LEVI STRAUSS & CO.

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

FOR THE THIRD QUARTER OF 2021

The following information relates to non-GAAP financial measures, and should be read in conjunction with the investor call held on October 6, 2021, discussing the company's financial condition and results of operations as of and for the quarter ended August 29, 2021.

Adjusted Gross Profit:

	Three Months Ended		Nine Months Ended	
	August 29, 2021	August 23, 2020	August 29, 2021	August 23, 2020
	(Dollars in millions) (Unaudited)			
Most comparable GAAP measure:				
Gross profit	$ 862.2	$ 577.4	$2,372.4	$1,586.4
Non-GAAP measure:				
Gross profit	$ 862.2	$ 577.4	$2,372.4	$1,586.4
COVID-19 related inventory costs [(1)]	(0.7)	(7.9)	(15.1)	78.7
Adjusted gross profit	$ 861.5	$ 569.5	$2,357.3	$1,665.1
Adjusted gross margin	*57.5 %*	*53.6 %*	*57.8 %*	*54.3 %*

(1) For the three-month and nine-month periods ended August 29, 2021, the reductions in COVID-19 related inventory charges is primarily related to reductions in our estimate of adverse fabric purchase commitments, initially recorded in the second quarter of 2020.

For the three-month period ended August 23, 2020, COVID-19 related inventory charges includes $7.9 million in reductions in COVID-19 related inventory charges, primarily due to reductions in our estimate of adverse fabric purchase commitments, initially recorded in the second quarter of 2020. During the nine-month period ended August 23, 2020, the charges include $48.1 million of incremental inventory reserves and $29.8 million of adverse fabric purchase commitments.

Adjusted SG&A:

	Three Months Ended		Nine Months Ended	
	August 29, 2021	August 23, 2020	August 29, 2021	August 23, 2020
	(Dollars in millions) (Unaudited)			
Most comparable GAAP measure:				
Selling, general and administrative expenses	$ 649.5	$ 484.0	$ 1,861.4	$ 1,695.1
Non-GAAP measure:				
Selling, general and administrative expenses	$ 649.5	$ 484.0	$ 1,861.4	$ 1,695.1
Impact of changes in fair value on cash-settled stock-based compensation	(0.9)	(1.8)	(3.4)	(6.0)
COVID-19 related charges[(1)]	(5.7)	4.1	1.2	(83.9)
Restructuring related charges, severance and other, net[(2)]	(3.2)	(1.1)	(12.3)	(7.8)
Adjusted SG&A	$ 639.7	$ 485.2	$ 1,846.9	$ 1,597.4

(1) For the three-month period ended August 29, 2021, the COVID-19 related charges primarily include impairment charges of certain retail store related assets. For the nine-month period ended August 29, 2021 the COVID-19 related charges primarily include reductions in allowances related to customer receivables partially offset with impairment charges of certain retail store related assets.

For the three-month period ended August 23, 2020, the COVID-19 related charges include a net reduction of $4.1 million primarily related to recoveries of receivables previously estimated to be not collectible, offset by incremental costs incurred in response to the global pandemic. For the nine-month period ended August 23, 2020, the COVID-19 related charges primarily include $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 $21.0 million of charges related to customer receivables.

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

Adjusted EBIT and Adjusted EBITDA:

	Three Months Ended		Nine Months Ended		Twelve Months Ended	
	August 29, 2021	August 23, 2020	August 29, 2021	August 23, 2020	August 29, 2021	August 23, 2020
	(Dollars in millions) (Unaudited)					
Most comparable GAAP measure:						
Net income (loss)	$ 193.3	$ 27.0	$ 400.6	$ (183.8)	$ 457.3	$ (88.0)
Non-GAAP measure:						
Net income (loss)	$ 193.3	$ 27.0	$ 400.6	$ (183.8)	$ 457.3	$ (88.0)
Income tax expense (benefit)	9.7	24.6	12.8	(57.9)	8.1	(35.5)
Interest expense	18.1	28.4	61.4	56.3	87.3	74.5
Other (income) expense, net	(4.8)	12.3	(5.2)	8.3	8.9	3.5
Loss on early extinguishment of debt	—	—	30.3	—	30.3	—
Impact of changes in fair value on cash-settled stock-based compensation[1]	0.9	1.8	3.4	6.0	4.5	14.7
COVID-19 related inventory costs and other charges [2]	5.0	(12.0)	(16.3)	162.6	(19.3)	162.6
Restructuring and restructuring related charges, severance and other, net[3]	(0.4)	2.1	23.4	76.2	46.7	82.2
Adjusted EBIT	$ 221.8	$ 84.2	$ 510.4	$ 67.7	$ 623.8	$ 214.0
Depreciation and amortization[4]	35.5	32.6	105.2	101.0	140.8	134.6
Adjusted EBITDA	$ 257.3	$ 116.8	$ 615.6	$ 168.7	$ 764.6	$ 348.6
Adjusted EBIT margin	*14.8 %*	*7.9 %*	*12.5 %*	*2.2 %*		

(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 August 29, 2021, the COVID-19 related inventory costs and other charges recognized mainly represents impairment charges of certain retail store related assets. For the nine-month period ended August 29, 2021, the net reduction 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 our estimate of adverse fabric purchase commitments and allowances related to customer receivables partially offset with impairment charges of certain retail store related assets.

For the three-month period ended August 23, 2020, the COVID-19 related inventory costs and other charges primarily include $12.0 million of reductions in COVID-19 related inventory charges, as a result of reductions in our estimate of adverse fabric purchase commitments, the recoveries of receivables previously estimated to be not collectible, offset by incremental costs incurred in response to the global pandemic. For the nine-month period ended August 23, 2020, the COVID-19 related inventory costs and other charges primarily include $48.1 million of incremental inventory reserves, $29.8 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 $21.0 million of charges related to customer receivables.

(3) Other charges included in restructuring and restructuring related charges, severance and other, net include charges related to an international customs audit, transaction and deal related costs, 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		Nine Months Ended	
	August 29, 2021	August 23, 2020	August 29, 2021	August 23, 2020
	(Dollars in millions, except per share amounts) (Unaudited)			
Most comparable GAAP measure:				
Net income (loss)	$ 193.3	$ 27.0	$ 400.6	$ (183.8)
Non-GAAP measure:				
Net income (loss)	$ 193.3	$ 27.0	$ 400.6	$ (183.8)
Impact of changes in fair value on cash-settled stock-based compensation[(1)]	0.9	1.8	3.4	6.0
Loss on early extinguishment of debt	—	—	30.3	—
COVID-19 related inventory costs and other charges[(2)]	5.0	(12.0)	(16.3)	162.6
Restructuring and restructuring related charges, severance and other, net[(3)]	(0.4)	2.1	23.4	76.2
Tax impact of adjustments	(1.4)	12.4	(10.2)	(58.7)
Adjusted net income	$ 197.4	$ 31.3	$ 431.2	$ 2.3
Adjusted net income margin	*13.2 %*	*2.9 %*	*10.6 %*	*0.1 %*
Adjusted diluted earnings per share	$ 0.48	$ 0.08	$ 1.05	$ 0.01

(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 August 29, 2021, the COVID-19 related inventory costs and other charges recognized mainly represents impairment charges of certain retail store related assets. For the nine-month period ended August 29, 2021, the net reduction 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 our estimate of adverse fabric purchase commitments and allowances related to customer receivables partially offset with impairment charges of certain retail store related assets.

For the three-month period ended August 23, 2020, the COVID-19 related inventory costs and other charges primarily include $12.0 million reductions in COVID-19 related inventory charges, as a result of reductions in our estimate of adverse fabric purchase commitments, the recoveries of receivables previously estimated to be not collectible, offset by incremental costs incurred in response to the global pandemic. For the nine-month period ended August 23, 2020, the COVID-19 related inventory costs and other charges primarily include $48.1 million of incremental inventory reserves, $29.8 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 $21.0 million of charges related to customer receivables.

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

Net Debt and Leverage Ratio:

	August 29, 2021	November 29, 2020
	(Dollars in millions) (Unaudited)	
Most comparable GAAP measure:		
Total debt, excluding capital leases	$ 1,250.8	$ 1,564.3
Non-GAAP measure:		
Total debt, excluding capital leases	$ 1,250.8	$ 1,564.3
Cash and cash equivalents	(1,376.6)	(1,497.2)
Short-term investments in marketable securities	(95.5)	(96.5)
Net debt	$ (221.3)	$ (29.4)

	August 29, 2021	August 23, 2020
	(Dollars in millions) (Unaudited)	
Total debt, excluding capital leases	$ 1,250.8	$ 1,567.2
Last Twelve Months Adjusted EBITDA[(1)]	$ 764.6	$ 348.6
Leverage ratio	1.6	4.5

(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:

	Three Months Ended		Nine Months Ended	
	August 29, 2021	August 23, 2020	August 29, 2021	August 23, 2020
	(Dollars in millions) (Unaudited)		(Dollars in millions) (Unaudited)	
Most comparable GAAP measure:				
Net cash provided by operating activities	$ 250.9	$ 199.5	$ 498.9	$ 240.9
Net cash used for investing activities	(57.3)	(10.1)	(127.7)	(117.7)
Net cash (used for) provided by financing activities	(36.5)	(287.1)	(489.6)	302.5
Non-GAAP measure:				
Net cash provided by operating activities	$ 250.9	$ 199.5	$ 498.9	$ 240.9
Purchases of property, plant and equipment	(40.9)	(14.3)	(108.4)	(89.5)
(Payments) proceeds on settlement of forward foreign exchange contracts not designated for hedge accounting	(14.2)	2.5	(18.5)	17.6
Repurchase of common stock	—	—	—	(56.2)
Repurchase of shares surrendered for tax withholdings on equity awards	(3.3)	(4.3)	(79.7)	(79.9)
Dividend to stockholders	(32.2)	—	(72.3)	(63.6)
Adjusted free cash flow	$ 160.3	$ 183.4	$ 220.0	$ (30.7)

Constant-Currency:

We calculate constant-currency amounts by translating local currency amounts in the comparison period at actual foreign exchange rates for the current period. Due to the significant impact of COVID-19 on our prior year figures, we have included comparisons to the same period in 2019 for additional context.

The table below sets forth the calculation of net revenues for each of our regional operating segments on a constant-currency basis for the prior-year comparison periods applicable to the three-month and nine-month periods ended August 29, 2021:

	Three Months Ended			Nine Months Ended		
	August 29, 2021	August 23, 2020	% Increase (Decrease)	August 29, 2021	August 23, 2020	% Increase (Decrease)
	(Dollars in millions) (Unaudited)					
Total net revenues						
As reported	$ 1,497.6	$ 1,063.1	40.9 %	$ 4,079.2	$ 3,066.8	33.0 %
Impact of foreign currency exchange rates	—	21.8	*	—	81.2	*
Constant-currency net revenues	$ 1,497.6	$ 1,084.9	38.0 %	$ 4,079.2	$ 3,148.0	29.6 %
Americas						
As reported	$ 838.0	$ 549.8	52.4 %	$ 2,194.3	$ 1,578.1	39.0 %
Impact of foreign currency exchange rates	—	6.7	*	—	4.8	*
Constant-currency net revenues - Americas	$ 838.0	$ 556.5	50.6 %	$ 2,194.3	$ 1,582.9	38.6 %
Europe						
As reported	$ 494.5	$ 390.4	26.7 %	$ 1,288.9	$ 1,032.4	24.8 %
Impact of foreign currency exchange rates	—	10.1	*	—	58.0	*
Constant-currency net revenues - Europe	$ 494.5	$ 400.5	23.5 %	$ 1,288.9	$ 1,090.4	18.2 %
Asia						
As reported	$ 165.1	$ 122.9	34.3 %	$ 596.0	$ 456.3	30.6 %
Impact of foreign currency exchange rates	—	5.0	*	—	18.4	*
Constant-currency net revenues - Asia	$ 165.1	$ 127.9	29.1 %	$ 596.0	$ 474.7	25.6 %

* Not meaningful

The table below sets forth the calculation of net revenues for each of our regional operating segments on a constant-currency basis for the 2019 comparison periods applicable to the three-month and nine-month periods ended August 29, 2021:

	Three Months Ended			Nine Months Ended		
	August 29, 2021	August 25, 2019	% Increase (Decrease)	August 29, 2021	August 25, 2019	% Increase (Decrease)
	(Dollars in millions) (Unaudited)					
Total net revenues						
As reported	$ 1,497.6	$ 1,447.1	3.5 %	$ 4,079.2	$ 4,194.5	(2.7)%
Impact of foreign currency exchange rates	—	15.5	*	—	56.8	*
Constant-currency net revenues	$ 1,497.6	$ 1,462.6	2.4 %	$ 4,079.2	$ 4,251.3	(4.0)%
Americas						
As reported	$ 838.0	$ 770.8	8.7 %	$ 2,194.3	$ 2,180.8	0.6 %
Impact of foreign currency exchange rates	—	(3.9)	*	—	(13.1)	*
Constant-currency net revenues - Americas	$ 838.0	$ 766.9	9.3 %	$ 2,194.3	$ 2,167.7	1.2 %
Europe						
As reported	$ 494.5	$ 463.3	6.7 %	$ 1,288.9	$ 1,326.3	(2.8)%
Impact of foreign currency exchange rates	—	17.8	*	—	59.1	*
Constant-currency net revenues - Europe	$ 494.5	$ 481.1	2.8 %	$ 1,288.9	$ 1,385.4	(7.0)%
Asia						
As reported	$ 165.1	$ 213.0	(22.5)%	$ 596.0	$ 687.4	(13.3)%
Impact of foreign currency exchange rates	—	1.6	*	—	10.8	*
Constant-currency net revenues - Asia	$ 165.1	$ 214.6	(23.1)%	$ 596.0	$ 698.2	(14.6)%

* Not meaningful

Constant-Currency Adjusted EBIT:

	Three Months Ended			Nine Months Ended		
	August 29, 2021	August 23, 2020	% Increase (Decrease)	August 29, 2021	August 23, 2020	% Increase (Decrease)
	(Dollars in millions) (Unaudited)					
Adjusted EBIT[1]	$ 221.8	$ 84.2	163.4 %	$ 510.4	$ 67.7	*
Impact of foreign currency exchange rates	—	1.8	*	—	2.4	*
Constant-currency Adjusted EBIT	$ 221.8	$ 86.0	157.9 %	$ 510.4	$ 70.1	*
Constant-currency Adjusted EBIT margin[2]	*14.8 %*	*7.9 %*		*12.5 %*	*2.2 %*	

(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			Nine Months Ended		
	August 29, 2021	August 23, 2020	% Increase (Decrease)	August 29, 2021	August 23, 2020	% Increase (Decrease)
	(Dollars in millions, except per share amounts) (Unaudited)					
Adjusted net income [1]	$ 197.4	$ 31.3	*	$431.2	$ 2.3	*
Impact of foreign currency exchange rates	—	(0.3)	*	—	3.0	*
Constant-currency Adjusted net income	$ 197.4	$ 31.0	*	$431.2	$ 5.3	*
Constant-currency Adjusted net income margin[2]	*13.2 %*	*2.9 %*		*10.6 %*	*0.2 %*	
Adjusted diluted earnings per share	$ 0.48	$ 0.08	*	$ 1.05	$ 0.01	*
Impact of foreign currency exchange rates	—	—	*	—	—	*
Constant-currency Adjusted diluted earnings per share	$ 0.48	$ 0.08	*	$ 1.05	$ 0.01	*

(1) Adjusted net income is reconciled from net income (loss) 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