LEVI STRAUSS & CO.

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

FOR THE FIRST QUARTER OF 2021

The following information relates to non-GAAP financial measures, and should be read in conjunction with the investor call held on April 8, 2021, discussing the company's financial condition and results of operations as of and for the quarter ended February 28, 2021.

Adjusted Gross Profit:

	Three Months Ended	
	February 28, 2021	February 23, 2020
	(Dollars in millions) (Unaudited)	
Most comparable GAAP measure:		
Gross profit	$ 760.0	$ 839.3
Non-GAAP measure:		
Gross profit	$ 760.0	$ 839.3
COVID-19 related inventory costs [(1)]	(7.2)	—
Adjusted gross profit	$ 752.8	$ 839.3
Adjusted gross margin	*57.7 %*	*55.7 %*

(1) Represents costs incurred in connection with COVID-19, including $7.2 million in reductions in COVID-19 related inventory charges recognized during the three-month period ended February 28, 2021, primarily due to reductions in the estimate of adverse fabric purchase commitments, initially recorded in the second quarter of 2020.

Adjusted SG&A:

	Three Months Ended	
	February 28, 2021	February 23, 2020
	(Dollars in millions) (Unaudited)	
Most comparable GAAP measure:		
Selling, general and administrative expenses	$ 582.9	$ 660.5
Non-GAAP measure:		
Selling, general and administrative expenses	$ 582.9	$ 660.5
Impact of changes in fair value on cash-settled stock-based compensation	(0.9)	(4.9)
COVID-19 related charges[(1)]	(3.1)	—
Restructuring and restructuring related charges, severance and other, net[(2)]	(0.1)	(5.6)
Adjusted SG&A	$ 578.8	$ 650.0

(1) For the three-month period ended February 28, 2021, the $3.1 million in COVID-19 related charges is related to impairment of certain operating lease right-of-use assets and property and equipment related to certain retail locations, resulting from lower revenue and future cash flow projections from the ongoing effects of the COVID-19 pandemic.

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

Adjusted EBIT and Adjusted EBITDA:

	Three Months Ended		Twelve Months Ended	
	February 28, 2021	February 23, 2020	February 28, 2021	February 23, 2020
	(Dollars in millions) (Unaudited)			
Most comparable GAAP measure:				
Net income (loss)	$ 142.5	$ 152.7	$ (137.3)	$ 401.2
Non-GAAP measure:				
Net income (loss)	$ 142.5	$ 152.7	$ (137.3)	$ 401.2
Income tax expense (benefit)	12.2	12.1	(62.5)	59.4
Interest expense	23.3	16.7	88.8	65.4
Other (income) expense, net	(0.9)	(2.7)	24.2	(6.3)
Underwriter commission paid on behalf of selling stockholders	—	—	—	24.9
Impact of changes in fair value on cash-settled stock-based compensation[(1)]	0.9	4.9	3.1	33.7
COVID-19 related inventory costs and other charges [(2)]	(4.1)	—	155.5	—
Restructuring and restructuring related charges, severance and other, net[(3)]	0.1	5.6	94.0	15.3
Adjusted EBIT	$ 174.0	$ 189.3	$ 165.8	$ 593.6
Depreciation and amortization[(4)]	35.2	34.7	137.1	130.0
Adjusted EBITDA	$ 209.2	$ 224.0	$ 302.9	$ 723.6
Adjusted EBIT margin	*13.3 %*	*12.6 %*		

(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) For the three-month period ended February 28, 2021, the net reduction of $4.1 million in COVID-19 related inventory costs and other charges recognized mainly represents reductions in COVID-19 related inventory charges, as a result of reductions in the estimate of adverse fabric purchase commitments, the recoveries of receivables previously estimated to be not collectible, offset by incremental impairment costs in response to the global pandemic.

(3) Other charges included in restructuring and restructuring related charges, severance and other, net include transaction and deal related costs, 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 and Adjusted Diluted Earnings per Share:

	Three Months Ended	
	February 28, 2021	February 23, 2020
	(Dollars in millions, except per share amounts)	
	(Unaudited)	
Most comparable GAAP measure:		
Net income	$ 142.5	$ 152.7
Non-GAAP measure:		
Net income	$ 142.5	$ 152.7
Impact of changes in fair value on cash-settled stock-based compensation[(1)]	0.9	4.9
Loss on early extinguishment of debt	0.2	—
COVID-19 related inventory costs and other charges[(2)]	(4.1)	—
Restructuring and restructuring related charges, severance and other, net[(3)]	0.1	5.6
Tax impact of adjustments	0.7	(0.8)
Adjusted net income	$ 140.3	$ 162.4
Adjusted net income margin	*10.7 %*	*10.8 %*
Adjusted diluted earnings per share	$ 0.34	$ 0.40

(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) For the three-month period ended February 28, 2021, the net reduction of $4.1 million in COVID-19 related inventory costs and other charges recognized mainly represents reductions in COVID-19 related inventory charges, as a result of reductions in the estimate of adverse fabric purchase commitments, the recoveries of receivables previously estimated to be not collectible, offset by incremental impairment costs incurred in response to the global pandemic.

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

Net Debt and Leverage Ratio:

	February 28, 2021	November 29, 2020
	(Dollars in millions)	
	(Unaudited)	
Most comparable GAAP measure:		
Total debt, excluding capital leases	$ 2,060.0	$ 1,564.3
Non-GAAP measure:		
Total debt, excluding capital leases	$ 2,060.0	$ 1,564.3
Cash and cash equivalents	(1,973.6)	(1,497.2)
Short-term investments in marketable securities	(94.3)	(96.5)
Net debt	$ (7.9)	$ (29.4)

	February 28, 2021	February 23, 2020
	(Dollars in millions)	
	(Unaudited)	
Total debt, excluding capital leases[(1)]	$ 2,060.0	$ 1,013.7
Last Twelve Months Adjusted EBITDA[(2)]	$ 302.9	$ 723.6
Leverage ratio	6.8	1.4

(1) Subsequent to quarter end, on March 4, 2021, proceeds from the 3.50% senior notes due 2031 plus cash on hand were used to redeem $800.0 million of the 5.00% senior notes due 2025.

(2) 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:

	Three Months Ended	
	February 28, 2021	February 23, 2020
	(Dollars in millions)	
	(Unaudited)	
Most comparable GAAP measure:		
Net cash provided by operating activities	$ 69.5	$ 197.9
Net cash used for investing activities	(34.9)	(119.3)
Cash provided by (used for) financing activities	439.7	(138.0)
Non-GAAP measure:		
Net cash provided by operating activities	$ 69.5	$ 197.9
Purchases of property, plant and equipment	(37.0)	(44.4)
Proceeds on settlement of forward foreign exchange contracts not designated for hedge accounting	0.1	(19.3)
Repurchase of common stock	—	(30.1)
Repurchase of shares surrendered for tax withholdings on equity awards	(25.8)	(75.2)
Dividend to stockholders	(16.0)	(31.9)
Adjusted free cash flow	$ (9.2)	$ (3.0)

Constant-Currency Net Revenues:

	Three Months Ended		
	February 28, 2021	February 23, 2020	% Increase (Decrease)
	(Dollars in millions) (Unaudited)		
Total net revenues			
As reported	$ 1,305.6	$ 1,506.1	(13.3)%
Impact of foreign currency exchange rates	—	41.5	*
Constant-currency net revenues	$ 1,305.6	$ 1,547.6	(15.6)%
Americas			
As reported	$ 641.3	$ 745.6	(14.0)%
Impact of foreign currency exchange rates	—	(4.8)	*
Constant-currency net revenues - Americas	$ 641.3	$ 740.8	(13.4)%
Europe			
As reported	$ 429.0	$ 512.9	(16.4)%
Impact of foreign currency exchange rates	—	39.0	*
Constant-currency net revenues - Europe	$ 429.0	$ 551.9	(22.3)%
Asia			
As reported	$ 235.3	$ 247.6	(5.0)%
Impact of foreign currency exchange rates	—	7.3	*
Constant-currency net revenues - Asia	$ 235.3	$ 254.9	(7.7)%

* Not meaningful

Constant-Currency Adjusted EBIT:

	Three Months Ended		
	February 28, 2021	February 23, 2020	% Increase (Decrease)
	(Dollars in millions) (Unaudited)		
Adjusted EBIT[1]	$ 174.0	$ 189.3	(8.1)%
Impact of foreign currency exchange rates	—	12.5	*
Constant-currency Adjusted EBIT	$ 174.0	$ 201.8	(13.8)%
Constant-currency Adjusted EBIT margin[2]	*13.3 %*	*13.0 %*	

(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 and Adjusted Diluted Earnings per Share:

	Three Months Ended		
	February 28, 2021	February 23, 2020	% Increase (Decrease)
	(Dollars in millions, except per share amounts) (Unaudited)		
Adjusted net income [1]	$ 140.3	$ 162.4	(13.6)%
Impact of foreign currency exchange rates	—	11.0	*
Constant-currency Adjusted net income	$ 140.3	$ 173.4	(19.1)%
Constant-currency Adjusted net income margin[2]	*10.7 %*	*11.2 %*	
Adjusted diluted earnings per share	$ 0.34	$ 0.40	(15.0)%
Impact of foreign currency exchange rates	—	0.02	*
Constant-currency Adjusted diluted earnings per share	$ 0.34	$ 0.42	(19.0)%

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

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

* Not meaningful