Lamb Weston Reports Fiscal First Quarter 2023 Results; Reaffirms Fiscal Year 2023 Outlook

October 05, 2022

First Quarter Fiscal 2023 Highlights

- *Compared to First Quarter Fiscal 2022:*
  - *Net sales increased 14% to $1,126 million*
  - *Income from operations increased 161% to $157 million*
  - *Net income increased 678% to $232 million and Diluted EPS increased 700% to $1.60, including items impacting comparability of $161.4 million ($123.7 million after-tax, or $0.85 per share)*
  - *Adjusted Net Income[(1)] increased 315% to $108 million and Adjusted Diluted EPS[(1)] increased 317% to $0.75*
  - *Adjusted EBITDA including unconsolidated joint ventures[(1)] increased 92% to $228 million*

- *Capital Returned to Shareholders:*
  - *Paid $35 million in cash dividends*
  - *Repurchased $28 million of common stock*

Reaffirms Fiscal 2023 Outlook

- *Net sales of $4.7 billion to $4.8 billion*
- *Net income of $485 million to $535 million, including iter of $360 million to $410 million*
- *Diluted EPS of $3.30 to $3.70, including items impacting $2.85*
- *Adjusted EBITDA including unconsolidated joint venture*

EAGLE, Idaho--(BUSINESS WIRE)-- Lamb Weston Holdings, I quarter 2023 results and reaffirmed its fiscal 2023 outlook.

"We drove strong sales, earnings growth, and gross margin e across each of our business segments and generating manuf Werner, President and CEO. "While volume declined as a resu

constraints impacting production run-rates in our plants, we c
service levels."

"We continue to manage through this difficult macro environm
fiscal 2023 financial targets, including gross margins approac
year. We expect the potato crop in our growing regions to be at the lower end of historical averages with good overall quality and below average yields due to the significant heat waves late in the season. While near-term demand trends may continue to be volatile as consumers navigate this inflationary environment, our recent announcement to expand capacity in Argentina, along with our ongoing investments in Idaho and China, demonstrate our confidence in the long-term health and growth outlook of the frozen potato category."

Summary of First Quarter FY 2023 Results			
($ in millions, except per share)			
			Year-Over-Year
		Q1 2023	Growth Rates
Net sales	$	1,125.6	14%
Income from operations	$	157.0	161%
Net income	$	231.9	678%
Adjusted Net Income [1]	$	108.2	315%
Diluted EPS	$	1.60	700%
Adjusted Diluted EPS[1]	$	0.75	317%
Adjusted EBITDA including unconsolidated joint ventures[1]	$	227.8	92%

Q1 2023 Commentary

Net sales increased $141.4 million to $1,125.6 million, up 14 percent versus the prior year quarter. Price/mix increased 19 percent, reflecting the benefit of pricing actions across each of the Company's core business segments to offset input, manufacturing, and transportation cost inflation. Volume declined 5 percent, primarily reflecting softer casual dining and full-service restaurant traffic in the U.S. as well as the timing of shipments to large chain restaurant customers. Shipments into foodservice and retail channels in the U.S. continued to be
affected by an inability to fully serve customer demand due to
including labor and commodities shortages, that impacted pr
production facilities.

Income from operations increased $96.8 million to $157.0 mill
reflecting higher gross profit, partially offset by higher selling,
Gross profit increased $122.0 million, as the benefits from hig
offset the impact of higher manufacturing and distribution cos
volumes. The higher costs per pound primarily reflected doub
oils, ingredients such as grains and starches used in product
increase in costs per pound also reflected higher costs associ
negatively affected the yield and quality of potato crops in the
effects of labor and commodities shortages on production run
$2.8 million increase in unrealized mark-to-market adjustment
which includes a $4.0 million loss in the current quarter, comp
the prior year quarter.

SG&A increased $25.2 million compared to the prior year qua
benefits expense, and higher expenses related to improving th
infrastructure.

Net income was $231.9 million, up $202.1 million versus the p
$1.40 versus the prior year quarter. The increases were driven
or $0.73 per share) in unrealized mark-to-market adjustments
contracts in the Company's joint venture in Europe, higher inc
(before and after-tax, or$0.10 per share) recognized in connec
an additional 40 percent interest in Lamb Weston Alimentos Modernos S.A. ("LWAMSA"), its joint venture in Argentina. The gain related to the remeasuring of the Company's previously held 50 percent ownership interest to fair value. The Company has identified the mark-to-market adjustments related to natural gas and electricity derivatives in the current and prior year quarters, as well as the LWAMSA gain in the current quarter as items impacting comparability.

Adjusted Net Income[1] was $108.2 million, up $82.1 million versus the prior year quarter, and Adjusted Diluted EPS[1] was $0.75, up $0.57 versus the prior year quarter. Adjusted EBITDA including unconsolidated joint ventures[1] increased $109.4 million to $227.8 million, up 92 percent versus the prior year quarter. These increases were driven primarily by higher income from operations.

The Company's effective tax rate[2] in the first fiscal quarter was 24.1 percent, versus 22.6 percent in the prior year quarter. The Company's effective tax rate varies from the U.S. statutory tax rate of 21 percent principally due to the impact of U.S. state taxes, foreign taxes, permanent differences, and discrete items. Excluding items impacting comparability, the Company's effective tax rate was 25.0 percent.

Q1 2023 Segment Highlights

Global

Global Segment Summary

		Q1 2023	Year-Over-Year Growth Rates	Price/Mix	Volume
		(dollars in millions)			
Net sales	$	559.7	12%	14%	(2%)
Segment product contribution margin[3]	$	83.7	96%		

Net sales for the Global segment, which is generally comprise
("QSR") and full-service restaurant chain customers as well as
$58.5 million to $559.7 million compared to the prior year qua
product and freight pricing actions to offset inflation, as well a
price/mix. The timing of shipments to large QSR chain custom
notable limited time product offering in the prior year quarter, l
shipments declined modestly primarily due to production volu
in the U.S.

Global segment product contribution margin increased $41.1
prior year quarter. Favorable price/mix, primarily reflecting the
than offsetting higher manufacturing and distribution costs pe

Foodservice

Foodservice Segme

	Q1 2023			
	(dollars in millions)			
Net sales	$ 366.3			
Segment product contribution margin[3]	$ 138.2	43%		

Net sales for the Foodservice segment, which services North American foodservice distributors and restaurant chains generally outside the top 100 North American based restaurant chain customers, increased $44.9 million to $366.3 million, up 14 percent versus the prior year quarter, with price/mix up 26 percent and volume down 12 percent. The carryover benefits of product and freight pricing actions taken in the prior year as well as early in fiscal 2023 to offset inflation drove the increase in price/mix. Demand in the segment's restaurant and non-commercial channels (such as lodging and hospitality, healthcare, schools and universities, sports and entertainment, and workplace environments) softened along with restaurant traffic as inflation pressured consumer discretionary spending. The slowdown in restaurant traffic and consumer demand was more pronounced in casual dining and other full-service restaurants than in QSRs. Shipments were also affected by an inability to fully serve customer demand due to widespread industry supply chain constraints, including labor and commodities shortages that impacted production run-rates and throughput in the Company's production facilities, as well as incremental losses of certain low-margin non-commercial business.

Foodservice segment product contribution margin increased $41.8 million to $138.2 million, up 43 percent compared to the prior year quarter. Favorable price drove the increase, and was partially offset by higher manufacturing and distribution costs per pound, and the impact of lower sales volumes.

Retail

Retail Segment Summary				
		Year-Over-Year		
	Q1 2023	Growth Rates	Price/Mix	Volume
	(dollars in millions)			
Net sales	$ 169.6	28%	32%	(4%)
Segment product contribution margin[3]	$ 48.7			

Net sales for the Retail segment, which includes sales of bran
merchant, and club customers in North America, increased $3
the prior year quarter, with price/mix up 32 percent and volum
actions across the branded and private label portfolios taken i
counter inflation drove the increase in price/mix. Lower shipm
incremental losses of certain low-margin business, drove the s
products increased, although growth was tempered by an inal
constrained production run-rates and throughput in the Comp

Retail segment product contribution margin increased $33.9 n
prior year quarter. The benefits of pricing actions and favorabl
manufacturing and distribution costs per pound.

Equity Method Investment Earnings

Equity method investment earnings from unconsolidated joint
were $174.6 million and $6.2 million for first quarter of fiscal 20
investment earnings in the quarter include a $144.6 million un

associated with currency and commodity hedging contracts, c
$0.75 per share) related to changes in natural gas and electric
have experienced significant volatility. Equity method investme
million unrealized gain for mark-to-market adjustments, of whi
electricity derivatives. Equity method investment earnings also
$0.10 per share) recognized in connection with the Company's acquisition of an additional 40 percent interest in LWAMSA. The gain related to remeasuring the Company's previously held 50 percent ownership interest to fair value.

Excluding the items impacting comparability noted above and the other mark-to-market adjustments, earnings from equity method investments increased $13.0 million compared to the prior year quarter, reflecting favorable price/mix, partially offset by higher manufacturing and distribution costs in both Europe and the U.S.

Liquidity and Cash Flows

Net cash provided by operating activities was $192.1 million, up $30.3 million versus the prior year quarter, primarily due to higher earnings. Capital expenditures, including information technology expenditures, were $121.2 million, up $42.3 million versus the prior year quarter, primarily reflecting increased investments to support capacity expansion projects.

In July 2022, the Company paid $42.3 million to increase its ownership in LWAMSA. The Company's total ownership in the joint venture is now 90 percent. The Company began consolidating LWAMSA's results in its consolidated financial statements following the acquisition.

Capital Returned to Shareholders

In the first quarter, the Company returned a total of $63.7 million to shareholders, including $35.3 million in cash dividends and $28.4 million through share repurchases. The Company repurchased 404,476 shares during the first quarter of fiscal 2023 at an average price per share of $70.11. The Company has approximately $241 million remaining under its existing share repurchase program.

Fiscal 2023 Outlook

The Company is reaffirming its financial targets for fiscal 2023, which include:

- Net sales of $4.7 billion to $4.8 billion, with growth versus the prior year primarily driven by the benefit of pricing actions to offset significant input and transportation cost inflation, as well as favorable mix.

- Including items impacting comparability of $161.4 millior
share), net income of $485 million to $535 million and Dilute

- Excluding items impacting comparability, Adjusted Net Ir
Diluted EPS[1] of $2.45 to $2.85, and Adjusted EBITDA inclu
million to $910 million, with growth versus the prior year driv
The Company continues to expect SG&A of $475 million to
compensation and benefits costs, increased investments to
resource planning ("ERP") infrastructure, and higher adverti

- During the first half of fiscal 2023, the Company continue
compared to normalized seasonal rates as it continues to m
production inputs, transportation and packaging, as well as
to the impact of extreme summer heat that negatively affect
Northwest in fall 2021. The Company continues to expect its
industrywide operational challenges, including labor and co
broader supply chain.

- During the second half of fiscal 2023, the Company cont approach a normalized annual rate of 25 percent to 26 perc U.S. potato crop harvested in fall 2022 that is in line with his regions in the Columbia Basin and Idaho; the continued su actions to offset input and transportation costs inflation; and have been constraining the Company's production and shipments.

In addition, the Company is reaffirming other financial targets, including:

- Interest expense, net of approximately $115 million;
- Depreciation and amortization expense of approximately $210 million;
- Cash used for capital expenditures of $475 million to $525 million; and an
- Effective tax rate[(2)] (full year) of approximately 24 percent.

End Notes

(1)Adjusted Net Income, Adjusted Diluted EPS, and Adjusted EBITDA including unconsolidated joint ventures are non-GAAP financial measures. Please see the discussion of non-GAAP financial measures, including a discussion of earnings guidance provided on a non-GAAP basis, and the associated reconciliations at the end of this press release for more information.

(2)The effective tax rate vis calculated as the ratio of income tax expense to pre-tax income, inclusive of equity method investment earnings.

(3)For more information about product contribution margin, please see "Non-GAAP Financial Measures" and the table titled "Segment Information" included in this press release.

Webcast and Conference Call Information

Lamb Weston will host a conference call to review its first quarter fiscal 2023 results at 10:00 a.m. ET today, October 5, 2022. Participants in the U.S. and Canada may acc participants outside the U.S. and Canada should dial +1-323- conference call also may be accessed live on the internet. Par

https://globalmeet.webcasts.com/starthere.jsp?ei=1569368&t

A rebroadcast of the conference call will be availablebeginnin https://investors.lambweston.com/events-and-presentations.

About Lamb Weston

Lamb Weston, along with its joint ventures, is a leading suppli vegetable products to restaurants and retailers around the wo the industry in innovation, introducing inventive products that customers and make things more delicious for their customers grown to proactive customer partnerships, Lamb Weston alwa we look at a potato, we see possibilities. Learn more about us

Forward-Looking Statements

This press release contains forward-looking statements within
such as “manage,” “expect,” “improve,” “will,” “continue,” “de
of such words and similar expressions are intended to identify
looking statements include, but are not limited to, statements
expenditures and investments, operational costs, pricing actio
business and financial outlook and prospects, as well as supply chain constraints, inflation, the Company’s industry, and the global economy. These forward-looking statements are based on management’s current expectations and are subject to uncertainties and changes in circumstances. Readers of this press release should understand that these statements are not guarantees of performance or results. Many factors could affect the Company’s actual financial results and cause them to vary materially from the expectations contained in the forward-looking statements, including those set forth in this press release. These risks and uncertainties include, among other things: the availability and prices of raw materials; labor shortages and other operational challenges; disruptions in the global economy caused by the war in Ukraine and the possible related heightening of the Company’s other known risks; impacts on the Company’s business due to health pandemics or other contagious outbreaks, such as the COVID-19 pandemic, including impacts on demand for its products, increased costs, disruption of supply, other constraints in the availability of key commodities and other necessary services or restrictions imposed by public health authorities or governments; levels of pension, labor and people-related expenses; the Company’s ability to successfully execute its long-term value creation strategies; the Company’s ability to execute on large capital projects, including construction of new production lines or facilities; the competitive environment and related conditions in the markets in which the Company and its joint ventures operate; political and economic conditions of the countries in which the Company and its joint ventures conduct business and other factors related to its international operations; disruption of the Company’s access to export mechanisms; risks associated with possible acquisitions, including the Company’s ability to complete acquisitions or integrate acquired businesses; its debt levels; changes in the Company’s relationships with its growers or significant customers; the success of the Company’s joint ventures; actions of governments and regulatory factors affecting the Company’s businesses or joint ventures; the ultimate outcome of litigation or any product recalls; the Company’s ability to pay regular quarterly cash dividends and the amounts and timing of any future dividends; and other risks described in the Company’s reports filed from time to time with the Securities and Exchange Commission. The Company cautions readers not to place undue reliance on any forward-looking statements included in this press release, which speak only as of the date of this press release. The Company undertakes no responsibility for updating these statements, except as required by law.

Non-GAAP Financial Measures

To supplement the financial information included in this press release, the Company has presented product contribution margin on a consolidated basis, Adjusted EBITDA, Adjusted EBITDA including unconsolidated joint ventures, Adjusted Net Income, Adjusted Diluted EPS, and adjusted income tax expense and equity method investment earnings, each of which is considered a non-GAAP financial measure. The non-GAAP financial
measures provided should be viewed in addition to, and not a
accordance with accounting principles generally accepted in t
presented in this press release. These measures are not subst
measures, such as gross profit, net income, diluted earnings p
and there are limitations to using non-GAAP financial measure
differ from similarly titled non-GAAP financial measures preser
not define these non-GAAP financial measures the same way.

Management uses these non-GAAP financial measures to ass
consistent basis for purposes of business decision making. M
financial measures provides investors with useful information b
information regarding financial performance by excluding cert
(ii) permit investors to view performance using the same tools
and strategic decisions, and evaluate historical performance, a
that may be useful to investors in evaluating the Company's re
these non-GAAP financial measures, when considered togeth
and the reconciliations to those measures, provides investors
trends affecting the Company's business than could be obtain

The Company has also provided earnings guidance on a non-
elements that are included in reported GAAP results, including

and integration costs, impact of commodity derivatives, and o
inclusive of all potential items, and the Company will update a
ongoing basis, can be highly variable and could be significant
quantification of these items is not feasible and a full reconcilia
EBITDA including unconsolidated joint ventures and Adjusted
per share has not been provided.

Lamb Weston Holdings, Inc.
Consolidated Statements of Earnings
(unaudited, in millions, except per share amounts)

	Thirteen Weeks Ended	
	August 28, 2022	August 29, 2021
Net sales	$ 1,125.6	$ 984.2
Cost of sales	852.3	832.9
Gross profit	273.3	151.3
Selling, general and administrative expenses	116.3	91.1
Income from operations	157.0	60.2
Interest expense, net	26.0	27.9
Income before income taxes and equity method earnings	131.0	32.3
Income tax expense	73.7	8.7
Equity method investment earnings (1)	174.6	6.2
Net income	$ 231.9	$ 29.8
Earnings per share:		
Basic	$ 1.61	$ 0.20
Diluted	$ 1.60	$ 0.20
Dividends declared per common share	$ 0.245	$ 0.235
Weighted average common shares outstanding:		
Basic		
Diluted		

(1) Equity method investment earnings for the thirteen weeks e
included a $146.3 million and $5.0 million unrealized gain, r
associated with changes in natural gas and electricity deriv
experienced significant volatility.

Equity method investment earnings for the thirteen weeks e
gain recognized in connection with the Company's acquisit
Argentina joint venture, bringing total ownership from 50 pe
remeasuring of the Company's previously held 50 percent

Lamb Weston Hold
Consolidated Balar
(unaudited, dollars in millions

	August 28, 2022	May 29, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 485.3	$ 525.0
Receivables, less allowance for doubtful accounts of $1.8 and $1.1	449.5	447.3
Inventories	635.5	574.4
Prepaid expenses and other current assets	59.9	112.9
Total current assets	1,630.2	1,659.6
Property, plant and equipment, net	1,690.9	1,579.2
Operating lease assets	112.3	119.0
Equity method investments	372.5	257.4
Goodwill	352.2	318.0
Intangible assets, net	32.8	33.7
Other assets	218.8	172.9
Total assets	$ 4,409.7	$4,139.8
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	$ 9.1	$ —
Current portion of long-term debt and financing obligations	32.2	32.2
Accounts payable	462.7	402.6
Accrued liabilities	276.3	264.3
Total current liabilities	780.3	699.1
Long-term liabilities:		
Long-term debt and financing obligations, excluding current p		
Deferred income taxes		
Other noncurrent liabilities		
Total long-term liabilities		
Commitments and contingencies		
Stockholders' equity:		
Common stock of $1.00 par value, 600,000,000 shares author 148,286,975 and 148,045,584 shares issued		
Additional distributed capital		
Retained earnings		
Accumulated other comprehensive loss		
Treasury stock, at cost, 4,456,388 and 3,974,156 common sha		
Total stockholders' equity		
Total liabilities and stockholders' equity		

Lamb Weston Hol

Consolidated Statement

(unaudited, dollars

	Thirteen Weeks Ended	
	August 28, 2022	August 29, 2021
Cash flows from operating activities		
Net income	$ 231.9	$ 29.8
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of intangibles and debt issuance costs	49.8	47.3
Stock-settled, stock-based compensation expense	7.6	5.2
Equity method investment (earnings) loss in excess of distributions	(174.6)	3.5
Deferred income taxes	34.5	1.7
Other	(2.8)	1.5
Changes in operating assets and liabilities, net of acquisition:		
Receivables	9.9	(35.1)
Inventories	(51.5)	43.4
Income taxes payable/receivable, net	42.3	9.7
Prepaid expenses and other current assets	45.5	33.0
Accounts payable	24.3	10.0
Accrued liabilities	(24.8)	11.8
Net cash provided by operating activities	$ 192.1	$ 161.8
Cash flows from investing activities		
Additions to property, plant and equipment	(101.2)	(78.9)
Acquisition of interest in joint venture, net	(42.3)	—
Additions to other long-term assets		
Other		
Net cash used for investing activities		
Cash flows from financing activities		
Proceeds from issuance of debt		
Repayments of debt and financing obligations		
Dividends paid		
Repurchase of common stock and common stock withheld to		
Other		
Net cash used for financing activities		
Effect of exchange rate changes on cash and cash equivalent		
Net (decrease) increase in cash and cash equivalents		
Cash and cash equivalents, beginning of period		
Cash and cash equivalents, end of period		

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Segment Inforr
(unaudited, dollars

	Thirteen Weeks Ended				
			Year-Over-		
	August 28,	August 29,	Year Growth		
	2022	2021	Rates	Price/Mix	Volume
Segment net sales					
Global	$ 559.7	$ 501.2	12%	14%	(2%)
Foodservice	366.3	321.4	14%	26%	(12%)
Retail	169.6	132.5	28%	32%	(4%)
Other	30.0	29.1	3%	11%	(8%)
	$ 1,125.6	$ 984.2	14%	19%	(5%)
Segment product contribution margin (1)					
Global	$ 83.7	$ 42.6	96%		
Foodservice	138.2	96.4	43%		
Retail	48.7	14.8	229%		
Other (2)	(1.8)	(6.6)	(73%)		
	268.8	147.2	83%		
Add: Advertising and promotion expenses	4.5	4.1	10%		
Gross profit	$ 273.3	$ 151.3	81%		

(1) Product contribution margin is one of the primary measures
maker for purposes of allocating resources to the Company
Product contribution margin represents net sales less cost
Product contribution margin includes advertising and prom
associated with the performance of the Company's segmer
a consolidated basis, is a non-GAAP financial measure. See
release for a description of non-GAAP financial measures a
contribution margin on a consolidated basis to gross profit.

(2) The Other segment primarily includes the Company's vege
market adjustments and realized settlements associated wi
to-market adjustments and realized settlements associated
Other segment included a loss of $8.8 million and $8.2 milli
and August 29, 2021, respectively.

Lamb Weston Hold
Reconciliation of Non-GAAP

(unaudited, dollars

The items impacting comparability for the thirteen weeks ende
follows:

	Thirteen Weeks Ended August 28, 2022						
	Income From Operations	Interest Expense	Income Tax Expense		Equity Method Investment Earnings	Net Income	Diluted EPS
As reported	$ 157.0	$ 26.0	$ 73.7		$ 174.6	$ 231.9	$ 1.60
Items impacting comparability:							
Impact of LWM natural gas and electricity derivatives (1)	—	—	(37.7)		(146.3)	(108.6)	(0.75)
Gain on acquisition of interest in joint venture (1)	—	—	—	(1)	(15.1)	(15.1)	(0.10)
Total items impacting comparability	—	—	(37.7)		(161.4)	(123.7)	(0.85)
Adjusted (2)	$ 157.0	$ 26.0	$ 36.0		$ 13.2	$ 108.2	$ 0.75

	Thirteen Weeks Ended August 29, 2021					
	Income From Operations	Interest Expens	Income Tax	Equity Method Investment		Diluted
As reported	$ 60.2	$ 27.				
Item impacting comparability:						
Impact of LWM natural gas and electricity derivatives (1)	—					
Adjusted (2)	$ 60.2	$ 27.				

(1) See footnote (1) to the Consolidated Statements of Earning
comparability. There is no tax impact associated with the ga
interest in the Argentina joint venture.

(2) Adjusted income tax expense, net income, equity method i
are non-GAAP financial measures. Management excludes i
believes these items are not necessarily reflective of the on
financial measures provide a means to evaluate the perform

the same measures that are frequently used by the Compa
meaningful comparison between periods. See also "Non-G

Lamb Weston Holdings, Inc.

Reconciliation of Non-GAAP Financial Measures

(unaudited, dollars in millions)

To supplement the financial information included in this press release, the Company has presented Adjusted EBITDA and Adjusted EBITDA including unconsolidated joint ventures, which are non-GAAP financial measures. The following table reconciles net income to Adjusted EBITDA and Adjusted EBITDA including unconsolidated joint ventures.

	Thirteen Weeks Ended	
	August 28, 2022	August 29, 2021
Net income	$ 231.9	$ 29.8
Equity method investment earnings (1)	(174.6)	(6.2)
Interest expense, net	26.0	27.9
Income tax expense	73.7	8.7
Income from operations	157.0	60.2
Depreciation and amortization	48.7	46.0
Adjusted EBITDA (2)	205.7	106.2
Unconsolidated Joint Ventures (3)		
Equity method investment earnings	174.6	6.2
Interest expense, income tax expense, and depreciation and amortization included in equity method investment earnings		
Items impacting comparability		
Impact of LWM natural gas and electricity derivatives (4)		
Gain on acquisition of interest in joint venture (4)		
Add: Adjusted EBITDA from unconsolidated joint ventures		
Adjusted EBITDA including unconsolidated joint ventures (2)		

(1) Unrealized mark-to-market adjustments associated with cu
equity method investment earnings include a gain of $144.
ended August 28, 2022 and August 29, 2021, respectively.

(2) Adjusted EBITDA and Adjusted EBITDA including unconso
measures. Lamb Weston presents these measures becaus

evaluate the performance of the Company on an ongoing b
Company's management and assist in providing a meaning
non-GAAP financial measures should be done only in conju
GAAP. These non-GAAP financial measures are not intende
should not be used as such. See also "Non-GAAP Financia

(3)Lamb Weston holds equity interests in three potato processing joint ventures, including 50 percent of Lamb-Weston Meijer ("LWM"), 50 percent of Lamb-Weston/RDO Frozen ("LWRDO"), and 90 percent of LWAMSA. Lamb Weston accounts for the investments in LWM and LWRDO under the equity method of accounting. In July 2022, Lamb Weston acquired an additional 40 percent interest in LWAMSA and began to account for the investment in LWAMSA by consolidating their results in Lamb Weston's consolidated financial statements. See Note 4, Equity Method Investments, of the Notes to Consolidated Financial Statements in "Part II, Item 8. Financial Statements and Supplementary Data" in the Company's fiscal 2022 Form 10-K, for more information.

(4)See footnote (1) to the Consolidated Statements of Earnings for a discussion of the items impacting comparability.

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Source: Lamb Weston Holdings, Inc.