Saputo

SAPUTO REPORTS FINANCIAL RESULTS FOR THE THIRD QUARTER OF FISCAL 2022 ENDED DECEMBER 31, 2021

(*Montréal, February 10, 2022*) – Saputo Inc. (TSX: SAP) (we, Saputo or the Company) reported today its financial results for the third quarter of fiscal 2022, which ended on December 31, 2021. All amounts in this news release are in Canadian dollars (CDN), unless otherwise indicated, and are presented according to International Financial Reporting Standards (IFRS).

"Throughout this past quarter, our teams demonstrated resiliency by continuously adapting to changing market conditions, maintaining a laser focus on the health and safety of our employees, and taking decisive actions in running our operations and serving our customers," said Lino A. Saputo, Chair of the Board, President and Chief Executive Officer, Saputo Inc. *"In this dynamic environment, we will continue to actively monitor inflation and aggressively drive pricing initiatives while taking the necessary steps to improve productivity and customer fill rates."*

Fiscal 2022 Third Quarter Financial Highlights

- 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 the Management's Discussion and Analysis for the reconciliations to IFRS measures.

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** Refer to the "Glossary" section of the 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.

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

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 the 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.

Additional Information

For more information, reference is made to the condensed interim consolidated financial statements, the notes thereto and to the Management's Discussion and Analysis for the third quarter of fiscal 2022. These documents can be obtained on SEDAR under the Company's profile at www.sedar.com and in the "Investors" section of the Company's website, at www.saputo.com.

Webcast and Conference Call

A webcast and conference call to discuss the fiscal 2022 third quarter results will be held on Thursday, February 10, 2022, at 2:30 p.m. Eastern Time.

To participate:

- **Webcast**: https://www.gowebcasting.com/11714
  Presentation slides will be included in the webcast and will also be made available on Saputo's website (www.saputo.com) in the "Investors" section, under "Calendar of Events".

- **Conference line**: 1-800-926-4425

For those unable to join, the webcast will be archived on Saputo's website (www.saputo.com) in the "Investors" section, under "Calendar of Events". A replay of the conference call will also be available until Thursday, February 17, 2022, 11:59 p.m. (ET) by dialing 1-800-558-5253 (ID number: 22015144)

About Saputo

Saputo produces, markets, and distributes a wide array of dairy products of the utmost quality, including cheese, fluid milk, extended shelf-life milk and cream products, cultured products, and dairy ingredients. Saputo is one of the top ten dairy processors in the world, a leading cheese manufacturer and fluid milk and cream processor in Canada, the top dairy processor in Australia, and the second largest in Argentina. In the USA, Saputo ranks among the top three cheese producers and is one of the largest producers of extended shelf-life and cultured dairy products. In the United Kingdom, Saputo is the largest manufacturer of branded cheese and a top manufacturer of dairy spreads. Saputo products are sold in several countries under market-leading brands, as well as private label brands. Saputo Inc. is a publicly traded company and its shares are listed on the Toronto Stock Exchange under the symbol "SAP". Follow Saputo's activities at saputo.com or via Facebook, LinkedIn and Twitter.

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Investor Inquiries
Nicholas Estrela
Director, Investor Relations
1-514-328-3117

Media Inquiries
1-514-328-3141 / 1-866-648-5902
media@saputo.com

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This news release 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 news release 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 the 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.

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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 the Management's Discussion and Analysis for the reconciliations to IFRS measures.
** Refer to the "Glossary" section of the Management's Discussion and Analysis.
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 the 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.

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).

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 the 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 the Management's Discussion and Analysis
[1] Based on Bank of Canada published information.

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

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).

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).