LEVI STRAUSS & CO.

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

FOR THE SECOND QUARTER OF 2020

The following information relates to non-GAAP financial measures, and should be read in conjunction with the investor call held on July 7, 2020, discussing the company's financial condition and results of operations as of and for the quarter ended May 24, 2020.

Adjusted Gross Profit:

	Three Months Ended		Six Months Ended	
	May 24, 2020	May 26, 2019	May 24, 2020	May 26, 2019
	(Dollars in millions) (Unaudited)			
Most comparable GAAP measure:				
Gross profit	$ 169.7	$ 700.4	$ 1,009.0	$ 1,483.2
Non-GAAP measure:				
Gross profit	$ 169.7	$ 700.4	$ 1,009.0	$ 1,483.2
COVID-19 related inventory costs [(1)]	86.6	—	86.6	—
Adjusted gross profit	$ 256.3	$ 700.4	$ 1,095.6	$ 1,483.2
Adjusted gross margin	*51.5%*	*53.3%*	*54.7%*	*54.0%*

(1) Represents costs incurred in connection with COVID-19, including $49.9 million of incremental inventory reserves and the recognition of adverse fabric purchase commitments of $35.9 million.

Adjusted SG&A:

	Three Months Ended		Six Months Ended	
	May 24, 2020	May 26, 2019	May 24, 2020	May 26, 2019
	(Dollars in millions) (Unaudited)			
Most comparable GAAP measure:				
Selling, general and administrative expenses	$ 550.6	$ 637.5	$ 1,211.1	$ 1,219.4
Non-GAAP measure:				
Selling, general and administrative expenses	$ 550.6	$ 637.5	$ 1,211.1	$ 1,219.4
Impact of changes in fair value on cash-settled stock-based compensation[(1)]	0.7	(15.0)	(4.2)	(20.3)
COVID-19 related charges[(2)]	(88.0)	—	(88.0)	—
Restructuring related charges, severance and other, net[(3)]	(1.1)	(3.7)	(6.7)	(3.8)
Adjusted SG&A	$ 462.2	$ 618.8	$ 1,112.2	$ 1,195.3

(1) Includes the impact of changes in fair value of Class B common stock following the grant date on awards that were granted as cash-settled and subsequently replaced with stock-settled awards concurrent with the IPO.

(2) Represents costs incurred in connection with the COVID-19 pandemic, primarily consisting of $43.0 million in impairment of certain operating lease right-of-use assets and $17.4 million in impairment of property and equipment related to certain retail locations and other corporate assets, and $27.6 million of charges related to customer receivables.

(3) Restructuring related charges, severance and other, net include transaction and deal related costs, including IPO-related, initial acquisition and integration costs and amortization of acquired intangible assets.

Adjusted EBIT and Adjusted EBITDA:

	Three Months Ended		Six Months Ended		Twelve Months Ended	
	May 24, 2020	May 26, 2019	May 24, 2020	May 26, 2019	May 24, 2020	May 26, 2019
	(Dollars in millions) (Unaudited)					
Most comparable GAAP measure:						
Net income (loss)	$ (363.6)	$ 28.5	$ (210.9)	$ 175.0	$ 9.1	$ 401.9
Non-GAAP measure:						
Net income (loss)	$ (363.6)	$ 28.5	$ (210.9)	$ 175.0	$ 9.1	$ 401.9
Income tax (benefit) expense	(94.6)	(2.5)	(82.5)	32.8	(32.7)	81.3
Interest expense	11.2	15.2	27.9	32.7	61.4	58.0
Other (income) expense, net	(1.3)	(3.2)	(4.0)	(1.6)	(4.4)	(14.0)
Underwriter commission paid on behalf of selling stockholders	—	24.9	—	24.9	—	24.9
Impact of changes in fair value on cash-settled stock-based compensation[1]	(0.7)	15.0	4.2	20.3	18.0	52.1
COVID-19 related inventory costs and other charges [2]	174.6	—	174.6	—	174.6	—
Restructuring and restructuring related charges, severance and other, net[3]	68.5	3.7	74.1	3.8	80.1	7.9
Adjusted EBIT	**$ (205.9)**	**$ 81.6**	**$ (16.6)**	**$ 287.9**	**$ 306.1**	**$ 612.1**
Adjusted EBIT margin	*(41.4)%*	*6.2%*	*(0.8)%*	*10.5%*		
Depreciation and amortization[4]	33.7	30.1	68.4	58.7	133.6	114.2
Adjusted EBITDA	**$ (172.2)**	**$ 111.7**	**$ 51.8**	**$ 346.6**	**$ 439.7**	**$ 726.3**

(1) Includes the impact of changes in fair value of Class B common stock following the grant date on awards that were granted as cash-settled and subsequently replaced with stock-settled awards concurrent with the IPO.

(2) Represents inventory costs and other charges incurred in connection with the COVID-19 pandemic, primarily consisting $49.9 million of incremental inventory reserves, $35.9 million of adverse fabric purchase commitments, $43.0 million and $17.4 million in impairment of operating lease right-of-use assets and property and equipment related, respectively, and $27.6 million of charges related to customer receivables.

(3) Other charges included in restructuring and restructuring related charges, severance and other, net include transaction and deal related costs, including IPO-related, initial acquisition and integration costs and amortization of acquired intangible assets.

(4) Depreciation and amortization amount net of amortization of acquired intangible assets included in Restructuring and related charges, severance and other, net.

Adjusted Net Income (Loss) and Adjusted Diluted Earnings (Loss) per Share:

	Three Months Ended		Six Months Ended	
	May 24, 2020	May 26, 2019	May 24, 2020	May 26, 2019
	(Dollars in millions, except per share amounts) (Unaudited)			
Most comparable GAAP measure:				
Net income (loss)	$ (363.6)	$ 28.5	$ (210.9)	$ 175.0
Non-GAAP measure:				
Net income (loss)	$ (363.6)	$ 28.5	$ (210.9)	$ 175.0
Underwriter commission paid on behalf of selling stockholders	—	24.9	—	24.9
Impact of changes in fair value on cash-settled stock-based compensation[1]	(0.7)	15.0	4.2	20.3
COVID-19 related inventory costs and other charges[2]	174.6	—	174.6	—
Restructuring and restructuring related charges, severance and other, net[3]	68.5	3.7	74.1	3.8
Tax impact of adjustments	(70.3)	(2.8)	(71.1)	(3.8)
Adjusted net income (loss)	**$ (191.5)**	**$ 69.3**	**$ (29.1)**	**$ 220.2**
Adjusted net income (loss) margin	*(38.5)%*	*5.3%*	*(1.5)%*	*8.0%*
Weighted-average common shares outstanding - diluted	397.5	409.3	396.8	401.4
Adjusted diluted earnings (loss) per share	$ (0.48)	$ 0.17	$ (0.07)	$ 0.55

(1) Includes the impact of changes in fair value of Class B common stock following the grant date on awards that were granted as cash-settled and subsequently replaced with stock-settled awards concurrent with the IPO.

(2) Represents inventory costs and other charges incurred in connection with the COVID-19 pandemic, primarily consisting $49.9 million of incremental inventory reserves, $35.9 million of adverse fabric purchase commitments, $43.0 million and $17.4 million in impairment of operating lease right-of-use assets and property and equipment related, respectively, and $27.6 million of charges related to customer receivables.

(3) Other charges included in restructuring and restructuring related charges, severance and other, net include transaction and deal related costs, including IPO-related, initial acquisition and integration costs and amortization of acquired intangible assets.

Net debt and Leverage Ratio:

	May 24, 2020	November 24, 2019
	(Dollars in millions) (Unaudited)	
Most comparable GAAP measure:		
Total debt, excluding capital leases	$ 1,806.9	$ 1,014.4
Non-GAAP measure:		
Total debt, excluding capital leases	$ 1,806.9	$ 1,014.4
Cash and cash equivalents	(1,448.2)	(934.2)
Short-term investments in marketable securities	(76.1)	(80.7)
Net debt	**$ 282.6**	**$ (0.5)**

	May 24, 2020	May 26, 2019
	(Dollars in millions) (Unaudited)	
Total debt, excluding capital leases	$ 1,806.9	$ 1,022.6
Last Twelve Months Adjusted EBITDA[(1)]	$ 439.7	$ 726.3
Leverage ratio	4.1	1.4

(1) Last Twelve Months Adjusted EBITDA is reconciled from net income (loss) which is the most comparable GAAP measure. Refer to Adjusted EBIT and Adjusted EBITDA table for more information.

Adjusted Free Cash Flow:

	Six Months Ended	
	May 24, 2020	May 26, 2019
	(Dollars in millions) (Unaudited)	
Most comparable GAAP measure:		
Net cash provided by operating activities	$ 41.4	$ 161.8
Non-GAAP measure:		
Net cash provided by operating activities	$ 41.4	$ 161.8
Underwriter commission paid on behalf of selling stockholders	—	24.9
Purchases of property, plant and equipment	(75.2)	(77.0)
Proceeds on settlement of forward foreign exchange contracts not designated for hedge accounting	15.1	13.1
Repurchase of common stock	(56.2)	(3.1)
Repurchase of shares surrendered for tax withholdings on equity awards	(75.6)	(25.5)
Dividend to stockholders	(63.6)	(55.0)
Adjusted free cash flow	**$ (214.1)**	**$ 39.2**

Constant-currency Net Revenues:

	Three Months Ended			Six Months Ended		
	May 24, 2020	May 26, 2019	% Increase (Decrease)	May 24, 2020	May 26, 2019	% Increase (Decrease)
	(Dollars in millions) (Unaudited)					
Total revenues						
As reported	$ 497.6	$ 1,312.9	(62.1)%	$ 2,003.7	$ 2,747.4	(27.1)%
Impact of foreign currency exchange rates	—	(40.6)	*	—	(51.5)	*
Constant-currency net revenues	$ 497.6	$ 1,272.3	(60.9)%	$ 2,003.7	$ 2,695.9	(25.7)%
Americas						
As reported	$ 282.7	$ 692.7	(59.2)%	$ 1,028.3	$ 1,410.0	(27.1)%
Impact of foreign currency exchange rates	—	(18.3)	*	—	(16.8)	*
Constant-currency net revenues - Americas	$ 282.7	$ 674.4	(58.1)%	$ 1,028.3	$ 1,393.2	(26.2)%
Europe						
As reported	$ 129.1	$ 398.3	(67.6)%	$ 642.0	$ 863.0	(25.6)%
Impact of foreign currency exchange rates	—	(13.9)	*	—	(24.3)	*
Constant-currency net revenues - Europe	$ 129.1	$ 384.4	(66.4)%	$ 642.0	$ 838.7	(23.5)%
Asia						
As reported	$ 85.8	$ 221.9	(61.3)%	$ 333.4	$ 474.4	(29.7)%
Impact of foreign currency exchange rates	—	(8.4)	*	—	(10.4)	*
Constant-currency net revenues - Asia	$ 85.8	$ 213.5	(59.8)%	$ 333.4	$ 464.0	(28.1)%

* Not meaningful

Constant-currency Adjusted EBIT:

	Three Months Ended			Six Months Ended		
	May 24, 2020	May 26, 2019	% Increase (Decrease)	May 24, 2020	May 26, 2019	% Increase (Decrease)
	(Dollars in millions) (Unaudited)					
Adjusted EBIT[1]	$(205.9)	$ 81.6	(352.3)%	$ (16.6)	$ 287.9	(105.8)%
Impact of foreign currency exchange rates	—	(5.9)	*	—	(8.7)	*
Constant-currency Adjusted EBIT	$(205.9)	$ 75.7	(372.0)%	$ (16.6)	$ 279.2	(105.9)%
Constant-currency Adjusted EBIT margin[2]	*(41.4)%*	*5.9%*		*(0.8)%*	*10.4%*	

(1) Adjusted EBIT is reconciled from net income (loss) which is the most comparable GAAP measure. Refer to Adjusted EBIT and Adjusted EBITDA table for more information.

(2) We define constant-currency Adjusted EBIT margin as constant-currency Adjusted EBIT as a percentage of constant-currency net revenues.

* Not meaningful

Constant-Currency Adjusted Net Income (Loss) and Adjusted Diluted Earnings (Loss) per Share:

	Three Months Ended			Six Months Ended		
	May 24, 2020	May 26, 2019	% Increase (Decrease)	May 24, 2020	May 26, 2019	% Increase (Decrease)
	(Dollars in millions, except per share amounts) (Unaudited)					
Adjusted net income (loss) [1]	$ (191.5)	$ 69.3	(376.3)%	$ (29.1)	$ 220.2	(113.2)%
Impact of foreign currency exchange rates	—	(4.5)	*	—	(7.1)	*
Constant-currency Adjusted net income (loss)	$ (191.5)	$ 64.8	(395.5)%	$ (29.1)	$ 213.1	(113.7)%
Constant-currency Adjusted net income (loss) margin[2]	*(38.5)%*	*5.1%*		*(1.5)%*	*7.9%*	
Adjusted diluted earnings (loss) per share	$ (0.48)	$ 0.17	(382.4)%	$ (0.07)	$ 0.55	(112.7)%
Impact of foreign currency exchange rates	—	(0.01)	*	—	(0.02)	*
Constant-currency Adjusted diluted earnings (loss) per share	$ (0.48)	$ 0.16	(400.0)%	$ (0.07)	$ 0.53	(113.2)%

(1) Adjusted net income (loss) is reconciled from net income (loss) which is the most comparable GAAP measure. Refer to Adjusted net income (loss) table for more information.

(2) We define constant-currency Adjusted net income (loss) margin as constant-currency Adjusted net income (loss) as a percentage of constant-currency net revenues.

* Not meaningful