CONDENSED INTERIM CONSOLIDATED INCOME STATEMENTS

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

	For the three-month periods ended June 30	
	2022	2021
Revenues (Note 14)	**$ 4,327**	$ 3,488
Operating costs excluding depreciation, amortization, and restructuring costs (Note 4)	**3,980**	3,198
Earnings before income taxes, financial charges, acquisition and restructuring costs, and depreciation and amortization	**347**	290
Depreciation and amortization	**145**	131
Acquisition and restructuring costs	**7**	2
Financial charges (Note 9)	**12**	18
Earnings before income taxes	**183**	139
Income taxes (Note 10)	**44**	86
Net earnings	**$ 139**	$ 53
Net earnings per share (Note 11)		
Basic	**$ 0.33**	$ 0.13
Diluted	**$ 0.33**	$ 0.13

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 June 30	
	2022	2021
Net earnings	**$ 139**	$ 53
Other comprehensive loss:		
Items that may be reclassified to net earnings:		
Exchange differences arising from foreign currency translation	**(23)**	(114)
Inflation effect arising from the application of hyperinflation	**(1)**	(1)
Unrealized losses on cash flow hedges (Note 12)	**(43)**	(9)
Reclassification of gains on cash flow hedges to net earnings	**(1)**	(4)
Income taxes relating to items that may be reclassified to net earnings	**12**	4
	(56)	(124)
Items that will not be reclassified to net earnings:		
Actuarial gain	**36**	25
Income taxes relating to items that will not be reclassified to net earnings	**(9)**	1
	27	26
Other comprehensive loss	**(29)**	(98)
Total comprehensive income (loss)	**$ 110**	$ (45)

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 three-month period ended June 30, 2022	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	**416,738,041**	**$ 1,945**	**$ 66**	**$ 21**	**$ 172**	**$ 259**	**$ 4,301**	**$ 6,505**
Net earnings	—	—	—	—	—	—	**139**	**139**
Other comprehensive loss	—	—	**(24)**	**(32)**	—	**(56)**	**27**	**(29)**
Total comprehensive income (loss)								**110**
Dividends (Note 8)	—	—	—	—	—	—	**(75)**	**(75)**
Shares issued under dividend reinvestment plan (Note 8)	**887,211**	**24**	—	—	—	—	—	**24**
Stock options	—	—	—	—	**3**	**3**	—	**3**
Exercise of stock options (Note 8)	**178,901**	**5**	—	—	**(2)**	**(2)**	—	**3**
Balance, end of period	**417,804,153**	**$ 1,974**	**$ 42**	**$ (11)**	**$ 173**	**$ 204**	**$ 4,392**	**$ 6,570**

For the three-month period ended June 30, 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	—	—	—	—	—	—	53	53
Other comprehensive loss	—	—	(115)	(9)	—	(124)	26	(98)
Total comprehensive income (loss)								(45)
Dividends (Note 8)	—	—	—	—	—	—	(72)	(72)
Shares issued under dividend reinvestment plan (Note 8)	564,585	20	—	—	—	—	—	20
Stock options	—	—	—	—	4	4	—	4
Exercise of stock options (Note 8)	717,008	24	—	—	(4)	(4)	—	20
Balance, end of period	**413,615,164**	**$ 1,851**	**$ 95**	**$ (9)**	**$ 165**	**$ 251**	**$ 4,269**	**$ 6,371**

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		June 30, 2022		March 31, 2022
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**230**	$	165
Receivables		**1,512**		1,500
Inventories		**2,505**		2,503
Income taxes receivable		**25**		52
Prepaid expenses and other assets		**73**		75
		4,345		4,295
Property, plant and equipment		**3,937**		3,962
Right-of-use assets		**456**		475
Goodwill		**3,199**		3,188
Intangible assets		**1,315**		1,371
Other assets		**400**		362
Deferred tax assets		**50**		30
Total assets	**$**	**13,702**	$	13,683
LIABILITIES				
Current liabilities				
Bank loans (Note 5)	**$**	**776**	$	419
Accounts payable and accrued liabilities		**1,886**		1,952
Income taxes payable		**63**		44
Current portion of long-term debt (Note 6)		**—**		300
Current portion of lease liabilities		**58**		65
		2,783		2,780
Long-term debt (Note 6)		**3,030**		3,075
Lease liabilities		**379**		386
Other liabilities		**87**		101
Deferred tax liabilities		**853**		836
Total liabilities	**$**	**7,132**	$	7,178
EQUITY				
Share capital (Note 8)		**1,974**		1,945
Reserves		**204**		259
Retained earnings		**4,392**		4,301
Total equity	**$**	**6,570**	$	6,505
Total liabilities and equity	**$**	**13,702**	$	13,683

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 June 30	
	2022	2021
Cash flows related to the following activities:		
Operating		
Net earnings	**$ 139**	$ 53
Adjustments for:		
Stock-based compensation	**16**	14
Financial charges (Note 9)	**12**	18
Income tax expense	**44**	86
Depreciation and amortization	**145**	131
Restructuring charges related to optimization initiatives	**7**	—
Foreign exchange gain on debt	**(28)**	(13)
Share of joint venture earnings, net of dividends received and other	**(1)**	1
Difference between funding of post-employment benefit plans and costs	**(1)**	1
Changes in non-cash operating working capital items	**(163)**	(76)
Cash generated from operating activities	**170**	215
Interest and financial charges paid	**(40)**	(37)
Income taxes paid	**(3)**	(40)
Net cash generated from operating activities	**$ 127**	$ 138
Investing		
Business acquisitions, net of cash acquired	**—**	(187)
Additions to property, plant and equipment	**(71)**	(80)
Additions to intangible assets	**(4)**	(16)
Proceeds from disposal of property, plant and equipment	**5**	—
Net cash used for investing activities	**$ (70)**	$ (283)
Financing		
Bank loans	**363**	205
Proceeds from issuance of long-term debt	**13**	300
Repayment of long-term debt	**(328)**	(465)
Repayment of lease liabilities	**(13)**	(21)
Net proceeds from issuance of share capital	**4**	20
Payment of dividends	**(51)**	(52)
Net cash used in financing activities	**$ (12)**	$ (13)
Increase (decrease) in cash and cash equivalents	**45**	(158)
Cash and cash equivalents, beginning of period	**165**	309
Effect of inflation	**21**	9
Effect of exchange rate changes	**(1)**	(4)
Cash and cash equivalents, end of period	**$ 230**	$ 156

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-month periods ended June 30, 2022, and 2021.

(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. In addition to its dairy portfolio, the Company produces, markets, and distributes a range of dairy alternative cheeses and beverages. The address of the Company's head office is 6869 Metropolitain Blvd. East, Montréal, Québec, Canada, H1P 1X8. The condensed interim consolidated financial statements of the Company for the period ended June 30, 2022 (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 August 4, 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, 2022, and 2021, 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, 2022.

ECONOMIC CONDITIONS AND UNCERTAINTIES

The Company continues to monitor and assess the impact of the COVID-19 pandemic on the significant estimates and judgments used in the preparation of the consolidated financial statements.

The Company is also continuously monitoring the geopolitical risk related to the evolving military conflict in Ukraine. This crisis did not have a significant impact on the Company's consolidated 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, 2023, with an earlier application permitted:

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.

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".

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES CONT'D

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.

The adoption of these amendments 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, 2022:

IFRS 3, Reference to the Conceptual Framework

In May 2020, amendments to IFRS 3, Business Combinations were issued, adding a requirement that IAS 37, Provisions, contingent liabilities and contingent assets, or IFRIC 21, Levies, be applied by an acquirer 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.

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.

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.

The adoption of these amendments did not significantly impact the Company’s financial statements.

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

	For the three-month periods ended June 30	
	2022	2021
Changes in inventories of finished goods and work in process	**$ (29)**	$ 69
Raw materials and consumables used	**3,083**	2,289
Foreign exchange loss (gain)	**(2)**	(6)
Employee benefits expense	**507**	460
Other selling costs	**202**	182
Other general and administrative costs	**219**	204
	$ 3,980	$ 3,198

NOTE 5 BANK LOANS

		Available for use			Amount drawn as at	
Credit Facilities	Maturity	Canadian Currency Equivalent	Base Currency (in millions)		**June 30, 2022**	March 31, 2022
North America-USA	June 2027[1]	$ 386	300	USD	**$ —**	$ —
North America-Canada	June 2027[1]	$ 901	700	USD	**584**	207
Australia	Yearly[2,6]	$ 244	275	AUD	**51**	50
Australia	Yearly[2,6]	$ 129	100	USD	**58**	56
Japan	Yearly[3]	$ 76	8,000	JPY	**45**	43
United Kingdom	Yearly[4]	$ 118	75	GBP	**6**	—
Argentina	Yearly[5, 6]	$ 355	276	USD	**32**	63
		$ 2,209			**$ 776**	$ 419

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 SOFR or SONIA or BBSY or banker's acceptance rate plus a minimum of 0.80% and a maximum of 2.00% depending on the Company credit ratings, plus an adjustment to the applicable margins based on the Company's achievement of its sustainability targets. As at June 30, 2022, US$440 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 0.90% and can be drawn in AUD or USD.
3 Bears monthly interest at TIBOR plus 0.70%.
4 Bears monthly interest at rates ranging from base rate plus 0.70% or SONIA plus 0.70%.
5 Bears monthly interest at local rate and can be drawn in USD or ARS.
6 Subject to interest rate benchmark reform.

As at June 30, 2022, receivables totalling $58 million (AU$66 million) ($62 million (AU$66 million) at March 31, 2022) were sold under a trade receivables purchase agreement to sell certain receivables. The receivables were derecognized upon sale as substantially all risks and rewards associated with the receivables passed to the purchaser.

NOTE 6 LONG-TERM DEBT

		June 30, 2022		March 31, 2022
Unsecured bank term loan facilities				
Obtained April 2018 (AU$600 million) and due in June 2025[1]	**$**	**337**	$	373
Obtained April 2019 (£600 million) and due in June 2025[2]		**240**		262
Unsecured senior notes[3,4]				
2.83%, issued in November 2016 and due in November 2023 (Series 3)		**300**		300
1.94%, issued in June 2017 and repaid in June 2022 (Series 4)		**—**		300
3.60%, issued in August 2018 and due in August 2025 (Series 5)		**350**		350
2.88%, issued in November 2019 and due in November 2024 (Series 6)		**400**		400
2.24%, issued in June 2020 and due in June 2027 (Series 7)		**700**		700
1.42%, issued in November 2020 and due in June 2026 (Series 8)		**350**		350
2.30%, issued in June 2021 and due in June 2028 (Series 9)		**300**		300
Other		**53**		40
	$	**3,030**	$	3,375
Current portion		**—**		(300)
	$	**3,030**	$	3,075
Principal repayments are as follows:				
Less than 1 year	**$**	**—**	$	300
1-2 years		**306**		306
2-3 years		**990**		1,035
3-4 years		**700**		350
4-5 years		**700**		350
More than 5 years		**334**		1,034
	$	**3,030**	$	3,375

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

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.

On June 1, 2022, the Company amended its unsecured bank term loan facilities denominated in British pounds sterling and Australian dollars to extend their maturity dates to June 1, 2025.

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.

NOTE 7 NET DEBT

The Company's capital is composed of net debt and equity. Net debt consists of long-term debt, bank loans, and lease liabilities, net of cash and cash equivalents. The net debt amounts as at June 30, 2022, and March 31, 2022, are as follows:

	June 30, 2022	March 31, 2022
Long-term debt, including current portion	**$ 3,030**	$ 3,375
Bank loans	**776**	419
Lease liabilities	**437**	451
Less: Cash and cash equivalents	**(230)**	(165)
Net debt	**$ 4,013**	$ 4,080

The primary measure used by the Company to monitor its financial leverage is its ratio of net debt to trailing twelve months net earnings before income taxes, financial charges, acquisition and restructuring costs, gain on disposal of assets, impairment of intangible assets, and depreciation and amortization. The ratio at June 30, 2022, was 3.31 (3.53 at March 31, 2022).

NOTE 8 SHARE CAPITAL

AUTHORIZED

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

STOCK OPTION PLAN

Changes in the number of outstanding stock options for the three-month periods ended June 30 are as follows:

	June 30, 2022		June 30, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	**22,021,670**	**$ 38.45**	23,339,321	$ 37.81
Granted	**2,600,057**	**$ 29.59**	1,984,038	$ 37.52
Exercised	**(178,901)**	**$ 22.37**	(717,008)	$ 28.55
Cancelled	**(950,025)**	**$ 39.44**	(416,381)	$ 40.33
Balance, end of period	**23,492,801**	**$ 37.54**	24,189,970	$ 38.01

The weighted average exercise price of $29.59 of the stock options granted in fiscal 2023 corresponds to the weighted average market price for the five trading days immediately preceding the date of the grant ($37.52 in fiscal 2022).

The weighted average fair value of stock options granted in fiscal 2023 was estimated at $5.57 per option ($6.52 in fiscal 2022), using the Black-Scholes option pricing model with the following assumptions:

	June 30, 2022	March 31, 2022
Weighted average:		
Risk-free interest rate	**2.39 %**	0.88 %
Life of options	**6.5 years**	6.4 years
Volatility[1]	**22.06 %**	21.92 %
Dividend rate	**2.42 %**	1.91 %

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

NOTE 8 SHARE CAPITAL CONT'D

DIVIDENDS AND DIVIDEND REINVESTMENT PLAN

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

Dividends paid in cash and through the DRIP during the three-month periods ended June 30, 2022, and 2021, are shown below:

			For the three-month period ended June 30, 2022
Payment date	**Cash**	**DRIP**	**Total**
June 28, 2022	**$ 51**	**$ 24**	**$ 75**

			For the three-month period ended June 30, 2021
Payment date	**Cash**	**DRIP**	**Total**
June 25, 2021	$ 52	$ 20	$ 72

NOTE 9 FINANCIAL CHARGES

	For the three-month periods ended June 30	
	2022	2021
Interest on long-term debt	**$ 19**	$ 19
Other finance costs, net	**9**	6
Gain on hyperinflation	**(18)**	(10)
Interest on lease liabilities	**3**	4
Net interest revenue from defined benefit obligation	**(1)**	(1)
	$ 12	$ 18

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 in deferred income tax liabilities.

NOTE 11 NET EARNINGS PER SHARE

	For the three-month periods ended June 30	
	2022	2021
Net earnings	**$ 139**	$ 53
Weighted average number of common shares outstanding	**416,900,256**	412,745,213
Dilutive stock options	**243,260**	2,399,108
Weighted average diluted number of common shares outstanding	**417,143,516**	415,144,321
Basic net earnings per share	**$ 0.33**	$ 0.13
Diluted net earnings per share	**$ 0.33**	$ 0.13

When calculating diluted net earnings per share for the three-month period ended June 30, 2022, 22,552,423 stock options were excluded from the calculation because their exercise price is higher than the average fair value of common shares (12,707,738 options, were excluded for the three-month period ended June 30, 2021).

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, June 30, 2022, and March 31, 2022. 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.

	June 30, 2022		March 31, 2022	
	Fair value	**Carrying value**	Fair value	Carrying value
Cash flow hedges				
Equity forward contracts (Level 2)	$ (5)	$ (5)	$ (3)	$ (3)
Commodity derivatives (Level 2)	6	6	8	8
Foreign exchange derivatives (Level 2)	33	33	52	52
Derivatives not designated in a formal hedging relationship				
Equity forward contracts (Level 2)	(13)	(13)	(10)	(10)
Commodity derivatives (Level 2)	2	2	2	2
Foreign exchange derivatives (Level 2)	—	—	1	1
Long-term debt (Level 2)	2,813	3,030	3,231	3,375

NOTE 13 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). 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 $148 million (US$116 million), on a cash-free and debt-free basis, was paid in cash from available credit facilities.

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 13 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, complementing and expanding 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 from cash on hand.

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.

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	$ 5	$ 22
	Property, plant and equipment	11	36	17	72	136
	Goodwill and intangible assets	139	—	13	71	223
Liabilities assumed	Deferred income taxes	(8)	—	(2)	—	(10)
Net assets acquired		$ 148	$ 37	$ 38	$ 148	$ 371

NOTE 14 SEGMENTED INFORMATION

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

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

The President and Chief Executive Officer, Chief Financial Officer, President and Chief Operating Officer (North America) and Dairy Division (USA), and President and Chief Operating Officer (International and Europe) are, collectively, the chief operating decision maker of the Company and regularly review operations and performance by sector. They review adjusted EBITDA as the key measure of profit for the purpose of assessing performance of each sector and to make decisions about the allocation of resources. Adjusted EBITDA is defined as net earnings before income taxes, financial charges, acquisition and restructuring costs, and depreciation and amortization.

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

NOTE 14 SEGMENTED INFORMATION (CONT'D)

INFORMATION ON REPORTABLE SECTORS

	For the three-month periods ended June 30	
	2022	2021
Revenues		
Canada	**$ 1,142**	$ 1,033
USA	**2,043**	1,506
International[1]	**916**	754
Europe	**226**	195
	$ 4,327	$ 3,488
Operating costs excluding depreciation, amortization, and restructuring costs		
Canada	**$ 1,010**	$ 920
USA	**1,946**	1,410
International	**834**	709
Europe	**190**	159
	$ 3,980	$ 3,198
Adjusted EBITDA		
Canada	**$ 132**	$ 113
USA	**97**	96
International	**82**	45
Europe	**36**	36
	$ 347	$ 290
Depreciation and amortization		
Canada	**$ 27**	$ 25
USA	**56**	47
International	**36**	31
Europe	**26**	28
	$ 145	$ 131
Acquisition and restructuring costs	**7**	2
Financial charges	**12**	18
Earnings before income taxes	**183**	139
Income taxes	**44**	86
Net earnings	**$ 139**	$ 53

1 Australia accounted for $672 million and $570 million of the International Sector's revenues while Argentina accounted for $244 million and $184 million for the three-month periods ended June 30, 2022, and 2021, respectively.

MARKET SEGMENT INFORMATION

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

For the three-month periods ended June 30	Total		Canada		USA		International		Europe	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Revenues										
Retail	**$ 1,993**	$ 1,741	**$ 631**	$ 616	**$ 836**	$ 638	**$ 361**	$ 325	**$ 165**	$ 162
Foodservice	**1,462**	1,128	**419**	335	**954**	721	**81**	69	**8**	3
Industrial	**872**	619	**92**	82	**253**	147	**474**	360	**53**	30
	$ 4,327	$ 3,488	**$ 1,142**	$ 1,033	**$ 2,043**	$ 1,506	**$ 916**	$ 754	**$ 226**	$ 195