Long-term debt	**3,380**	3,578
Bank loans	**403**	76
Lease Liabilities	**465**	461
Less: Cash and cash equivalents	**163**	309
Net debt*	**4,085**	3,806
Trailing twelve months adjusted EBITDA*	**1,198**	1,471
Net debt to adjusted EBITDA*	**3.41**	2.59
Number of common shares	**415,182,761**	412,333,571
Number of stock options	**23,300,945**	23,339,321

* Refer to the "Glossary" section of this Management's Discussion and Analysis.

As at December 31, 2021, the Company had $163 million in cash and cash equivalents and available bank credit facilities of $2.198 billion, of which $403 million were drawn. See Notes 5 and 6 to the condensed interim consolidated financial statements for additional information related to bank loans and long-term debt.

Share capital authorized by Saputo is comprised of an unlimited number of common shares. The common shares are voting and participating. As at January 31, 2022, 415,182,761 common shares and 23,231,337 stock options were outstanding.

Sustainability-linked loan (SLL) structure

In fiscal 2020, we pledged to accelerate our global climate, water, and waste performance and announced clear targets and a formal commitment to make significant and sustainable progress by 2025.

On August 5, 2021, we amended our US$1 billion North American bank credit facility to introduce a sustainability-linked loan (SLL) structure. The SLL structure introduces an annual pricing adjustment based on the achievement of key climate and water targets in line with our 2025 environmental commitments. The maturity date was also extended to August 5, 2026. As at December 31, 2021, a total of $272 million ($US 215 million) was drawn on this bank credit facility and $57 million was repaid during the quarter.

CONTRACTUAL OBLIGATIONS

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

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

(in millions of CDN dollars)

	December 31, 2021				March 31, 2021			
	Long-term debt	**Leases**	**Purchase obligations & other**	**Total**	Long-term debt	Leases	Purchase obligations & other	Total
Less than 1 year	**300**	**88**	**204**	**592**	300	98	164	562
1–2 years	**300**	**74**	**87**	**461**	759	76	33	868
2–3 years	**1,046**	**85**	**48**	**1,179**	685	58	12	755
3–4 years	**350**	**44**	**13**	**407**	400	73	10	483
4–5 years	**350**	**39**	**10**	**399**	350	33	7	390
More than 5 years	**1,034**	**288**	**3**	**1,325**	1,084	284	8	1,376
	3,380	**618**	**365**	**4,363**	3,578	622	234	4,434

Long-term debt

The Company’s long-term debt is described in Note 6 to the condensed interim consolidated financial statements.

Bank term loans

In connection with the acquisition of the activities of Murray Goulburn Co-Operative Co. Limited (Murray Goulburn Acquisition), we entered into a credit agreement in April 2018, providing for a non-revolving term facility comprised of three tranches. A total of $1.251 billion was drawn, of which $884 million has since been repaid. The credit facility bears interest at lenders’ prime rates plus a maximum of 1.00%, or bankers’ acceptance rates or the Australian Bank Bill Rate plus 0.80% up to a maximum of 2.00%, depending on the Company's credit ratings.

In connection with the Dairy Crest Acquisition in April 2019, we entered into a credit agreement providing for a non-revolving term facility comprised of three tranches. A total of $2.024 billion was drawn, of which $1.752 billion has since been repaid. The credit facility bears interest at lenders’ prime rates plus a maximum of 1.00% or LIBOR or SONIA or bankers’ acceptance rates plus 0.80% up to a maximum of 2.00%, depending on the Company's credit ratings.

Senior notes

Long-term debt also includes seven series of **unsecured senior notes** outstanding under our medium-term note program for a total of $2.700 billion, with annual interest rates varying from 1.42% to 3.60% and maturities ranging from June 2022 to June 2028.

FINANCIAL POSITION

The main financial position items as at December 31, 2021, varied as compared to the balances as at March 31, 2021, principally due to the inclusion of the Recent Acquisitions completed during this fiscal year. The variation also reflected the weakening of the Canadian dollar versus the US dollar and the strengthening of the Canadian dollar versus the Australian dollar.

The following table outlines the conversion rates of the respective local operations' financial position items in foreign currencies as at December 31, 2021, and March 31, 2021.

	As at December 31, 2021	As at March 31, 2021
US dollar / Canadian dollar[1]	**1.2637**	1.2562
Australian dollar / Canadian dollar[1]	**0.9178**	0.9545
Argentine peso / Canadian dollar[1]	**0.0124**	0.0137
British pound sterling / Canadian dollar[1]	**1.7107**	1.7315

[1] Based on Bank of Canada published information.

The fluctuation of the Canadian dollar versus the US dollar, the British pound sterling, the Australian dollar, and the Argentine peso resulted in lower values recorded for the financial position items of the foreign operations.

The net cash position (cash and cash equivalents less bank loans) decreased from positive $233 million as at March 31, 2021, to negative $240 million as at December 31, 2021, mainly resulting from the funding of the Recent Acquisitions and repayments of $186 million of the term loan facility incurred in connection with the Dairy Crest Acquisition. The change in foreign currency translation adjustments recorded in other comprehensive income (loss) varied mainly due to the fluctuation of foreign currencies versus the Canadian dollar.

ACCOUNTING STANDARDS

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

Please refer to Note 3 to the Company's condensed interim consolidated financial statements for the period ended December 31, 2021, for more information regarding the effect of new accounting standards, interpretations, and amendments adopted on or after April 1, 2021.

Recent standards, interpretations, and amendments not yet implemented

Please refer to Note 3 to the Company's condensed interim consolidated financial statements for the period ended December 31, 2021, for more information regarding the effect of new accounting standards, interpretations, and amendments not yet implemented.

FOLLOW-UP ON CERTAIN SPECIFIC ITEMS OF THE ANALYSIS

For an analysis of guarantees, related-party transactions, critical accounting estimates and changes in accounting policies, risks and uncertainties, as well as a sensitivity analysis of interest rate and US currency fluctuations, see the discussion provided in the Company's 2021 Annual Report (pages 31 to 39 of the Management's Discussion and Analysis dated June 3, 2021).

DISCLOSURE CONTROLS AND PROCEDURES

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Saputo is taking a phased approach to its migration to a new ERP system. In order to maintain appropriate internal controls over financial reporting in the divisions that have migrated to the new ERP system, relevant changes have been made. There were no other changes to Saputo's internal control over financial reporting that occurred during the period beginning on October 1, 2021, and ended on December 31, 2021, that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

NON-IFRS FINANCIAL MEASURES

We report our financial results in accordance with IFRS. However, we use the following non-IFRS financial measures to explain our financial performance:

- adjusted EBITDA;
- adjusted net earnings excluding amortization of intangible assets related to business acquisitions; and
- adjusted net earnings per share excluding amortization of intangible assets related to business acquisitions.

These non-IFRS financial measures have no standardized meaning under IFRS and are not likely to be comparable to similar measures presented by other issuers. Non-IFRS financial measures should not be viewed as a substitute for the related financial information prepared in accordance with IFRS. The components of each non-IFRS financial measure used for the three and nine-month periods ended December 31, 2021, and 2020, are described below and are subject to change based on future transactions or where Management deems necessary to provide a better understanding and comparability of future results and activities of Saputo.

Adjusted EBITDA

We believe that adjusted EBITDA provides investors with useful information because it is a common industry measure and it is also a key metric of the Company's operational and financial performance. The adjustments made to adjusted EBITDA, including the impairment of intangible assets which is of an unusual nature, are not indicative of core business activities. Adjusted EBITDA is the key measure of profit used by our chief operating decision maker for the purpose of assessing the performance of each sector and to make decisions about the allocation of resources. The President and Chief Executive Officer, Chief Financial Officer, President and Chief Operating Officer (North America), and President and Chief Operating Officer (International and Europe) are, collectively, our chief operating decision maker. We believe that investors and analysts also use, adjusted EBITDA to evaluate the performance of the business. Adjusted EBITDA is also a component in the determination of short-term incentive compensation for management.

Adjusted EBITDA for the three and nine-month periods ended December 31, 2021, and 2020, is equivalent to earnings before interest, income taxes, depreciation, amortization, impairment of intangible assets, gain on disposal of assets, and acquisition and restructuring costs, as this financial measure is presented in the condensed interim consolidated income statement and, with respect to Saputo's reportable segments, in the notes to the financial statements.

The following table provides a reconciliation of earnings before income taxes to adjusted EBITDA.

(in millions of CDN dollars)

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2021	2020	**2021**	2020
Earnings before income taxes	**112**	277	**380**	702
Financial charges	**17**	26	**54**	73
Acquisition and restructuring costs	**—**	—	**—**	(6)
Impairment of intangible assets	**58**	—	**58**	19
Gain on disposal of assets	**(9)**	—	**(9)**	—
Depreciation and amortization	**144**	128	**412**	380
Adjusted EBITDA	**322**	431	**895**	1,168

* Refer to the ''Glossary'' section of this Management's Discussion and Analysis.

Adjusted net earnings excluding amortization of intangible assets related to business acquisitions

Management believes that adjusted net earnings excluding amortization of intangible assets related to business acquisitions and adjusted net earnings per share excluding amortization of intangible assets related to business acquisitions provide useful information to investors because these financial measures provide precision with regards to our ongoing operations. They also provide readers with a representation of the activities considered of relevance to our financial performance and additional financial information that can be used to identify trends or additional disclosures about the way Saputo operates, as well as comparability to prior year results. The adjustments made to adjusted net earnings excluding amortization of intangible assets related to business acquisitions, including the impairment of intangible assets and the UK tax rate change which are of an unusual nature, are not indicative of core business activities. Management also believes that in the context of highly acquisitive companies, they are effective measures to assess performance against the Company's peer group due to the application of various accounting policies in relation to the amortization of acquired intangible assets.

The following table provides a reconciliation of net earnings and net earnings per share to adjusted net earnings excluding amortization of intangible assets related to business acquisitions.

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

	For the three-month periods ended December 31					
	2021			2020		
		Per Share			Per Share	
	Total	**Basic**	**Diluted**	Total	Basic	Diluted
Net earnings	**86**	**0.21**	**0.21**	210	0.51	0.51
Impairment of intangible assets[1]	**43**	**0.10**	**0.10**	—	—	—
Gain on disposal of assets[1]	**(8)**	**(0.02)**	**(0.02)**	—	—	—
Amortization of intangible assets related to business acquisitions[1]	**18**	**0.04**	**0.04**	18	0.04	0.04
Adjusted net earnings excluding amortization of intangible assets related to business acquisitions	**139**	**0.34**	**0.33**	228	0.56	0.55

1 Net of income taxes.

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

	For the nine-month periods ended December 31					
	2021			2020		
		Per Share			Per Share	
	Total	**Basic**	**Diluted**	Total	Basic	Diluted
Net earnings	**237**	**0.57**	**0.57**	523	1.28	1.27
Impairment of intangible assets[1]	**43**	**0.10**	**0.10**	19	0.05	0.05
Gain on disposal of assets[1]	**(8)**	**(0.02)**	**(0.02)**	—	—	—
UK tax rate change[2]	**50**	**0.12**	**0.12**	—	—	—
Acquisition and restructuring costs[1]	**—**	**—**	**—**	(5)	(0.01)	(0.01)
Amortization of intangible assets related to business acquisitions[1]	**55**	**0.13**	**0.13**	54	0.13	0.13
Adjusted net earnings excluding amortization of intangible assets related to business acquisitions	**377**	**0.91**	**0.91**	591	1.44	1.44

1 Net of income taxes
2 The UK Finance Act 2021 was enacted, increasing the UK tax rate from 19% to 25%, effective April 1, 2023. Refer to Note 9 to the consolidated financial statements for further information.

* Refer to the ''Glossary'' section of this Management's Discussion and Analysis.

GLOSSARY

Adjusted EBITDA means earnings before interest, income taxes, depreciation, amortization, impairment of intangible assets, gain on disposal of assets, and acquisition and restructuring costs.

Adjusted EBITDA margin means adjusted EBITDA expressed as a percentage of revenues.

Adjusted net earnings excluding amortization of intangible assets related to business acquisitions means net earnings prior to the inclusion of impairment of intangible assets, gain on disposal of assets, the UK tax rate change, acquisition and restructuring costs, and amortization of intangible assets related to business acquisitions, net of applicable income taxes.

Adjusted net earnings per share excluding amortization of intangible assets related to business acquisitions (basic and diluted) means adjusted net earnings excluding amortization of intangible assets related to business acquisitions per basic and diluted common share.

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

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

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

EPS means net earnings per share.

Net Debt means long-term debt, lease liabilities, and bank loans, including the current portion thereof, net of cash and cash equivalents.

Net Debt to adjusted EBITDA means net debt divided by adjusted EBITDA.

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

Trailing twelve months adjusted EBITDA is calculated by adding the actual adjusted EBITDA results for the nine-months ended December 31, 2021, to the actual adjusted EBITDA results for the year ended March 31, 2021, and subtracting the actual adjusted EBITDA results for the nine-months ended December 31, 2020.

USA Market Factors include the average block market price and its effect on the absorption of fixed costs and on the realization of inventories, the effect of the relation between the average block market price and the cost of milk as raw material, and the market pricing impact related to sales of dairy ingredients, as well as the impact of the average butter market price related to dairy food products.

Working capital means current assets minus current liabilities.

Working capital ratio means current assets divided by current liabilities.

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENTS

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

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2021	2020	**2021**	2020
Revenues (Note 15)	**$ 3,901**	$ 3,763	**$ 11,078**	$ 10,856
Operating costs excluding depreciation, amortization, and restructuring costs (Note 4)	**3,579**	3,332	**10,183**	9,688
Earnings before interest, income taxes, depreciation, amortization, impairment of intangible assets, gain on disposal of assets, and acquisition and restructuring costs	**322**	431	**895**	1,168
Depreciation and amortization	**144**	128	**412**	380
Impairment of intangible assets (Note 8)	**58**	—	**58**	19
Gain on disposal of assets	**(9)**	—	**(9)**	—
Acquisition and restructuring costs	**—**	—	**—**	(6)
Financial charges (Note 9)	**17**	26	**54**	73
Earnings before income taxes	**112**	277	**380**	702
Income taxes (Note 10)	**26**	67	**143**	179
Net earnings	**$ 86**	$ 210	**$ 237**	$ 523
Net earnings per share (Note 11)				
Basic	**$ 0.21**	$ 0.51	**$ 0.57**	$ 1.28
Diluted	**$ 0.21**	$ 0.51	**$ 0.57**	$ 1.27

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of CDN dollars)
(unaudited)

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2021	2020	**2021**	2020
Net earnings	**$ 86**	$ 210	**$ 237**	$ 523
Other comprehensive (loss) income:				
Items that may be reclassified to net earnings:				
Exchange differences arising from foreign currency translation	**(15)**	(164)	**(61)**	(338)
Inflation effect arising from the application of hyperinflation	**—**	(2)	**(1)**	(6)
Unrealized gains (losses) on cash flow hedges (Note 12)	**3**	19	**(17)**	66
Reclassification of losses (gains) on cash flow hedges to net earnings	**8**	(8)	**11**	6
Income taxes relating to items that may be reclassified to net earnings	**(4)**	(4)	**2**	(21)
	(8)	(159)	**(66)**	(293)
Items that will not be reclassified to net earnings:				
Actuarial gain (loss) (Note 13)	**100**	(52)	**125**	(215)
Income taxes relating to items that will not be reclassified to net earnings	**(24)**	10	**(23)**	42
	76	(42)	**102**	(173)
Other comprehensive income (loss)	**68**	(201)	**36**	(466)
Total comprehensive income	**$ 154**	$ 9	**$ 273**	$ 57

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

For the nine-month period ended December 31, 2021	Share capital		Reserves					
	Common Shares	Amount	Foreign Currency Translation	Cash Flow Hedges	Stock Option Plan	Total Reserves	Retained Earnings	Total Equity
Balance, beginning of year	**412,333,571**	**$ 1,807**	**$ 210**	**$ —**	**$ 165**	**$ 375**	**$ 4,262**	**$ 6,444**
Net earnings	—	—	—	—	—	—	**237**	**237**
Other comprehensive income (loss)	—	—	**(62)**	**(4)**	—	**(66)**	**102**	**36**
Total comprehensive income								**273**
Dividends (Note 7)	—	—	—	—	—	—	**(221)**	**(221)**
Shares issued under dividend reinvestment plan (Note 7)	**1,931,655**	**62**	—	—	—	—	—	**62**
Stock options	—	—	—	—	**12**	**12**	—	**12**
Exercise of stock options (Note 7)	**917,535**	**30**	—	—	**(4)**	**(4)**	—	**26**
Balance, end of period	**415,182,761**	**$ 1,899**	**$ 148**	**$ (4)**	**$ 173**	**$ 317**	**$ 4,380**	**$ 6,596**

For the nine-month period ended December 31, 2020	Share capital		Reserves					
	Common Shares	Amount	Foreign Currency Translation	Cash Flow Hedges	Stock Option Plan	Total Reserves	Retained Earnings	Total Equity
Balance, beginning of year	408,638,373	$ 1,686	$ 668	$ (40)	$ 150	$ 778	$ 4,095	$ 6,559
Net earnings	—	—	—	—	—	—	523	523
Other comprehensive loss	—	—	(344)	51	—	(293)	(173)	(466)
Total comprehensive income								57
Dividends (Note 7)	—	—	—	—	—	—	(213)	(213)
Shares issued under dividend reinvestment plan (Note 7)	1,184,444	38	—	—	—	—	—	38
Stock options	—	—	—	—	17	17	—	17
Exercise of stock options (Note 7)	549,418	16	—	—	(3)	(3)	—	13
Balance, end of period	**410,372,235**	**$ 1,740**	**$ 324**	**$ 11**	**$ 164**	**$ 499**	**$ 4,232**	**$ 6,471**

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of CDN dollars)
(unaudited)

As at		December 31, 2021		March 31, 2021
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**163**	$	309
Receivables		**1,373**		1,217
Inventories		**2,483**		2,294
Income taxes receivable		**44**		35
Prepaid expenses and other assets		**129**		93
		4,192		3,948
Property, plant and equipment		**3,901**		3,777
Right-of-use assets		**491**		482
Goodwill		**3,221**		3,066
Intangible assets		**1,439**		1,517
Other assets		**413**		319
Deferred income taxes		**16**		14
Total assets	**$**	**13,673**	$	13,123
LIABILITIES				
Current liabilities				
Bank loans (Note 5)	**$**	**403**	$	76
Accounts payable and accrued liabilities		**1,808**		1,641
Income taxes payable		**56**		54
Current portion of long-term debt (Note 6)		**300**		300
Current portion of lease liabilities		**66**		75
		2,633		2,146
Long-term debt (Note 6)		**3,080**		3,278
Lease liabilities		**399**		386
Other liabilities		**116**		116
Deferred income taxes		**849**		753
Total liabilities	**$**	**7,077**	$	6,679
EQUITY				
Share capital (Note 7)		**1,899**		1,807
Reserves		**317**		375
Retained earnings		**4,380**		4,262
Total equity	**$**	**6,596**	$	6,444
Total liabilities and equity	**$**	**13,673**	$	13,123

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of CDN dollars)
(unaudited)

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2021	2020	**2021**	2020
Cash flows related to the following activities:				
Operating				
Net earnings	**$ 86**	$ 210	**$ 237**	$ 523
Adjustments for:				
Stock-based compensation	**12**	10	**37**	24
Financial charges (Note 9)	**17**	26	**54**	73
Income tax expense	**26**	67	**143**	179
Depreciation and amortization	**144**	128	**412**	380
Impairment of intangible assets (Note 8)	**58**	—	**58**	19
(Gain) on disposal of property, plant and equipment	**(12)**	—	**(12)**	(7)
Foreign exchange loss (gain) on debt	**2**	21	**(18)**	58
Share of joint venture earnings, net of dividends	**(1)**	(3)	**3**	—
Difference between funding of post-employment benefit plans and costs	**(1)**	—	**1**	(2)
Changes in non-cash operating working capital items	**(164)**	(165)	**(224)**	(137)
Cash generated from operating activities	**167**	294	**691**	1,110
Interest and financial charges paid	**(41)**	(41)	**(95)**	(90)
Income taxes paid	**(19)**	(36)	**(87)**	(92)
Net cash generated from operating activities	**$ 107**	$ 217	**$ 509**	$ 928
Investing				
Business acquisitions, net of cash acquired	**2**	—	**(373)**	—
Additions to property, plant and equipment	**(79)**	(90)	**(246)**	(235)
Additions to intangible assets	**(8)**	(11)	**(38)**	(36)
Proceeds from disposal of property, plant and equipment	**17**	1	**19**	41
Net cash used for investing activities	**$ (68)**	$ (100)	**$ (638)**	$ (230)
Financing				
Bank loans	**(29)**	(2)	**335**	(324)
Proceeds from issuance of long-term debt	**6**	350	**306**	1,050
Repayment of long-term debt	**(13)**	(533)	**(486)**	(1,092)
Repayment of lease liabilities	**(21)**	(20)	**(62)**	(59)
Net proceeds from issuance of share capital	**2**	8	**26**	13
Payment of dividends	**(53)**	(52)	**(159)**	(103)
Net cash used for financing activities	**$ (108)**	$ (249)	**$ (40)**	$ (515)
(Decrease) increase in cash and cash equivalents	**(69)**	(132)	**(169)**	183
Cash and cash equivalents, beginning of period	**222**	646	**309**	319
Effect of inflation	**9**	4	**27**	11
Effect of exchange rate changes	**1**	(12)	**(4)**	(7)
Cash and cash equivalents, end of period	**$ 163**	$ 506	**$ 163**	$ 506

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine-month periods ended December 31, 2021, and 2020.

(Tabular amounts are in millions of CDN dollars except numbers of options, units and shares. All dollar amounts are in CDN dollars, unless otherwise indicated.)
(unaudited)

NOTE 1 CORPORATE INFORMATION

Saputo Inc. (the Company) is a publicly traded company incorporated and domiciled in Canada. The Company's shares are listed on the Toronto Stock Exchange under the symbol "SAP." The Company produces, markets, and distributes a wide array of dairy products from Canada, the United States, Australia, Argentina, and the United Kingdom. The address of the Company's head office is 6869 Metropolitain Blvd. East, Montréal, Québec, Canada, H1P 1X8. The condensed interim consolidated financial statements of the Company for the three-month period ended December 31, 2021 (financial statements), comprise the financial results of the Company and its subsidiaries.

The financial statements were authorized for issuance by the Board of Directors on February 10, 2022.

NOTE 2 BASIS OF PRESENTATION

The financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB). Accordingly, certain disclosure requirements that are necessary in the preparation of an annual financial statement in compliance with International Financial Reporting Standards (IFRS) have been omitted or condensed, and, therefore, these financial statements should be read in conjunction with the Company's audited annual consolidated financial statements as at March 31, 2021, and 2020, and for the years then ended.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation applied in these financial statements are the same as those applied by the Company in its audited annual consolidated financial statements as at and for the year ended March 31, 2021.

ECONOMIC CONDITIONS AND UNCERTAINTIES

Current global economic conditions continue to be highly volatile due to the COVID-19 pandemic, which was declared in March 2020. The magnitude, duration and severity of the COVID-19 pandemic continue to be hard to predict and could affect the significant estimates and judgments used in the preparation of the financial statements.

EFFECT OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET IMPLEMENTED

The following standards, amendments to standards and interpretations were issued by the International Accounting Standards Board (IASB) and are applicable to the Company for its annual periods beginning on and after April 1, 2022, with an earlier application permitted:

IFRS 3, Reference to the Conceptual Framework

In May 2020, Reference to the Conceptual Framework, amendments to IFRS 3, Business Combinations was issued. This amendment adds a requirement that, for transactions and other events within the scope of IAS 37, Provisions, contingent liabilities and contingent assets or International Financial Reporting Interpretations Committee (IFRIC) 21, Levies, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination. Also, an explicit statement was added requiring an acquirer to not recognize contingent assets acquired in a business combination.

This amendment is applicable to the Company beginning April 1, 2022, on a prospective basis. The Company will apply this amendment to applicable future business combinations.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES CONT'D

IAS 16, Property, Plant and Equipment: Proceeds Before Intended Use

In May 2020, the IASB issued Property, Plant and Equipment: Proceeds before Intended Use, Amendments to IAS 16. This amendment prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related costs in profit or loss.

This amendment is applicable to the Company beginning April 1, 2022. Management is currently assessing the impact of the adoption of this amendment on the Company's financial statements.

IAS 37, Onerous Contracts – Cost of Fulfilling a Contract

In May 2020, the IASB issued Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37), amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

This amendment is applicable to the Company beginning April 1, 2022. Management is currently assessing the impact of the adoption of this amendment on the Company's financial statements.

IAS 1, Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1 to require entities to disclose its material accounting policies instead of its significant accounting policies.

This amendment is applicable to the Company beginning April 1, 2023. The adoption of this amendment is not expected to have a significant impact on the Company's financial statements.

IAS 8, Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8 to replace the definition of a change in accounting estimate. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

This amendment is applicable to the Company beginning April 1, 2023. The adoption of this amendment is not expected to have a significant impact on the Company's financial statements.

IAS 12, Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction

In May 2021, the IASB issued amendments to IAS 12 to require entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

This amendment is applicable to the Company beginning April 1, 2023. The adoption of this amendment is not expected to have a significant impact on the Company's financial statements.

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

The following standards, amendments to existing standards, and interpretation of standards were adopted by the Company on or after April 1, 2021:

IAS 38, Configuration or customization costs in a cloud computing arrangement

In April 2021, the IFRIC published a final agenda decision clarifying how to recognize certain configuration and customization expenditures related to cloud computing.

The publication of this final agenda decision resulted in a change to our accounting policy for costs related to configuration or customization of application software that is not controlled by the Company in Software as a Service (SaaS) arrangements and as result $8 million ($5 million after tax) of previously capitalized costs were expensed in the current period and included under Impairment of intangible assets (see Note 8).

NOTE 4 OPERATING COSTS EXCLUDING DEPRECIATION, AMORTIZATION, AND RESTRUCTURING COSTS

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2021	2020	**2021**	2020
Changes in inventories of finished goods and work in process	**$ (191)**	$ (85)	**$ (120)**	$ (149)
Raw materials and consumables used	**2,847**	2,603	**7,657**	7,404
Foreign exchange loss (gain)	**8**	(14)	**5**	(14)
Employee benefits expense	**478**	460	**1,409**	1,380
Other selling costs	**224**	169	**604**	476
Other general and administrative costs	**213**	199	**628**	591
	$ 3,579	$ 3,332	**$ 10,183**	$ 9,688

NOTE 5 BANK LOANS

The Company has available bank credit facilities providing for bank loans as follows:

		Available for use			Amount drawn	
Credit Facilities	Maturity	Canadian Currency Equivalent	Base Currency		**December 31, 2021**	March 31, 2021
North America-USA	August 2026[1,6]	$ 379	300	USD	**$ —**	$ —
North America-Canada	August 2026[1,6]	$ 885	700	USD	**272**	—
Australia	Yearly[2,6]	$ 252	275	AUD	**19**	—
Australia	Yearly[2,6]	$ 126	100	USD	**—**	—
Japan	Yearly[3,6]	$ 88	8,000	JPY	**42**	34
United Kingdom	Yearly[4]	$ 128	75	GBP	**—**	—
Argentina	Yearly[5, 6]	$ 340	269	USD	**70**	42
		$ 2,198			**$ 403**	$ 76

1 The US$1 billion North American bank credit facility bears monthly interest at rates ranging from lender's prime rates plus a maximum of 1.00% or LIBOR or SONIA or BBSY or banker's acceptance rate plus 0.80% up to a maximum of 2.00% depending on the Company credit ratings, plus an adjustment to the applicable margins based on Saputo's achievement of its sustainability targets. As at December 31, 2021, US$215 million was drawn and its foreign currency risk was offset with a cross currency swap.
2 Bears monthly interest at LIBOR or Australian Bank Bill Rate plus up to 0.80% and can be drawn in AUD or USD.
3 Bears monthly interest at TIBOR plus 0.70% and can be drawn in JPY.
4 Bears monthly interest at rates ranging from base rate plus 0.70% or SONIA plus 0.70% and can be drawn in GBP.
5 Bears monthly interest at local rate and can be drawn in USD or ARS.
6 Subject to interest rate benchmark reform (see Note 3 in the annual consolidated financial statements for the year ended March 31, 2021).

During fiscal 2021, the Company entered into a trade receivable purchase agreement to sell certain receivables. As at December 31, 2021, receivables totalling $74 million (AU$80 million) were sold under this arrangement. The receivables were derecognized upon sale as substantially all risks and rewards associated with the receivables passed to the purchaser.

On August 5, 2021, the Company amended its US$1 billion North American bank credit facility to introduce a sustainability-linked loan (SLL) structure. The SLL structure introduces an annual pricing adjustment based on the achievement of key climate and water targets in line with our 2025 environmental commitments. The maturity date was also extended to August 5, 2026.

NOTE 6 LONG-TERM DEBT

	December 31, 2021	March 31, 2021
Unsecured bank term loan facilities		
Obtained April 2018 (AU$600 million) and due in August 2024[1]	**$ 368**	$ 385
Obtained April 2019 (£600 million) and due in August 2024[2,5]	**272**	459
Unsecured senior notes[3,4]		
2.20%, issued in June 2016 and due in June 2021 (Series 2)	**—**	300
2.83%, issued in November 2016 and due in November 2023 (Series 3)	**300**	300
1.94%, issued in June 2017 and due in June 2022 (Series 4)	**300**	300
3.60%, issued in August 2018 and due in August 2025 (Series 5)	**350**	350
2.88%, issued in November 2019 and due in November 2024 (Series 6)	**400**	400
2.24%, issued in June 2020 and due in June 2027 (Series 7)	**700**	700
1.42%, issued in November 2020 and due in June 2026 (Series 8)	**350**	350
2.30%, issued in June 2021 and due in June 2028 (Series 9)	**300**	—
Other	**40**	34
	$ 3,380	$ 3,578
Current portion	**300**	300
	$ 3,080	$ 3,278
Principal repayments are as follows:		
Less than 1 year	**$ 300**	$ 300
1-2 years	**300**	759
2-3 years	**1,046**	685
3-4 years	**350**	400
4-5 years	**350**	350
More than 5 years	**1,034**	1,084
	$ 3,380	$ 3,578

1 Bear monthly interest at rates ranging from lender's prime plus a maximum of 1.00%, or banker's acceptance rates or Australian Bank Bill Rate plus 0.80% up to a maximum of 2.00%, depending on the Company's credit ratings. Interest is paid every one, two, three or six months, as selected by the Company.

2 Bears monthly interest at lender's prime rates plus a maximum of 1.00% or LIBOR or SONIA or banker's acceptance rates plus 0.80% up to a maximum of 2.00%, depending on the Company's credit ratings, and can be drawn in CAD, USD or £.

3 Interest payments are semi-annual.

4 In fiscal 2021, the Company renewed its medium term note program by filing a supplement to its base shelf prospectus dated December 9, 2020, which provides the ability to make offerings of various securities during the 25-month period for which the base shelf prospectus is effective.

5 Subject to interest rate benchmark reform (see Note 3 in the annual consolidated financial statements for the year ended March 31, 2021).

On June 22, 2021, the Company issued Series 9 medium term notes for an aggregate principal amount of $300 million due June 22, 2028, bearing interest at 2.30%. The net proceeds of the issuance were used in the first quarter of fiscal 2022 to repay the $300 million aggregate principal amount of the Series 2 medium term notes due June 23, 2021.

On August 5, 2021, the Company amended its bank term loan facilities denominated in British pounds sterling and Australian dollars to extend their maturity dates to August 5, 2024.

NOTE 7 SHARE CAPITAL

AUTHORIZED

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

STOCK OPTION PLAN

Changes in the number of outstanding stock options for the nine-month period ended December 31, 2021, are as follows:

	Number		Weighted average exercise price
Balance, beginning of year	**23,339,321**	**$**	**37.81**
Granted	**1,984,038**		**37.52**
Exercised	**(917,535)**		**27.86**
Cancelled	**(1,104,879)**		**41.17**
Balance, end of period	**23,300,945**	**$**	**38.01**

The weighted average exercise price of the stock options granted in fiscal 2022 is $37.52, which corresponds to the weighted average market price for the five trading days immediately preceding the date of the grant ($33.35 in fiscal 2021).

The weighted average fair value of stock options granted in fiscal 2022 was estimated at $6.52 per option ($5.04 in fiscal 2021), using the Black-Scholes option pricing model with the following assumptions:

	December 31, 2021	March 31, 2021
Weighted average:		
Risk-free interest rate	**0.88 %**	0.53 %
Expected life of options	**6.4 years**	6.3 years
Volatility[1]	**21.92 %**	21.17 %
Dividend rate	**1.91 %**	2.08 %

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

DIVIDENDS AND DIVIDEND REINVESTMENT PLAN

The Company has a dividend reinvestment plan (DRIP), which became effective as of the first quarter of fiscal 2021 and provides eligible shareholders with the opportunity to have all or a portion of their cash dividends automatically reinvested into additional common shares.

The dividends paid in cash and through the DRIP during the nine-month periods ended December 31, 2021, and 2020, are shown below:

		For the nine-month period ended December 31, 2021				
Payment date		**Cash**		**DRIP**		**Total**
June 25, 2021	**$**	**52**	**$**	**20**	**$**	**72**
September 17, 2021		**54**		**21**		**75**
December 17, 2021		**53**		**21**		**74**
Total	**$**	**159**	**$**	**62**	**$**	**221**

		For the nine-month period ended December 31, 2020				
Payment date		**Cash**		**DRIP**		**Total**
July 9, 2020	**$**	**51**	**$**	**18**	**$**	**69**
October 2, 2020		**52**		**20**		**72**
Total	**$**	**103**	**$**	**38**	**$**	**141**

On February 10, 2022, the Board of Directors approved a dividend of $0.18 per share payable on March 18, 2022, to common shareholders of record on March 8, 2022.

In the third quarter of fiscal 2021, the Company declared a dividend totalling $72 million payable on January 7, 2021.

NOTE 8 IMPAIRMENT OF INTANGIBLE ASSETS

During the third quarter of fiscal 2022, the Company recognized an impairment charge of $58 million ($43 million net of taxes) related to software assets following the Company's decision to pause the deployment of our Enterprise Resource Planning (ERP) project, known as Harmoni, within the Dairy Division (Canada) for a minimum of three years. The impairment charge also includes an amount relative to previously capitalized cloud-based software costs following the application of the agenda decision of the IFRIC (see Note 3).

During fiscal 2021, the Company recognized an impairment charge of $19 million related to a retired brand name from the Australian portfolio.

NOTE 9 FINANCIAL CHARGES

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2021	2020	**2021**	2020
Interest on long-term debt	**$ 17**	$ 20	**$ 56**	$ 60
Other finance costs, net	**11**	7	**21**	20
Gain on hyperinflation	**(14)**	(3)	**(33)**	(12)
Interest on lease liabilities	**4**	4	**12**	11
Net interest revenue from defined benefit obligation	**(1)**	(2)	**(2)**	(6)
	$ 17	$ 26	**$ 54**	$ 73

NOTE 10 INCOME TAXES

On June 10, 2021, the UK Finance Act 2021 was enacted increasing the UK tax rate from 19% to 25%, effective April 1, 2023. This change resulted in the Company recording, in the first quarter of fiscal 2022, an income tax expense of approximately $50 million and a corresponding increase to deferred income tax liabilities.

NOTE 11 NET EARNINGS PER SHARE

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2021	2020	**2021**	2020
Net earnings	**$ 86**	$ 210	**$ 237**	$ 523
Weighted average number of common shares outstanding	**414,509,256**	410,185,362	**413,674,052**	409,409,731
Dilutive stock options	**781,650**	1,865,772	**957,085**	1,607,258
Weighted average diluted number of common shares outstanding	**415,290,906**	412,051,134	**414,631,137**	411,016,989
Basic net earnings per share	**$ 0.21**	$ 0.51	**$ 0.57**	$ 1.28
Diluted net earnings per share	**$ 0.21**	$ 0.51	**$ 0.57**	$ 1.27

When calculating diluted net earnings per share for the three and nine-month periods ended December 31, 2021, 20,034,823 and 20,034,823 options were excluded from the calculation because their exercise price is higher than the average market value of common shares during the same periods (15,132,890 and 15,132,890 options were excluded for the three and nine-month periods ended December 31, 2020).

NOTE 12 FINANCIAL INSTRUMENTS

The Company determined that the fair value of certain of its financial assets and financial liabilities with short-term maturities approximates their carrying value. These financial instruments include cash and cash equivalents, receivables, bank loans, accounts payable and accrued liabilities. The table below presents the fair value and the carrying value of other financial instruments as at, December 31, 2021, and March 31, 2021. Since estimates are used to determine fair value, they must not be interpreted as being realizable in the event of a settlement of the instruments.

	December 31, 2021		March 31, 2021	
	Fair value	**Carrying value**	Fair value	Carrying value
Cash flow hedges				
Equity forward contracts (Level 2)	**$ (3)**	**$ (3)**	$ —	$ —
Commodity derivatives (Level 2)	**7**	**7**	2	2
Foreign exchange derivatives (Level 2)	**(1)**	**(1)**	(6)	(6)
Derivatives not designated in a formal hedging relationship				
Equity forward contracts (Level 2)	**(16)**	**(16)**	5	5
Commodity derivatives (Level 2)	**2**	**2**	1	1
Foreign exchange derivatives (Level 2)	**1**	**1**	—	—
Long-term debt (Level 2)	**3,396**	**3,380**	3,626	3,578

NOTE 13 NET ACTUARIAL GAIN

The Company recorded an actuarial gain of $76 million (net of income taxes of $24 million) and $102 million (net of income taxes of $23 million) related to its defined benefit pension plans in the consolidated statement of comprehensive income for the three and nine-month periods ended December 31, 2021, respectively. The actuarial gain resulted from higher return on plan assets.

NOTE 14 BUSINESS ACQUISITIONS

USA SECTOR

i) CAROLINA ASEPTIC AND CAROLINA DAIRY

On August 31, 2021, the Company completed the acquisition of the Carolina Aseptic and Carolina Dairy businesses formerly operated by AmeriQual Group Holdings, LLC (Carolina Aseptic and Carolina Dairy), increasing our capacity to manufacture and distribute products in our USA Sector. The activities of these two businesses are conducted at two facilities in North Carolina (USA) and employ a total of approximately 230 people. Carolina Aseptic develops, manufactures, packages, and distributes aseptic shelf-stable food products and beverages out of a purpose-built facility in Troy, North Carolina. Nearby, Carolina Dairy manufactures, packages, and distributes refrigerated yogurt in spouted pouches in Biscoe, North Carolina.

The purchase price of $150 million (US$118 million), on a cash-free and debt-free basis, was paid in cash at closing.

Recognized goodwill (tax deductible) reflects the value assigned to expected future growth to be achieved through increased capacity to manufacture and distribute products in the rapidly growing aseptic beverage and food categories as well as nutritional snacks.

ii) REEDSBURG FACILITY OF WISCONSIN SPECIALTY PROTEIN, LLC

On May 29, 2021, the Company completed the acquisition of the Reedsburg facility of Wisconsin Specialty Protein, LLC (the Reedsburg Facility). This facility located in Wisconsin (USA) manufactures value-added ingredients, such as goat whey, organic lactose and other dairy powders, and it employs approximately 40 people.

The purchase price of $37 million (US$30 million), on a cash-free and debt-free basis, was paid in cash from cash on hand.

NOTE 14 BUSINESS ACQUISITIONS CONT'D

EUROPE SECTOR

i) WENSLEYDALE DAIRY PRODUCTS

On July 30, 2021, the Company acquired the activities of Wensleydale Dairy Products Ltd (Wensleydale Dairy Products). The business operates two facilities located in North Yorkshire (UK) and employs approximately 210 people. Wensleydale Dairy Products manufactures, blends, markets, and distributes a variety of specialty and regional cheeses which complement and expand the Company's existing range of British cheeses.

The purchase price of $38 million (£22 million), on a cash-free and debt-free basis, was paid in cash at closing.

ii) BUTE ISLAND FOODS LTD

On May 25, 2021, the Company acquired all of the shares of Bute Island Foods Ltd (Bute Island Foods), based in Scotland (United Kingdom) and employing approximately 180 people. It is a manufacturer, marketer, and distributor of a variety of dairy alternative cheese products for both the retail and foodservice market segments under the vegan *Sheese* brand, alongside private label brands.

The purchase price of $148 million (£87 million), on a cash-free and debt-free basis, was paid in cash from available credit facilities and cash on hand.

Recognized goodwill (not tax deductible) reflects the value assigned to know-how and expected accelerated growth of dairy alternative cheese products globally.

Had the Company concluded each of the aforementioned acquisitions prior to (or at the beginning of) fiscal 2022, the pro-forma effect on the Company's total revenues and net earnings would have been minimal for the nine-month period ended December 31, 2021. The allocation of the purchase price for each acquisition to assets acquired and liabilities assumed is presented below:

		Bute Island Foods	Reedsburg Facility	Wensleydale Dairy Products	Carolina Aseptic and Carolina Dairy*	Total
Assets acquired	Net working capital	$ 6	$ 1	$ 10	$ 6	$ 23
	Property, plant and equipment	11	36	17	73	137
	Goodwill and intangible assets	139	—	13	71	223
Liabilities assumed	Deferred income taxes	(8)	—	(2)	—	(10)
Net assets acquired		$ 148	$ 37	$ 38	$ 150	$ 373

* Represents the preliminary estimates of the fair value of the assets acquired and liabilities assumed.

NOTE 15 SEGMENTED INFORMATION

The Company reports under four geographic sectors. The Canada Sector consists of the Dairy Division (Canada). The USA Sector consists of the Dairy Division (USA). The International Sector consists of 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, Chief Financial Officer, President and Chief Operating Officer (North America), and President and Chief Operating Officer (International and Europe) are, collectively, our chief operating decision maker and regularly review our 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 earnings before interest, income taxes, depreciation, amortization, impairment of intangible assets, gain on disposal of assets, and acquisition and restructuring costs.

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

INFORMATION ON REPORTABLE SECTORS

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2021	2020	**2021**	2020
Revenues				
Canada	**$ 1,112**	$ 1,089	**$ 3,226**	$ 3,134
USA	**1,627**	1,657	**4,666**	4,723
International[1]	**919**	807	**2,531**	2,394
Europe	**243**	210	**655**	605
	$ 3,901	$ 3,763	**$ 11,078**	$ 10,856
Adjusted EBITDA				
Canada	**$ 121**	$ 118	**$ 358**	$ 339
USA	**83**	171	**246**	474
International	**85**	105	**186**	243
Europe	**33**	37	**105**	112
	$ 322	$ 431	**$ 895**	$ 1,168
Depreciation and amortization				
Canada	**$ 26**	$ 25	**$ 76**	$ 72
USA	**56**	49	**153**	149
International	**33**	28	**98**	82
Europe	**29**	26	**85**	77
	$ 144	$ 128	**$ 412**	$ 380
Impairment of intangible assets	**58**	—	**58**	19
Gain on disposal of assets	**(9)**	—	**(9)**	—
Acquisition and restructuring costs	**—**	—	**—**	(6)
Financial charges	**17**	26	**54**	73
Earnings before income taxes	**112**	277	**380**	702
Income taxes	**26**	67	**143**	179
Net earnings	**$ 86**	$ 210	**$ 237**	$ 523

[1] Australia accounted for $661 million and $1,858 million of the International Sector's revenues, while Argentina accounted for $258 million and $673 million for the three and nine-month periods ended December 31, 2021, respectively. Australia accounted for $633 million and $1,880 million of the International Sector's revenues, while Argentina accounted for $174 million and $514 million for the three and nine-month periods ended December 31, 2020, respectively.

NOTE 15 SEGMENTED INFORMATION (CONT'D)

MARKET SEGMENT INFORMATION

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

For the three-month periods ended December 31	Total		Canada		USA		International		Europe	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Revenues										
Retail	**$ 2,003**	$ 2,025	**$ 669**	$ 694	**$ 756**	$ 802	**$ 383**	$ 350	**$ 195**	$ 179
Foodservice	**1,116**	1,059	**358**	308	**675**	689	**76**	60	**7**	2
Industrial	**782**	679	**85**	87	**196**	166	**460**	397	**41**	29
	$ 3,901	$ 3,763	**$ 1,112**	$ 1,089	**$ 1,627**	$ 1,657	**$ 919**	$ 807	**$ 243**	$ 210

For the nine-month periods ended December 31	Total		Canada		USA		International		Europe	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Revenues										
Retail	**$ 5,570**	$ 5,778	**$ 1,908**	$ 1,978	**$ 2,056**	$ 2,196	**$ 1,077**	$ 1,073	**$ 529**	$ 531
Foodservice	**3,424**	3,121	**1,083**	915	**2,113**	2,037	**212**	163	**16**	6
Industrial	**2,084**	1,957	**235**	241	**497**	490	**1,242**	1,158	**110**	68
	$ 11,078	$ 10,856	**$ 3,226**	$ 3,134	**$ 4,666**	$ 4,723	**$ 2,531**	$ 2,394	**$ 655**	$ 605

NOTE 16 SUBSEQUENT EVENTS

On February 8, 2022, the Company announced several major capital investments and consolidation initiatives intended to enhance and streamline its manufacturing footprint in its USA Sector and International Sector.

As a result, costs of approximately $65 million ($46 million after tax) will be incurred, which include a non-cash fixed assets write-down of approximately $56 million ($39 million after tax). These costs will be recorded in the fourth quarter of fiscal 2022.