

LEVI STRAUSS & CO.

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INVESTOR  
DAY · 2022

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## SAFE HARBOR

Our presentation today contains forward-looking statements. We have based these statements on our current assumptions, expectations and projections. These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ. For information on these risks and uncertainties, please see our Annual Report on Form 10-K for fiscal year 2021 and our Quarterly Report on Form 10-Q for the first fiscal quarter of 2022, in particular the “Risk Factors” sections.

Our discussion today will also include certain non-GAAP financial measures. For information on these non-GAAP financial measures, please see the “Reconciliation of GAAP to Non-GAAP” section at the end of this presentation. A reconciliation of non-GAAP forward looking information to the corresponding GAAP measures cannot be provided without unreasonable efforts due to the challenge in quantifying various items including but not limited to, the effects of foreign currency fluctuations, taxes, and any future restructuring, restructuring-related, severance and other charges.

LEVI STRAUSS & CO.

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CEO  
KEYNOTE SPEECH

Chip Bergh  
President & Chief Executive Officer





President & Chief Executive Officer

# CHIP BERGH



# OUR ASPIRATION

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BE THE WORLD'S  
BEST APPAREL  
COMPANY, FAMOUS  
FOR OUR BRANDS  
AND VALUES

**OUR  
MISSION**

**DELIVER PROFITS THROUGH  
PRINCIPLES TO MAKE AN  
OUTSIZED IMPACT ON THE WORLD**



# ACCELERATING LEVI STRAUSS & CO.

## WHERE TO PLAY



Brand Led



DTC First



Diversify the Portfolio

## HOW TO WIN

Digital Transformation

Operational Excellence

Financial Discipline

## GROWTH

Net revenue +6-8% annually

## PROFITABILITY

Adjusted EBIT ~15% by 2027E

## SHAREHOLDER VALUE

+10-12% annually

# OUR COMPETITIVE STRENGTHS

## 1. ICONIC BRANDS



Brands with deep heritage, superior product quality and a culture of innovation

## 2. LOYAL CONSUMERS



Strong connections with consumers around the globe

## 3. DIVERSIFIED BUSINESS



Robust, diversified business model across regions, channels and categories

## 4. GLOBAL SCALE



Multi-country, diversified sourcing base

## 5. PROFITS THROUGH PRINCIPLES



Values-driven company with an unwavering commitment to corporate citizenship

## 6. STRONG LEADERSHIP



Proven management team with a track record of success

# OUR LEADERSHIP TEAM



**Chip Bergh**  
President &  
Chief Executive Officer

~11 YEARS AT LS&CO.



**Santiago Cucci**  
Chief Executive Officer of  
Dockers® Brand

~9 YEARS AT LS&CO.



**Seth Ellison**  
Executive Vice President &  
Chief Commercial Officer

~10 YEARS AT LS&CO.



**Karyn Hillman**  
Senior Vice President &  
Chief Product Officer

~9 YEARS AT LS&CO.



**Seth Jaffe**  
Executive Vice President &  
General Counsel

~11 YEARS AT LS&CO.



**Tracy Layney**  
Senior Vice President & Chief  
Human Resources Officer

~2 YEARS AT LS&CO.



**Heidi Manes**  
Senior Vice President &  
Chief Transformation Officer

~20 YEARS AT LS&CO.



**Kelly McGinnis**  
Senior Vice President &  
Chief Communications Officer

~9 YEARS AT LS&CO.



**Liz O'Neill**  
Executive Vice President &  
Chief Operations Officer

~9 YEARS AT LS&CO.



**Harmit Singh**  
Chief Financial Officer

~9 YEARS AT LS&CO.



**Michelle Wahler**  
Chief Executive Officer &  
Co-Founder of Beyond Yoga®

<1 YEAR AT LS&CO.



**Katia Walsh**  
Senior Vice President &  
Chief Strategy and Artificial  
Intelligence Officer

~3 YEARS AT LS&CO.

# OUR PRESENTERS



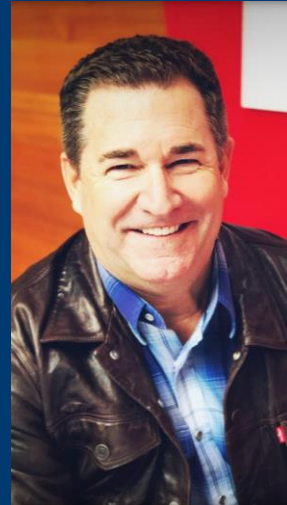
**Chip Bergh**  
President & Chief Executive Officer

PRIOR EXPERIENCE  
**P&G**



**Santiago Cucci**  
Chief Executive Officer of Dockers® Brand

PRIOR EXPERIENCE  
**KAPORAL**  
TOMMY HILFINGER 



**Seth Ellison**  
Executive Vice President & Chief Commercial Officer

PRIOR EXPERIENCE  
 ALTERNATIVE  
   
PERRY ELLIS®



**Karyn Hillman**  
Senior Vice President & Chief Product Officer

PRIOR EXPERIENCE  
Gap Inc.  
Calvin Klein Jeans



**Liz O'Neill**  
Executive Vice President & Chief Operations Officer

PRIOR EXPERIENCE  
Gap Inc.   
Abercrombie & Fitch



**Harmit Singh**  
Chief Financial Officer

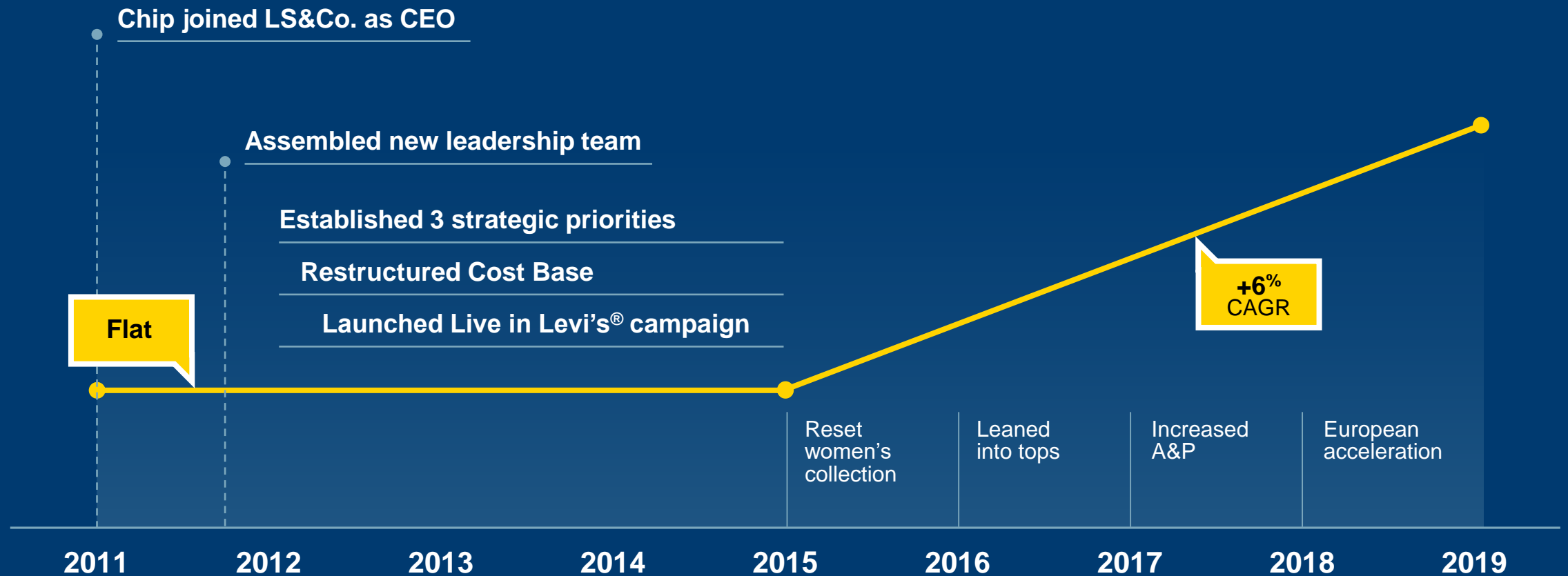
PRIOR EXPERIENCE  
**HYATT®** 



**Michelle Wahler**  
Chief Executive Officer & Co-Founder of Beyond Yoga®

PRIOR EXPERIENCE  
BEYOND YOGA 

# EXECUTION OF OUR PRIOR PLAN ACCELERATED GROWTH



# TRANSFORMATION STRATEGIC PRIORITIES

GROW THE PROFITABLE CORE



EXPAND FOR MORE



WORLD CLASS  
OMNI-CHANNEL RETAILER



# EXECUTION OF OUR PLAN HAS **TRANSFORMED OUR BUSINESS**

FY11 % OF NET REVENUE

FY21 % OF NET REVENUE



Direct-to-Consumer (DTC)

22%

36%



Ecommerce

2%

8%



International

50%

55%



Women's

26%

33%







Tops

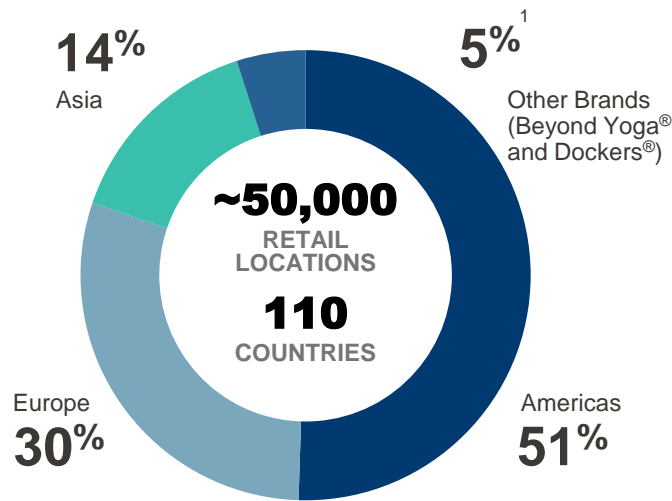
10%

20%

# EXECUTION OF OUR PLAN HAS **TRANSFORMED OUR FINANCIALS**

	FY11	FY21
 Net revenue	\$4.8B	\$5.8B
 Adjusted gross margin	48.1%	57.9%
 Adjusted EBIT margin	8.5%	12.4%
 Net debt	\$1.8B	\$0.1B

# 2021: SNAPSHOT OF OUR BUSINESS TODAY



NET REVENUES **\$5.8B**



**65%<sup>2</sup>**  
MEN'S



**33%<sup>2</sup>**  
WOMEN'S



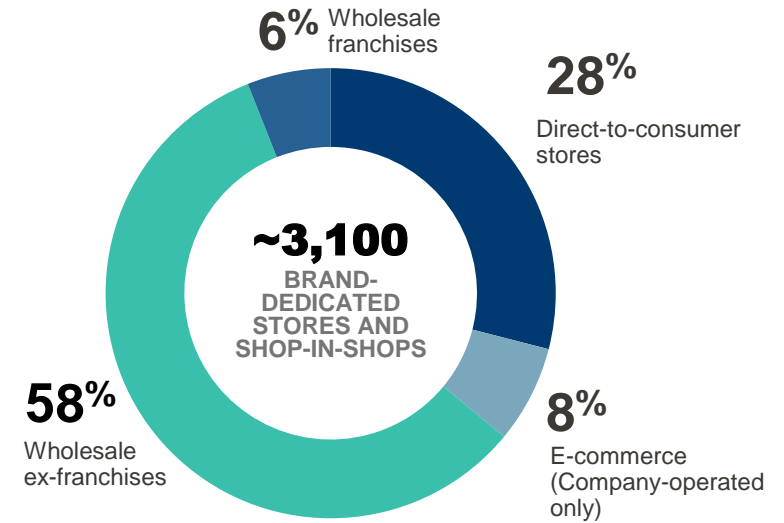
**75%**  
BOTTOMS



**20%**  
TOPS



**5%**  
FOOTWEAR AND ACCESSORIES



**Levi's®** **87%**

**DOCKERS** **5%**

**DENIZEN**  
FROM  
**Levi's**  
**SIGNATURE**  
„LEVI STRAUSS“ **8%**

BEYOND YOGA

1. Percentages are of total net revenues in 2021. Other numbers are for or as of the end of 2021 2. Approximately 2% of sales are non-gender

# OUR 2022-2027 BUSINESS STRATEGIES

## BRAND LED



## DTC FIRST



## DIVERSIFY THE PORTFOLIO





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**BRAND LED**  
**LEVI'S®**  
**BRAND MORE**  
**RELEVANT**  
**THAN EVER**

**#1** Market share gainer in 2021<sup>1</sup>

**#1** Unaided apparel brand awareness<sup>2</sup>



LEVI STRAUSS & CO.

1. Euromonitor  
2. Global Brand Equity Study Q1 2022

# LARGE, GROWING AND ATTRACTIVE CATEGORY

GLOBAL APPAREL AND ACCESSORIES MARKET (at retail)

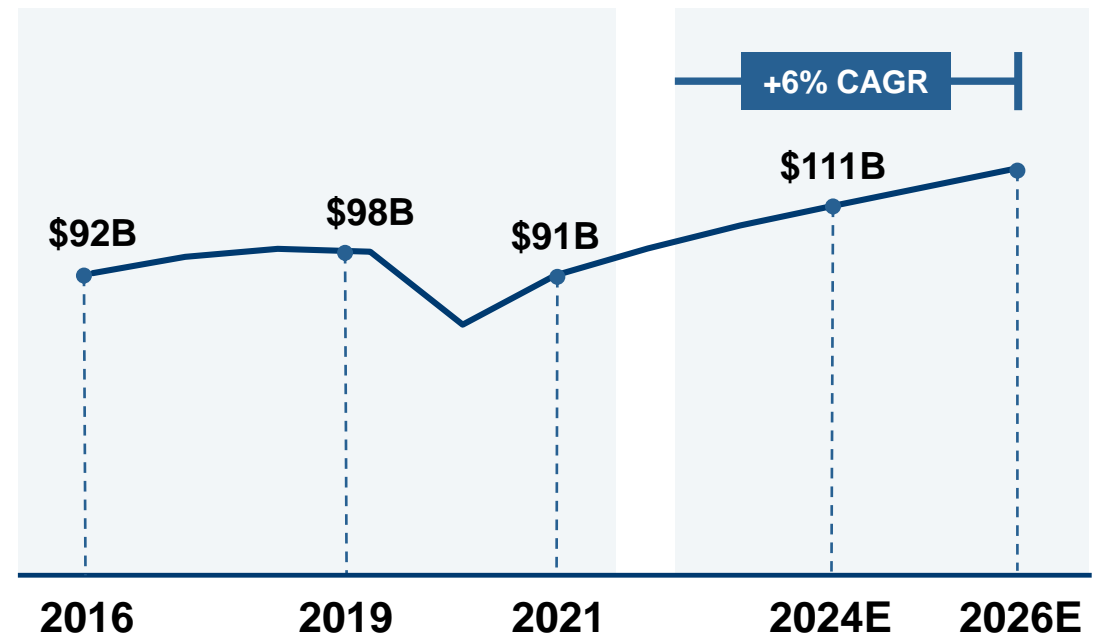
\$1.6T

\$100B

GLOBAL JEANS MARKET (at retail)

Levi's®  
\$6B

## GLOBAL JEANS MARKET



Source: Euromonitor market sizes, 2022E at left; Levi's brand is FY22E net revenue

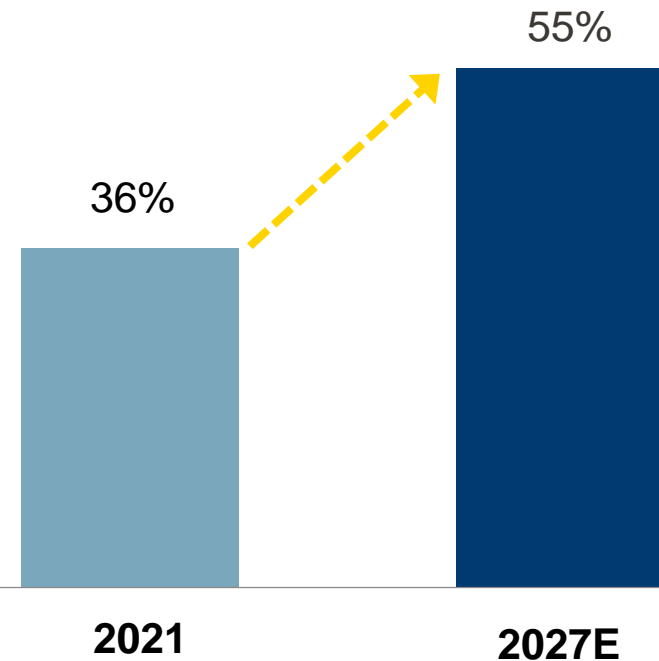
**DTC FIRST**  
**GROWING**  
**DTC WHILE**  
**EXPANDING**  
**PROFITABILITY**

**PLAN TO GROW**  
**DTC TO**

**55%**

**OF NET REVENUE**  
**BY 2027E**

**DTC AS A % OF NET REVENUE**



# BRICK-AND-MORTAR DTC



# ECOMMERCE DTC



# EVOLVED, MORE PROFITABLE WHOLESALE



Healthier, structurally improved profitability



More premium, digital, and high-quality distribution



Less off-price and traditional brick-and-mortar

# DIVERSIFIED PORTFOLIO CAPTURING UNDERPENETRATED OPPORTUNITIES



Women's 2X



Tops +\$1B



Diversifying geographically



Other brands



# EXECUTION WILL DRIVE OUR SUCCESS – HOW WE WILL WIN

## DIGITAL TRANSFORMATION



## OPERATIONAL EXCELLENCE



## FINANCIAL DISCIPLINE



# DIGITAL TRANSFORMATION

# PROFITS THROUGH PRINCIPLES



**GIVING BACK  
TO OUR  
COMMUNITIES**



**ADVOCATING  
FOR WHAT'S  
RIGHT**



**SOCIAL &  
ENVIRONMENTAL  
SUSTAINABILITY**

# INVESTMENT THESIS

## 1. ICONIC BRANDS



Brands with deep heritage, superior product quality and a culture of innovation

## 2. ATTRACTIVE CATEGORIES



Large and growing categories with secular tailwinds

## 3. GLOBAL SCALE



Multi-country, diversified sourcing base

## 4. DIVERSIFIED BUSINESS



Robust, diversified business model across regions, channels and categories

## 5. STRONG FINANCIALS



Solid financial foundation with a strategy to accelerate profitable growth

## 6. PROVEN LEADERSHIP



Strong management team with a track record of success

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LEVI'S®  
BRAND

Karyn Hillman  
Senior Vice President &  
Chief Product Officer



Senior Vice President &  
Chief Product Officer

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# KARYN HILLMAN



# OUR VISION

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WE WILL BE THE  
**MOST LOVED**  
AND RELEVANT  
LIFESTYLE BRAND.



# OUR PROMISE

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TO UNLEASH AND  
INSPIRE “AUTHENTIC  
SELF” EXPRESSION  
EVERY DAY

A man and a woman are standing in a dark, industrial-style setting. The woman on the left is wearing a denim jacket over a white t-shirt and light blue jeans, with her arms outstretched. The man on the right is wearing a beige tank top, light-colored shorts, and a chain necklace, also with his arms outstretched. Both are balancing on a white soccer ball. The background is a dark brick wall with a window on the left.

**THE LEVI'S®  
BRAND IS THE  
STRONGEST  
IT'S EVER BEEN**

**#1** UNAIDED  
APPAREL BRAND  
AWARENESS<sup>1</sup>

**#1** GLOBAL JEANS  
BRAND<sup>2</sup>

**#1** DENIM AUTHORITY,  
QUALITY  
TRENDSETTING,  
FIT AND COMFORT<sup>1</sup>

1. Global Brand Equity Study, Q1 2022  
2. Euromonitor, 2021

# MEN'S JEANS MARKET SHARE GLOBAL LEADER

SHARE  
RANK

GLOBALLY



#1<sup>1</sup>



#1<sup>2</sup>



#1<sup>1</sup>



#1<sup>2</sup>



#1<sup>1</sup>



#1<sup>3</sup>



#2<sup>3</sup>



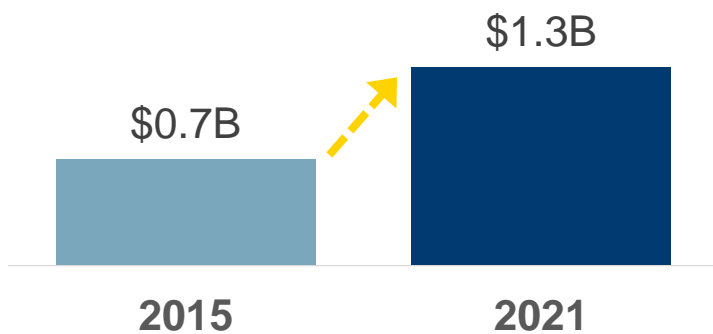
#1<sup>3</sup>



Source: 1) Euromonitor 2021, 2) NPD 12ME, Feb. '22, 3) GFK/Kantar Fashion Panel 12ME Feb. '22

# WE RESET WOMEN'S AND DOUBLED NET REVENUE

NET REVENUE



**2X** WOMEN'S  
DENIM

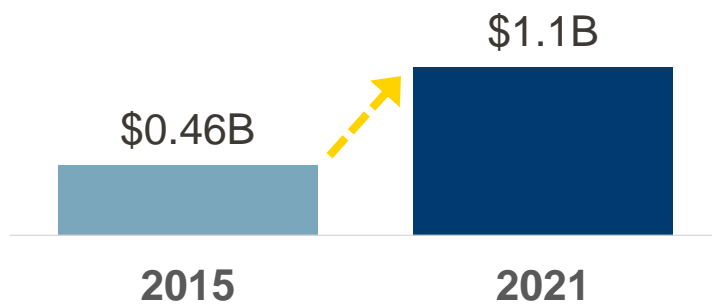


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OVER THE LAST  
6 YEARS, WE  
**DOUBLED  
TOPS**

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NET REVENUE



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**2X** TOPS



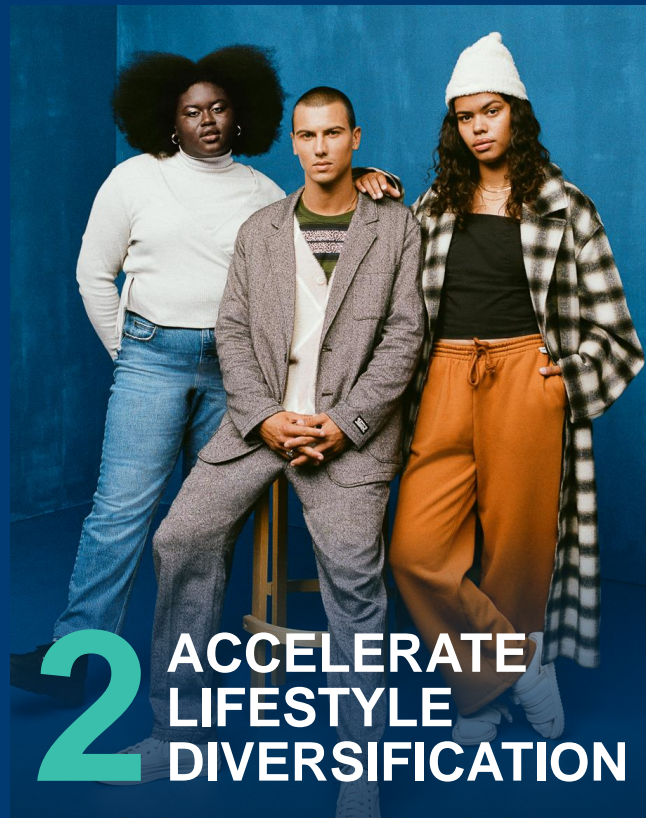
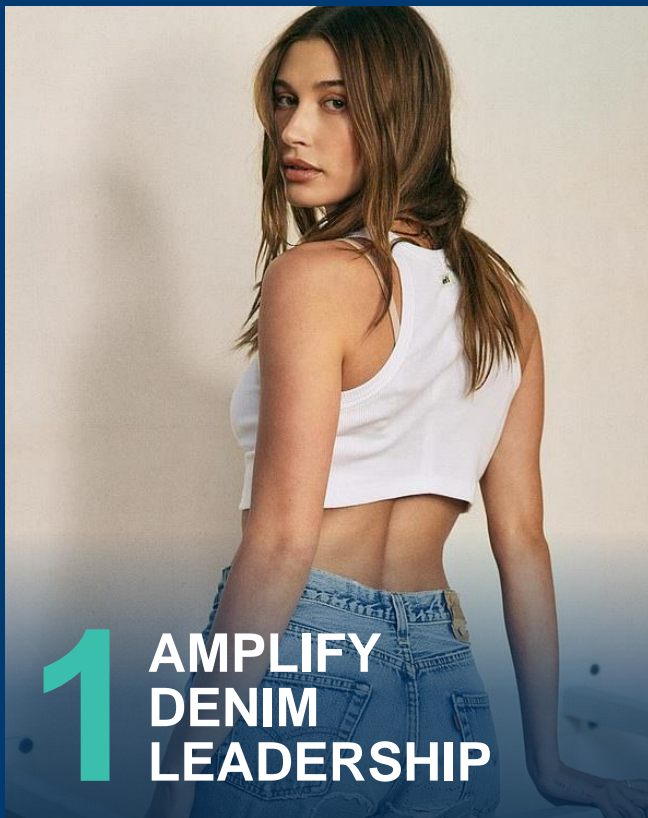
# WE GAINED WITH YOUNGER CONSUMERS

WITH CONSUMERS  
18-30, WE INCREASED:

- BRAND AWARENESS
- OWNERSHIP
- BRAND RECOMMENDATION



# OUR STRATEGY WILL UNLOCK THE NEXT PHASE OF GROWTH



1

**AMPLIFY  
DENIM  
LEADERSHIP**

**THROUGH BEST-IN-CLASS  
FIT, FABRIC, STYLE AND  
INNOVATION**



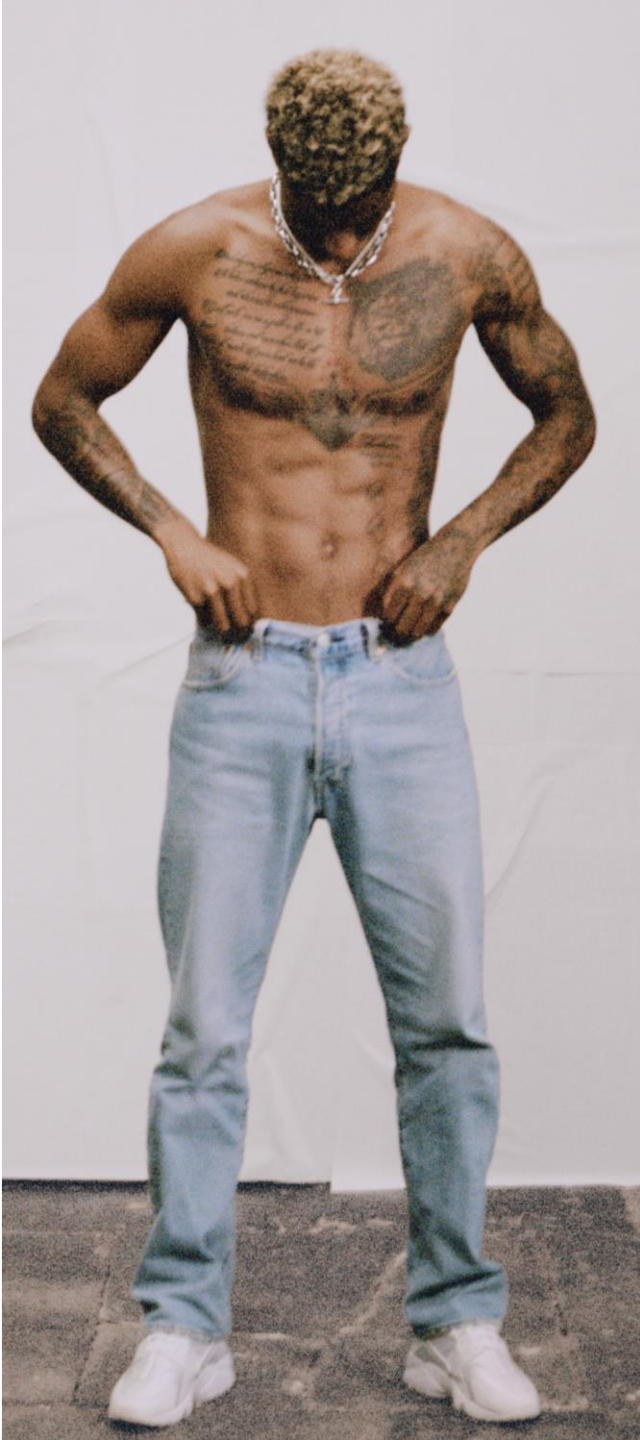










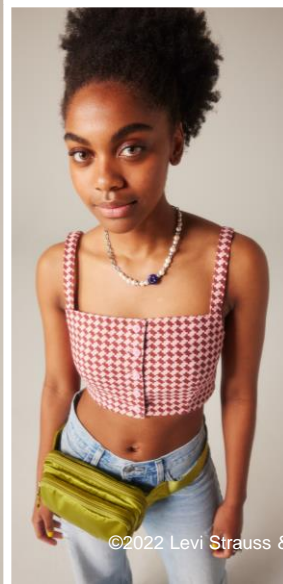


# 2

## ACCELERATE LIFESTYLE DIVERSIFICATION

- TOPS
- NON-DENIM BOTTOMS

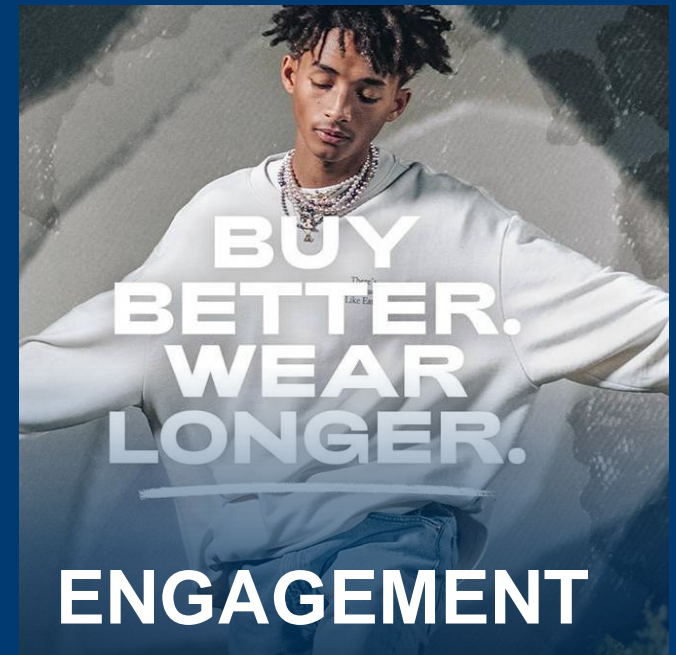




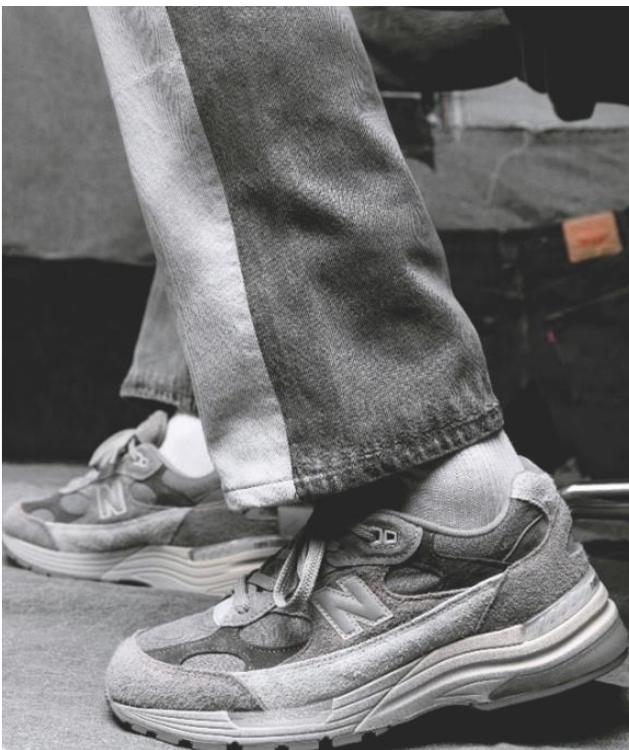


# 3

## ACTIVATE BRAND HEAT



WE COLLABORATE WITH  
**LEADING BRANDS, ARTISTS  
AND CULTURAL ICONS**



WE CREATE  
**IMMERSIVE  
EXPERIENCES,**  
LEADING WITH MUSIC



Levi's®

MUSIC PROJECT

Levi's®

**KHALID**

# WE AUTHENTICALLY CONNECT WITH OUR FANS THROUGH OUR VALUES



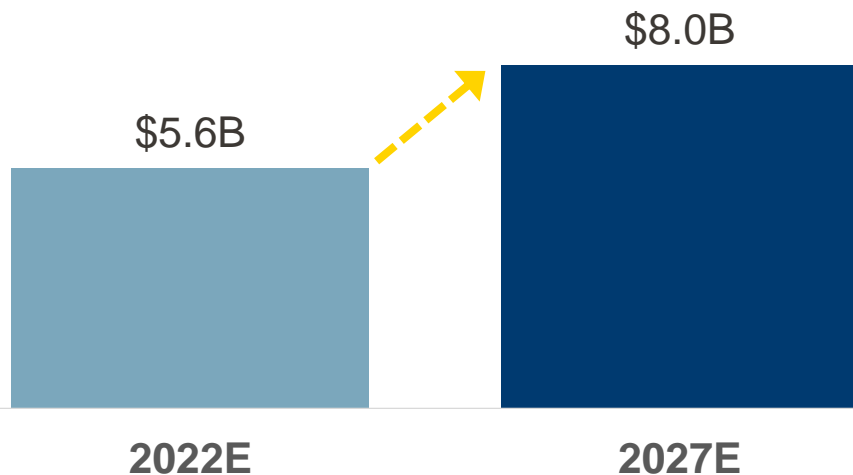
**EQUALITY AND  
INCLUSION**



**SUSTAINABILITY**

# STRONG RUNWAY FOR GROWTH

LEVI'S® BRAND GLOBAL NET REVENUE



**7%** CAGR

Note: 2022E represents the midpoint of our estimate for Levi's® Brand net revenue in USD billions. This does not include Signature by Levi Strauss & Co.™ and Denizen®.

LEVI STRAUSS & CO.

**1** AMPLIFY DENIM LEADERSHIP

**2** ACCELERATE LIFESTYLE DIVERSIFICATION

**3** ACTIVATE BRAND HEAT

LEVI STRAUSS & CO.

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LEVI'S® DIRECT-TO-CONSUMER  
ACCELERATION

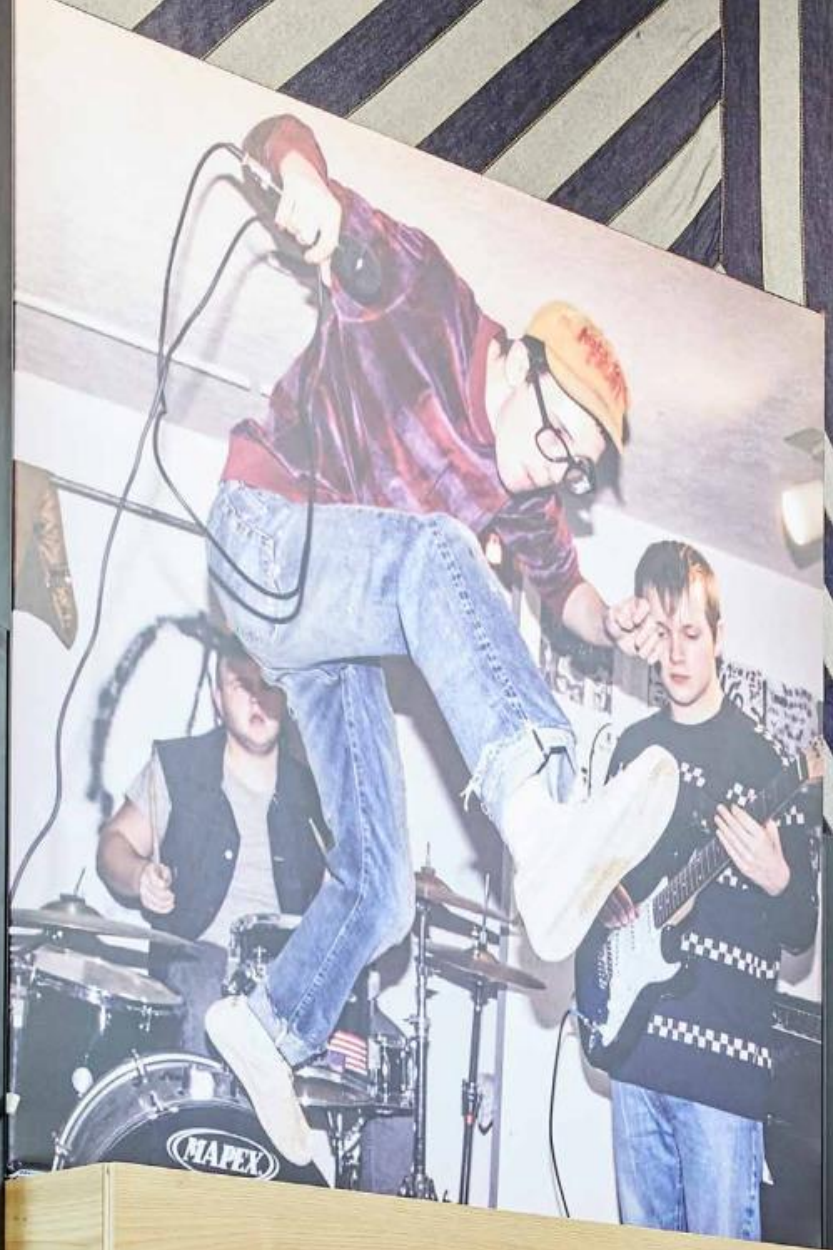
Seth Ellison  
Executive Vice President &  
Chief Commercial Officer



Executive Vice President &  
Chief Commercial Officer

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# SETH ELLISON



**LEVI'S**  
VINTAGE CLOTHING



# JOURNEY TO TODAY

**WE HAVE CLEAR**  
**PRIORITIES**  
**FUELED BY TALENT, THE LEVI'S® BRAND,**  
**DATA, ANALYTICS, AND DIGITIZATION**



Continue to expand and elevate our footprint globally



Increase the productivity of our fleet



Accelerate e-commerce with Levi.com as our flagship experience

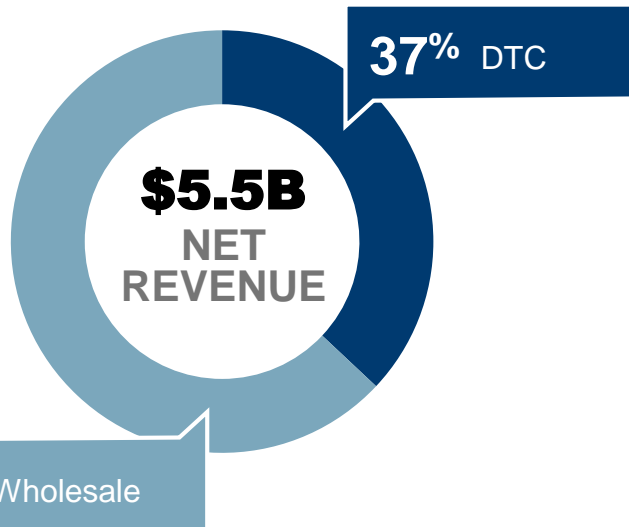


Engage and grow with our loyal fans

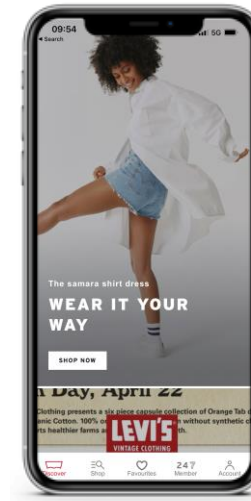


# LEVI'S® BRANDS DTC OVERVIEW FY21

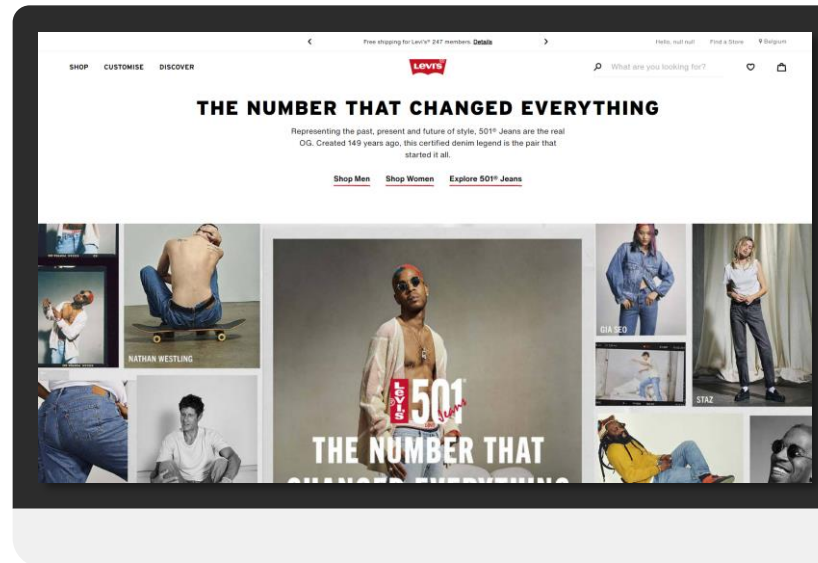
**\$2B** DTC NET REVENUE



**>1,000**  
COMPANY-OPERATED STORES



**~19M**  
MEMBERS



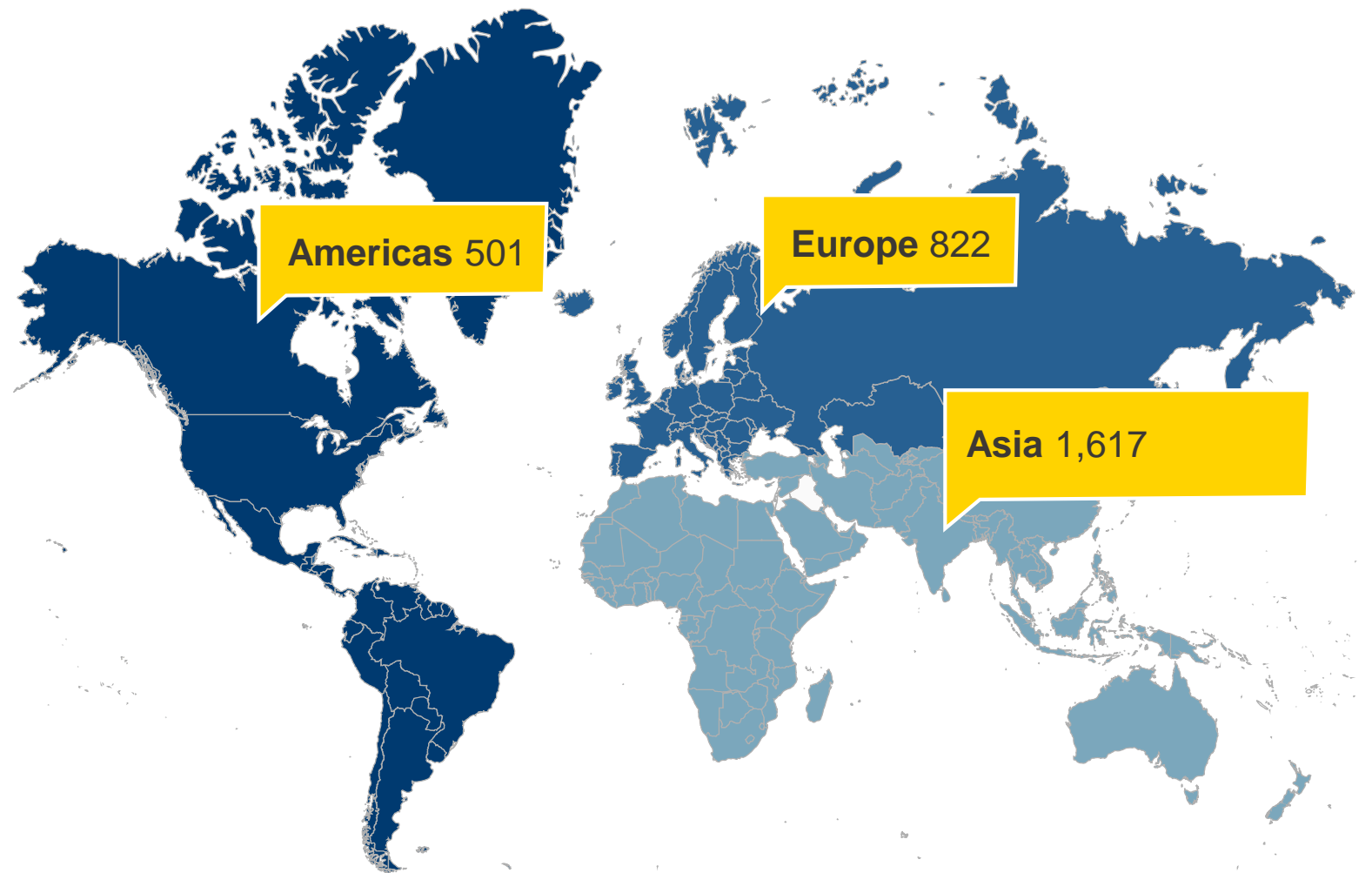
**\$0.4B**  
ECOMMERCE  
NET REVENUE



**8%**  
ECOMMERCE %  
OF NET REVENUE

WE HAVE BECOME A  
**SIZEABLE,  
GLOBAL,  
BRICK-  
AND-  
MORTAR  
RETAILER**

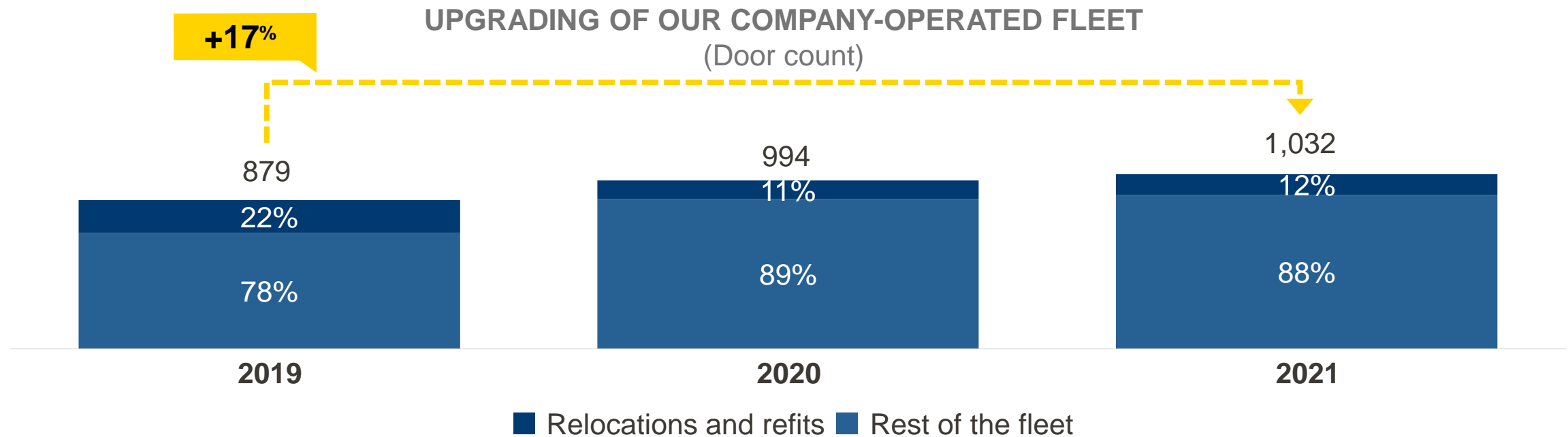
**2,940** LEVI'S® BRAND  
STORES AS OF  
2021YE



- Americas
- Europe
- Asia

BUSINESS MODEL	STORE COUNT
DTC company-operated	1,032
DTC shop-in-shops	465
Wholesale franchises	1,443

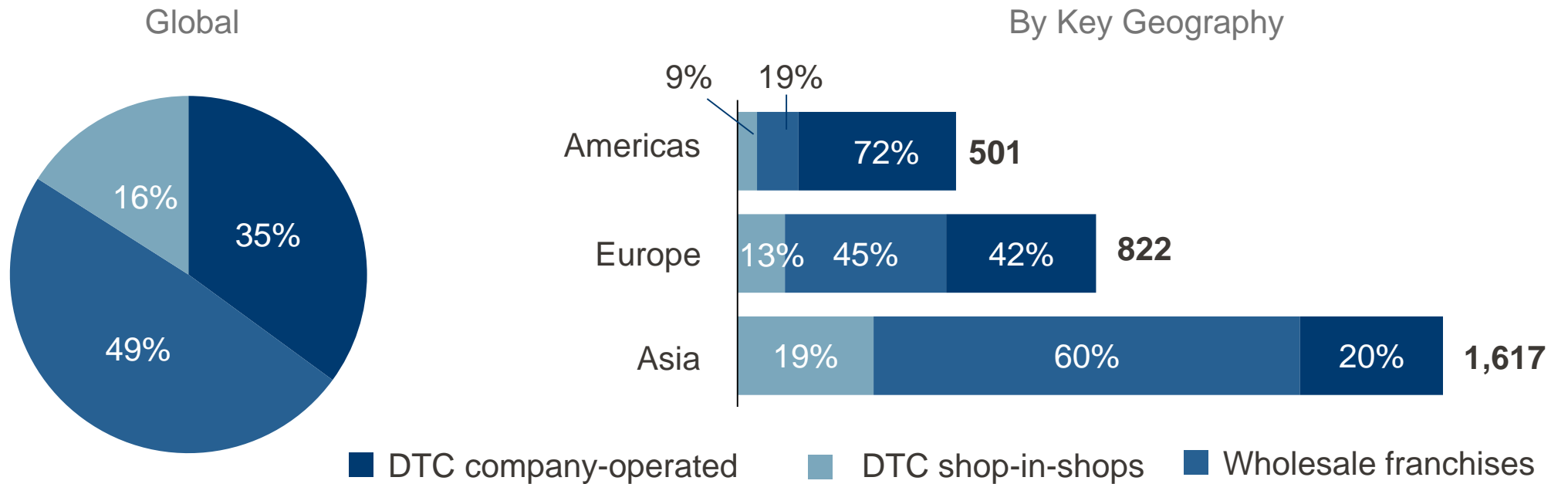
EVEN WITH A PANDEMIC, WE HAVE BEEN STRENGTHENING  
**OUR COMPANY-OPERATED FLEET,**  
 PRUNING WEAK LOCATIONS, AND DOUBLING DOWN  
 ON OUR BEST OPPORTUNITIES



Data reflects actuals for openings, closings and refits. Refits estimated

# OUR BRAND-DEDICATED FLEET'S DIFFERENT BUSINESS MODELS ALLOW US TO GROW EFFICIENTLY AND DRIVE LEVERAGE IN EACH MARKET

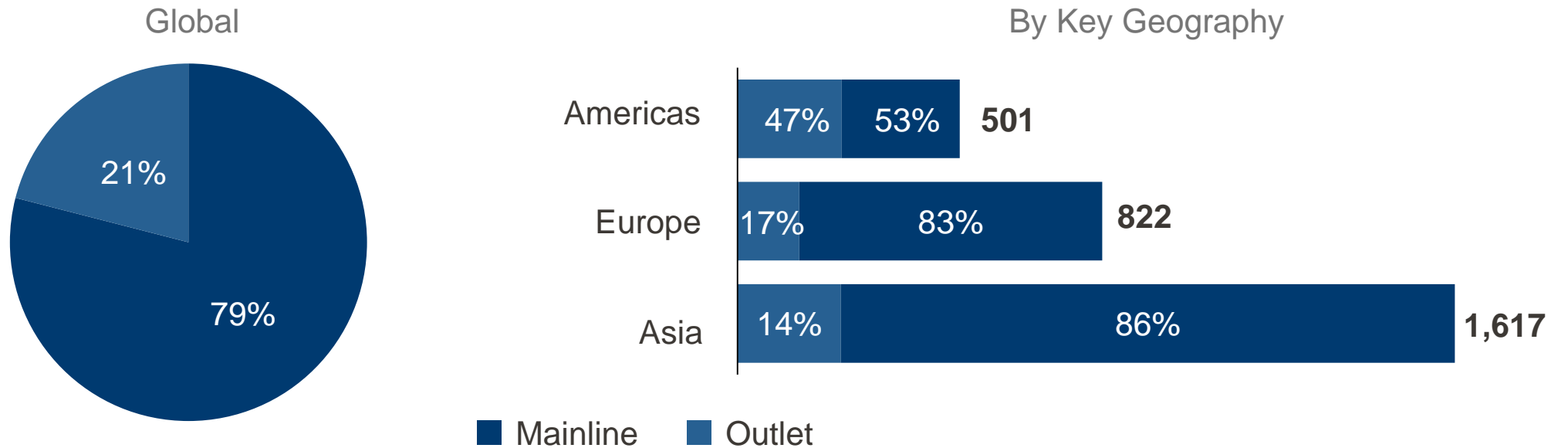
FLEET BREAKDOWN BY BUSINESS MODEL, FY21YE



**GLOBALLY, 79% OF OUR LEVI'S® BRAND-DEDICATED DOORS ARE MAINLINE STORES**

# THE STRONGEST REPRESENTATION OF OUR BRAND

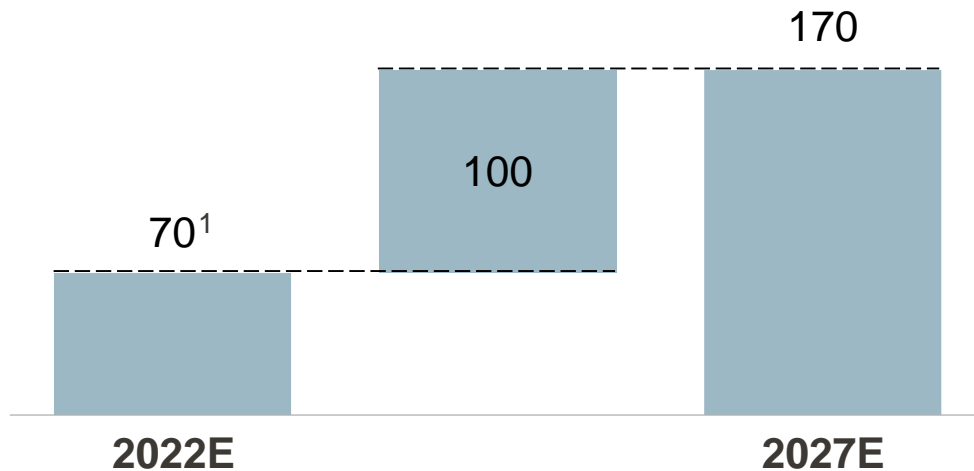
FLEET BREAKDOWN BY BUSINESS LINE, FY21YE



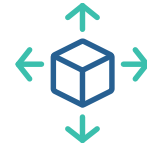
Our Levi's® brand-dedicated stores include stores and shop-in-shops operated by LS&Co. or independent third-parties, such as franchisees

# US MAINLINE EXPANSION HAS ALREADY STARTED AND WILL BECOME **A KEY GROWTH-DRIVER** OVER THE NEXT SEVERAL YEARS

COMPANY-OPERATED MAINLINE  
STORES, FY22E-FY27E



**Expand outside of tourist destinations** and capitalize on **new whitespace**



Drive mainline expansion to **elevate the brand and price points** in our largest market



**Elevate in-store** experience and assortment



**Expand our fleet**, adapting to market opportunities, keeping the fleet **agile and profitable**

# OUR CHINA STRATEGY PRIORITIZES PREMIUMIZATION, FOOTPRINT EXPANSION AND DIGITAL COMMERCE

- Win the affluent and upper middle class with a premium proposition
- Leverage the best of the global brand while scaling tops via the local product engine
- Double-down on digital capabilities to drive DTC integration and omni revenue growth
- Elevate and expand the franchise footprint, penetrating higher-income Tier 3 and 4 cities for accessibility and to win market share



WE CONTINUE TO PURSUE STRATEGIC DTC M&A OPPORTUNITIES, AND HAVE **BEEN VERY SUCCESSFUL** WHEN WE STRIKE

2013

UK

2020

Chile, Peru, Bolivia

2021

Romania

2022

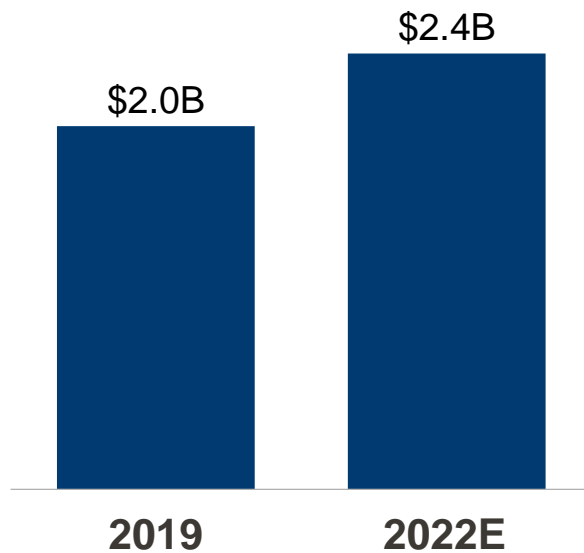
Thailand

Countries shown clockwise from top left

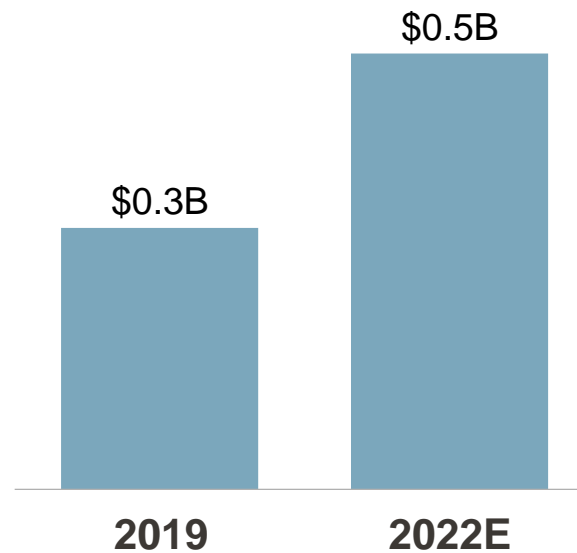


# OUR DTC ECOSYSTEM CONTINUES TO SCALE, WITH OUR COMPANY-OPERATED FLEET GENERATING A STRONG RETURN, AND OUR ECOMMERCE INCREASINGLY DRIVING GROWTH

LEVI'S® BRANDS DTC  
Total net revenue (\$B)



LEVI'S® BRANDS ECOMMERCE  
Total net revenue (\$B)



**17%**

3-year ROIC  
for Levi's® Brands  
fleet, 2019-2021



# DISRUPTION



# AGILITY

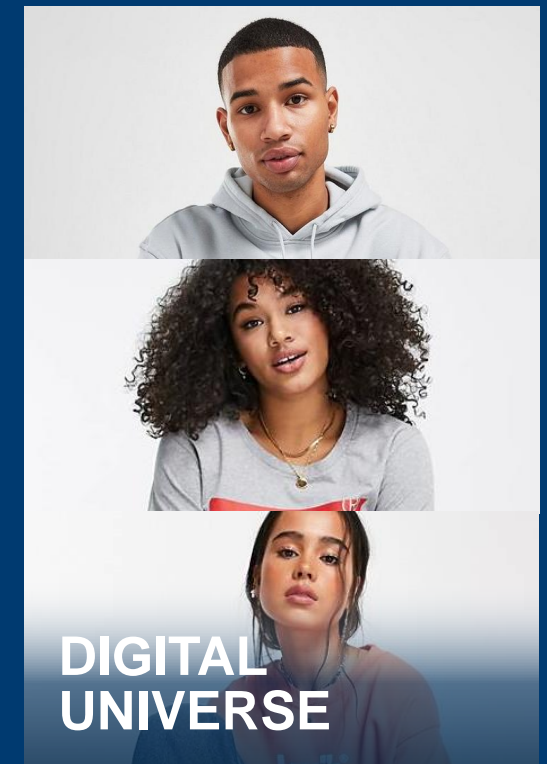
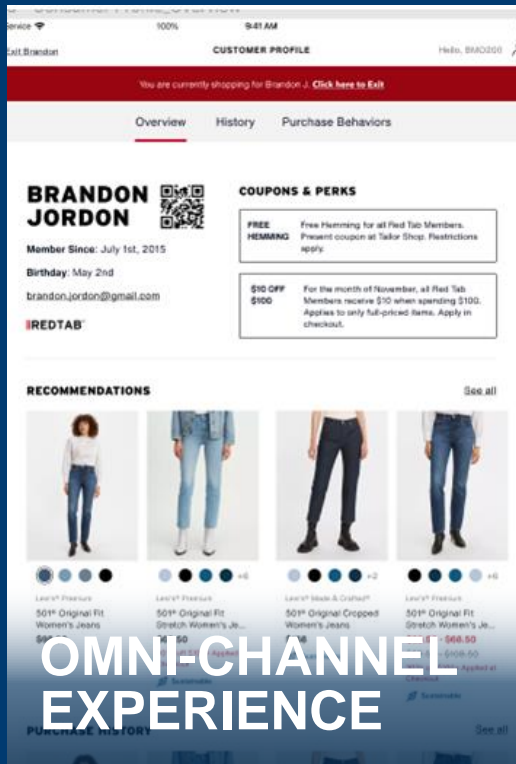
WE SUCCESSFULLY LAUNCHED  
OUR “NEXT GEN” CONCEPT TO  
**ELEVATE THE BRAND**  
IN KEY DOORS AROUND THE WORLD



WE USE OUR  
**GLOBAL STORE FOOTPRINT**  
TO CREATE BRAND HEAT AND ENGAGE CONSUMERS



# WE HAVE MADE PROGRESS WITH OUR DIGITAL CAPABILITIES, **BUILDING STRONG FOUNDATIONS** TO SCALE IN THE FUTURE





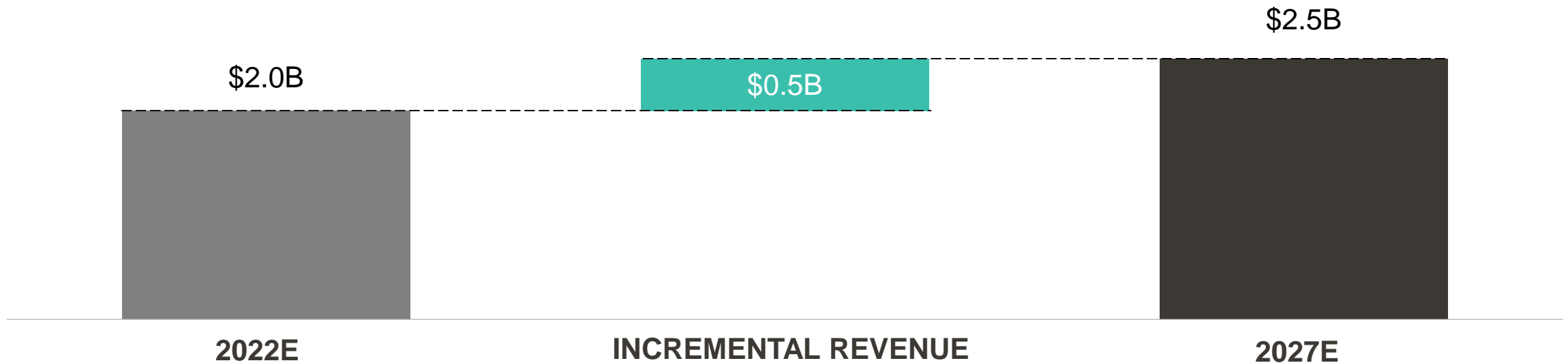
**WHY THE  
BEST YEARS  
ARE  
STILL  
AHEAD**

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# WE ESTIMATE \$500M OF **INCREMENTAL NET REVENUES** FROM DTC STORES EXPANSION BY 2027E

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PROJECTED DTC B&M FOOTPRINT EXPANSION – INCREMENTAL NET REVENUE BY 2027E



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**AND WE HAVE MULTIPLE WAYS TO MAKE OUR EXISTING FLEET**  
**MORE PRODUCTIVE,**  
**ALREADY TESTING AND PREPARING TO SCALE**



**Better  
locations**



**Improved  
store service  
and operations**



**Elevated shopping  
experience linked  
with loyalty**

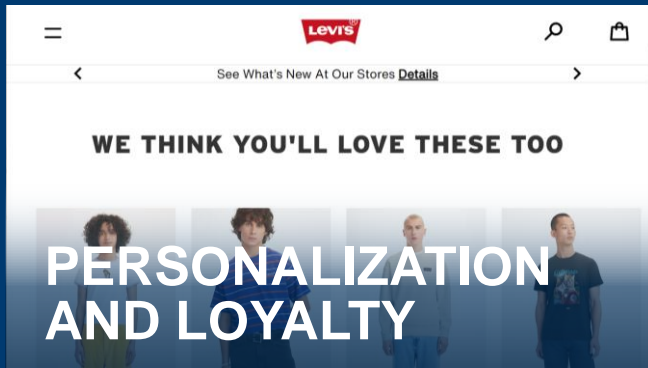


**AI-driven  
pricing and  
promotions**



**Assortment  
productivity**

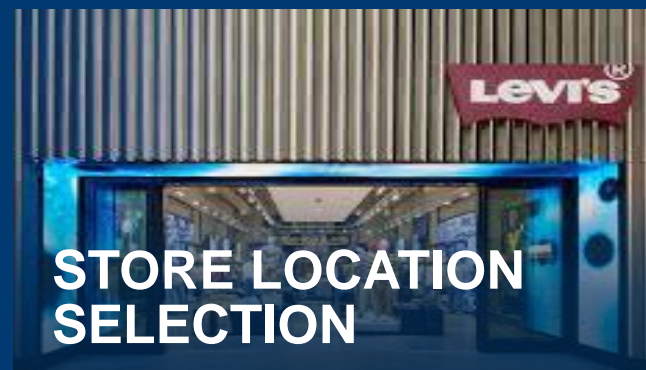
# WE ARE TESTING AND LEVERAGING AI TO INCREASE PRODUCTIVITY



DEMAND PREDICTION AND SIZING

	SIZE	CHEST	LENGTH
	M	38"	27"
	L	40"	28"
	XL	42"	29"
	2XL	44"	30"
	3XL	46"	31"

100% Cotton T-Shirt

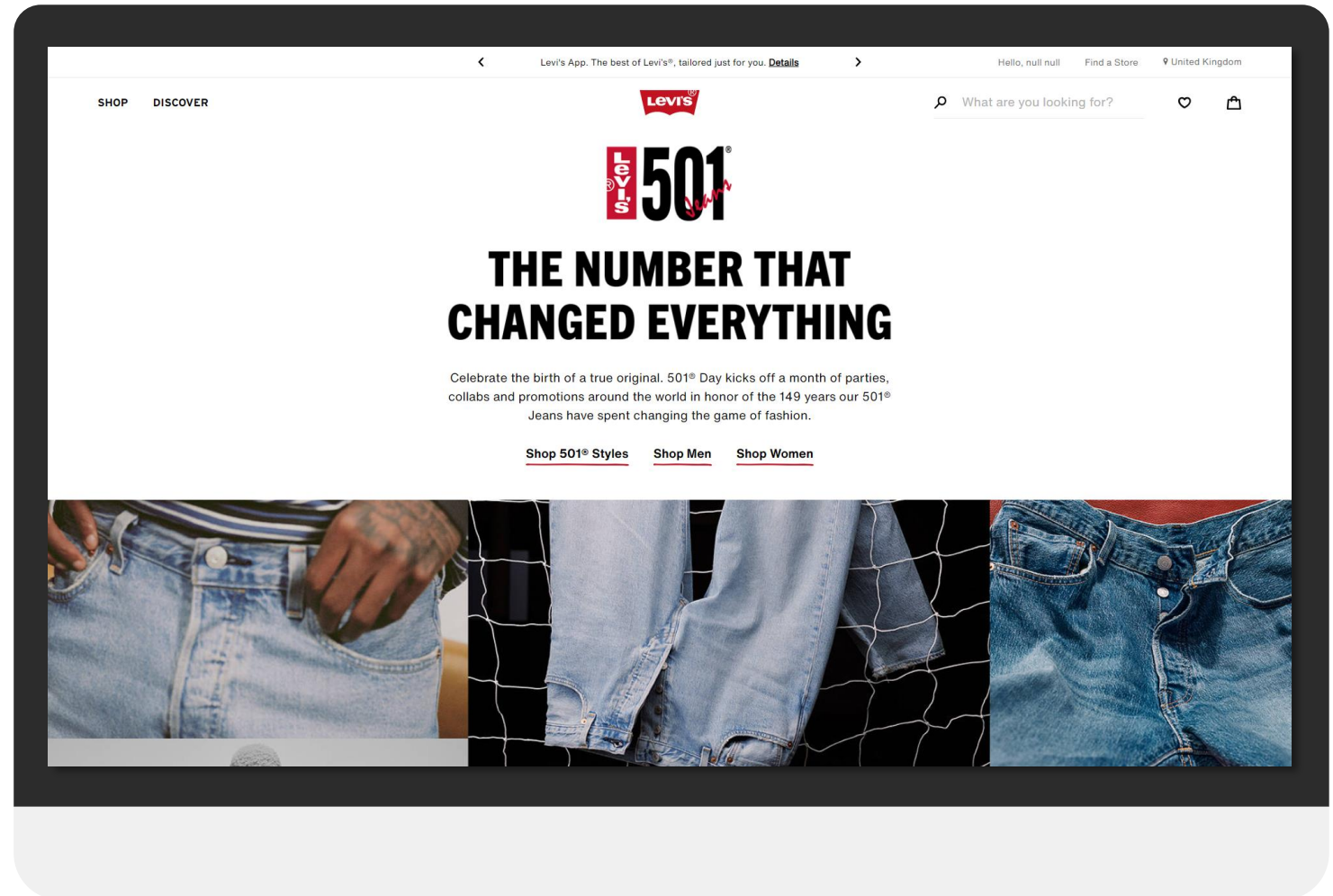


**ASSORTMENT  
PRODUCTIVITY  
WILL ALSO  
UNLOCK  
CATEGORY  
GROWTH  
IN WOMEN'S,  
TOPS, EVEN  
FOOTWEAR AND  
ACCESSORIES**



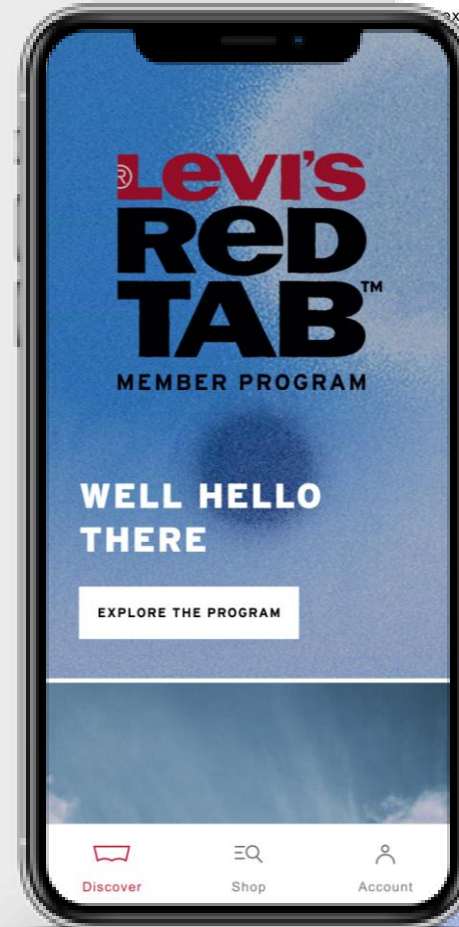
# LEVI.COM EVOLVES AS THE DIGITAL FLAGSHIP FOR OUR BRAND

- Brand content will drive experience with our heritage, values, and products
- The digital product assortment will be differentiated and elevated to reflect Levi.com as our flagship
- Changes to our consumer journey will make it easier and more enjoyable to engage and purchase



# LOYALTY EXPANSION CONTINUES, CULTIVATING A COMMUNITY OF OUR MOST VALUABLE CONSUMERS

- Approximately 19M members, with Europe and US doubling membership every year, to-date
- Scaling markets of US and Europe first
- Proprietary AI built for the US now going live in Europe
- Promising results



## THE BENEFITS OF MEMBERSHIP

The best of Levi's®, tailored exclusively for you—like free shipping and returns on every order, exclusive product drops, limited-edition collabs, special birthday surprises and more. And like your jeans, the benefits just keep getting better with time.



## EARLY ACCESS

### EARLY ACCESS TO PRODUCT DROPS

To be the first to know about arrivals, exclusive collabs and limited editions? RED TAB™ members get in early to see and shop before anyone else. VIPs, right?



## TAILOR SHOP SERVICES

Turn your jeans into a work of art with member-only discounts on custom embroidery, direct-to-garment printing and get up to two free alterations a year. So let our master tailors work their magic.



## CURATED VIP EVENTS

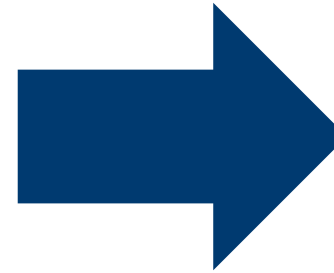
Experience it all—online concerts, member shopping hours, DIY workshops and more. We're cooking up awesome ideas all the time and you'll be the first to know when they happen.

## BIRTHDAY SURPRISES & EXCLUSIVE PROMOS

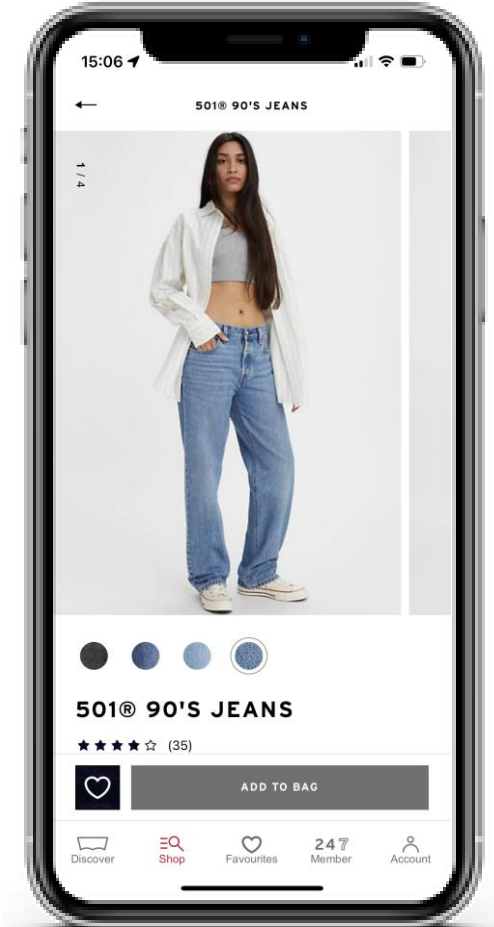
WE CONTINUALLY  
TEST AND SCALE  
**CUTTING-EDGE  
TECHNOLOGY**



SCAN HAILEY  
BIEBER



BUY THE PRODUCT





# TEAM



LEVI STRAUSS & CO.



BUY  
BETTER.  
WEAR  
LONGER.

VALUES

# WE HAVE CLEAR PRIORITIES

FUELED BY TALENT, THE LEVI'S® BRAND, DATA, ANALYTICS AND DIGITIZATION



Continue to expand and elevate our footprint globally



Increase the productivity of our fleet

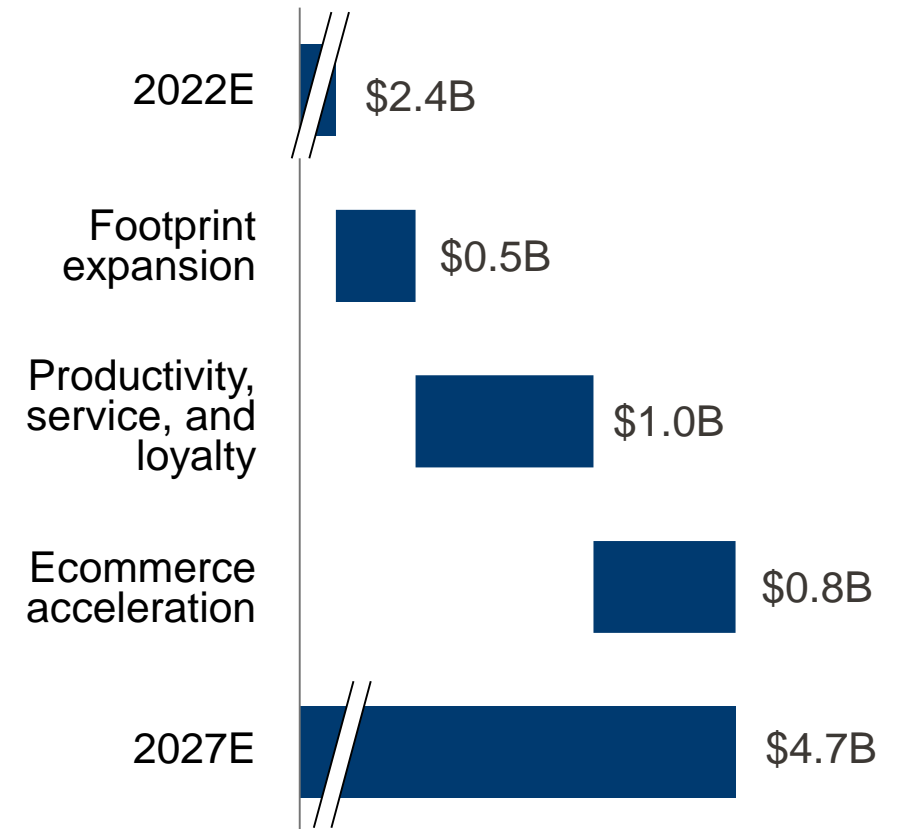


Accelerate e-commerce with Levi.com as our flagship experience



Engage and grow with our loyal fans

## LEVI'S® BRANDS DTC NET REVENUE (INCREMENTAL BY 2027E)



LEVI STRAUSS & CO.

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# INVESTOR DAY · 2022

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## DOCKERS® BRAND UPDATE

Santiago Cucci  
Chief Executive Officer of Dockers® Brand



Chief Executive Officer of Dockers® Brand

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# SANTIAGO CUCCI

# DOCKERS® OF YESTERDAY



**Functional** khakis for work



Sold in US **wholesale**



**Low** gross margin



5% of **team's** attention



# DOCKERS® OF TODAY



New dedicated organization



Refreshed brand expression



Growing DTC and international presence



Diversifying across categories



Increasing gross margin, EBIT positive





# DOCKERS® OF TOMORROW



Driving brand expression to win with younger consumers



Leading with DTC

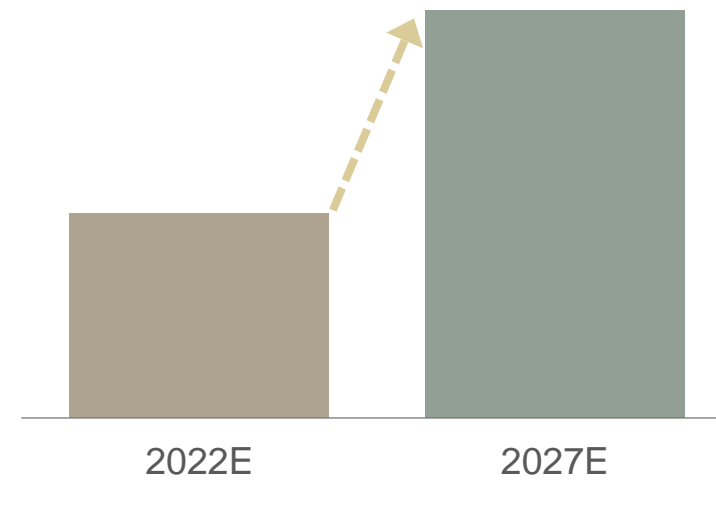


Expanding internationally



Diversifying with California Casual Lifestyle

Mid-teens annual net revenue growth through 2027E



GROSS MARGIN

46%

50%+

# NEW BRAND AMBASSADORS AND BUZZ-DRIVING COLLABS

## Brand Ambassadors



**Matthias Dandois**  
9 times BMX Flatland World Champion



**Maud le Car and Joan Duru**  
Professional Surfers + Founder, le Mermaid (Maud)



**Jon Rose & Waves For Water**  
Former Professional Surfer / Founder, Waves For Water

## Recent Collabs



**Malbon Golf**



**Transnomadica**



**Dockers® Vintage**



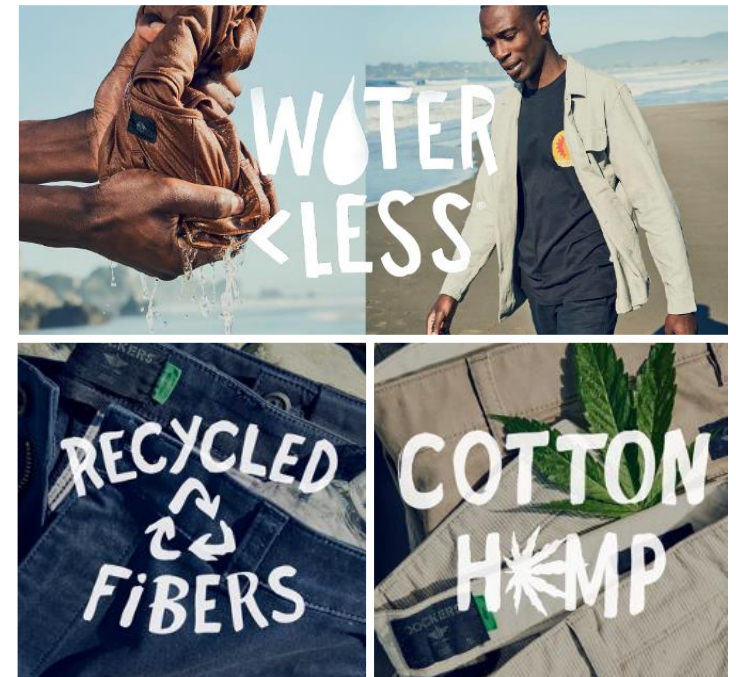
# PEOPLE AND PLANET- FRIENDLY VALUES

## Supporting our communities



**11** Water Projects  
in 2021 / 2022  
impacting **200K+** People

## Creating sustainable products

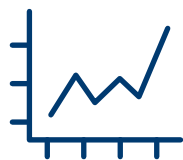


**94%** Bottoms  
Water < Less

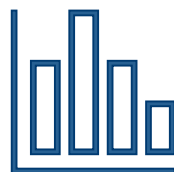
# RAPIDLY EXPANDING RETAIL WITH NEW CONCEPT



~155 DTC locations including ~60 company operated retail stores



Net revenue + ~30% 2022E vs. 2021



Fleet gross margin ~70%, EBIT margin 20-25% 2022E

9% of net revenue in 2017

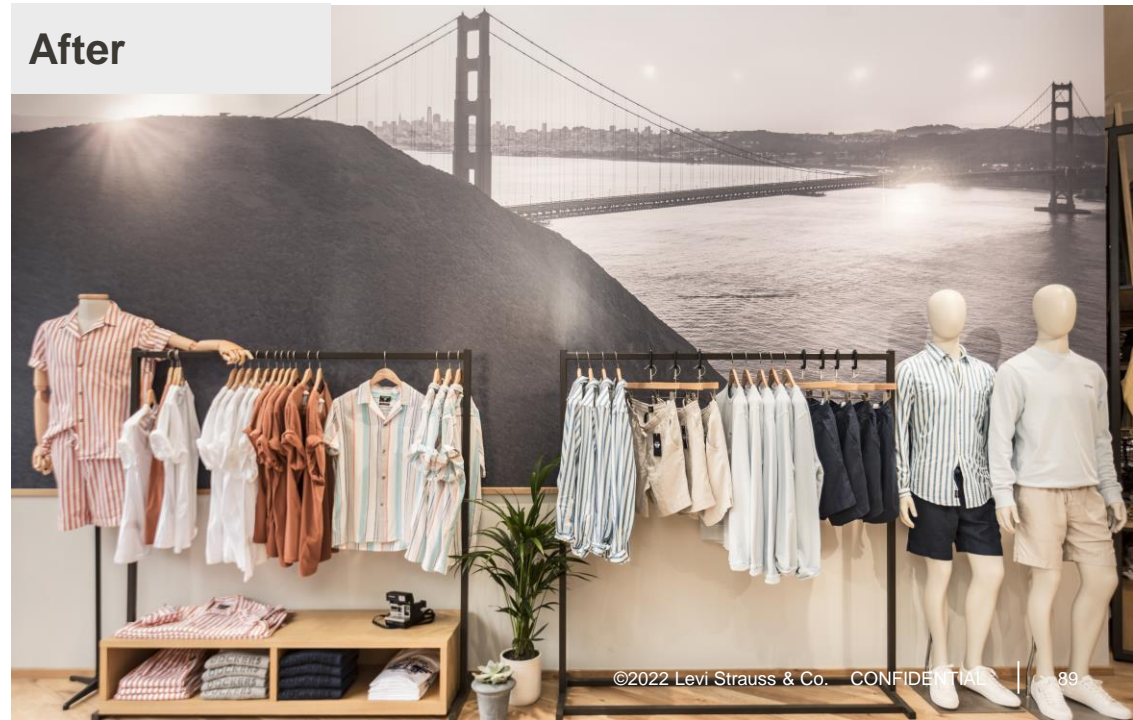
20% of net revenue in 2022E

25% planned in 2027E

Before



After

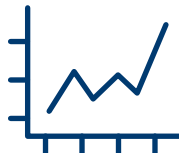




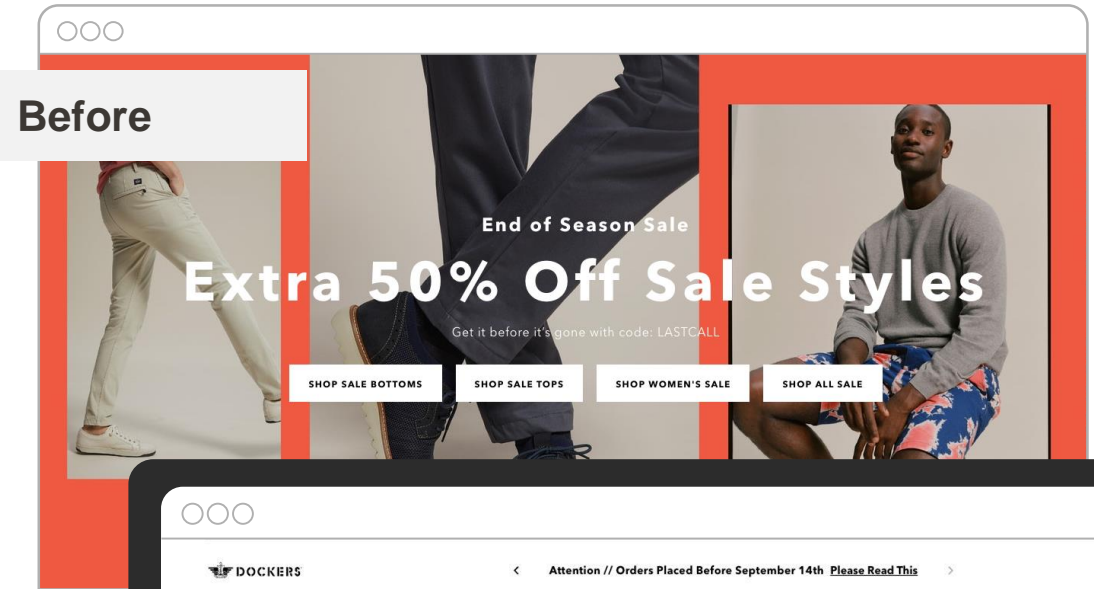
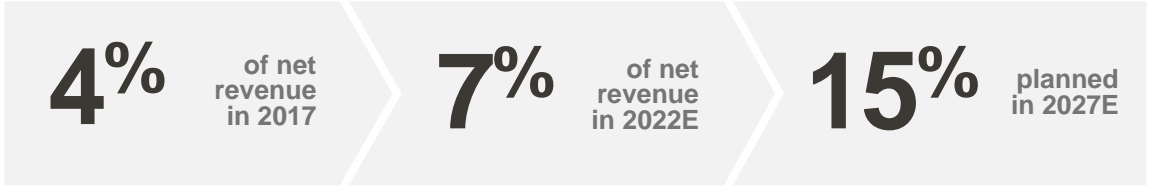
# ENHANCED DIGITAL EXPERIENCE ON DOCKERS.COM



US, Europe (10 countries), Mexico, Chile



Net revenue + ~30% 2022E vs. 2021





# STRONG INTERNATIONAL BUSINESS WITH SIGNIFICANT FUTURE GROWTH POTENTIAL

## US / Canada

- 57% of net revenue 2022E

## Europe

- 18% of net revenue 2022E
- UK, Germany potential

## Latin America

- 21% of net revenue 2022E
- Brazil, Argentina potential

## Asia Pacific / Middle East

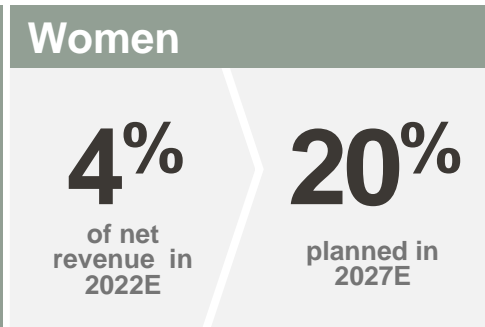
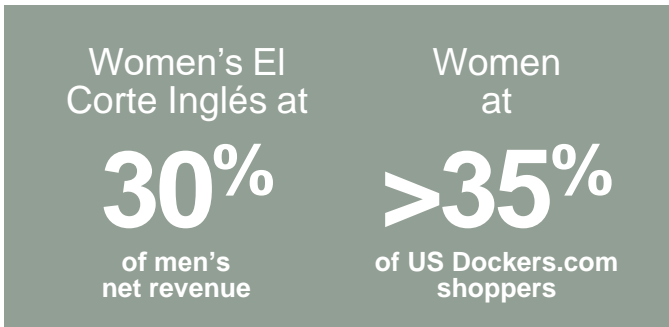
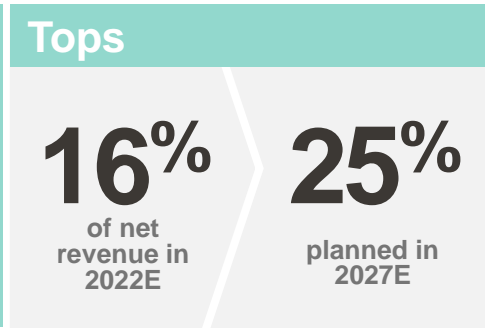
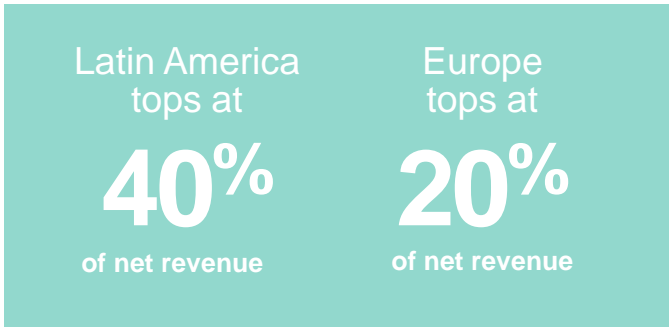
- 4% of net revenue 2022E
- India, Middle East, Japan potential

International: **34%** of net revenue in 2017 (ex. US)

**47%** of net revenue in 2022E

**55%** planned in 2027E

# SEEING SUCCESS DIVERSIFYING IN TOPS AND WITH WOMEN



Tops



Women



# WHY YOU SHOULD **BELIEVE**

1.

**Strong, dedicated Dockers® team** who delivered on Levi's

2.

**~30% annual net revenue growth in both FY21 and FY22E**

3.

**Improving gross margins**

4.

**Large addressable casualwear market of >\$500B**

5.

Proof points that **Dockers® strategies are working**

LEVI STRAUSS & CO.

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BEYOND YOGA 

# INVESTOR DAY · 2022

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**BEYOND  
YOGA®**

Michelle Wahler  
Chief Executive Officer & Co-Founder,  
Beyond Yoga®



Chief Executive Officer & Co-Founder,  
Beyond Yoga®

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# MICHELLE WAHLER

# INTRODUCING BEYOND YOGA®



16+ years  
Female founded / led



Body positive  
Size inclusive (XXS-4X)



“Beyond” yoga:  
active & lounge



Soft, round-the-clock  
comfort





**COMMITMENT TO**  
**AUTHENTICITY**



“Best leggings ever.”

“I live in these. All colors and styles of Spacedye are amazing!”

– **Natalie**

Verified Review, BeyondYoga.com



# OUR CUSTOMER

Age: 25-44

High HHI (>\$200K)

Urban living

~70% wear active & leisure

Environmentally conscious

ACTIVE



MATERNITY



FASHION



ACTIVE-SPORT



MEN'S



LOUNGE



# OUR SUSTAINABILITY



Responsible manufacturing



Recycle / Repreve®



BlueSign™



Waterless printing



Tencel™ / Lenzing





# BEYOND YOGA® BUSINESS SNAPSHOT

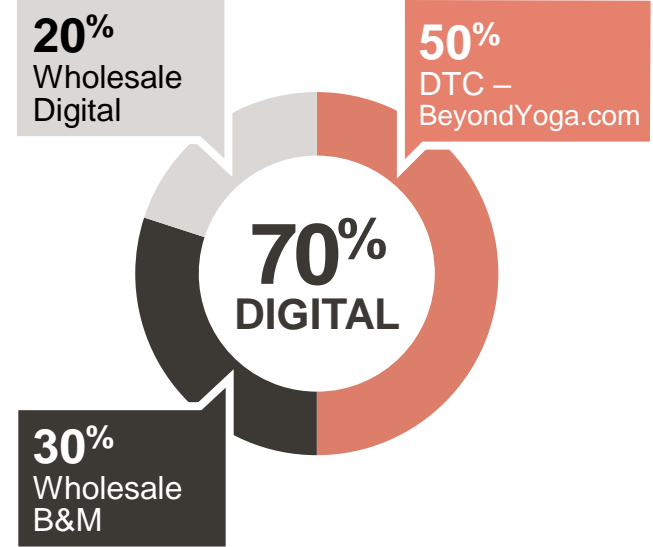
## DISCIPLINED ORGANIC GROWTH

**>30%**  
Net revenue CAGR<sup>1</sup>

**>60%**  
Gross margin

**>\$100M**  
FY22E Net revenue

## CHANNEL % OF NET REVENUE<sup>2</sup>



1. FY18-FY21 2. FY22E

# BEYOND YOGA® PLAYS IN THE LARGE ACTIVEWEAR MARKET WITH EXPONENTIAL ROOM FOR GROWTH

\$240B

+10%

WORLDWIDE TOTAL  
ADDRESSABLE MARKET<sup>1</sup>

\$110B

+12%

US TOTAL  
ADDRESSABLE MARKET<sup>1</sup>

10%  
Children's

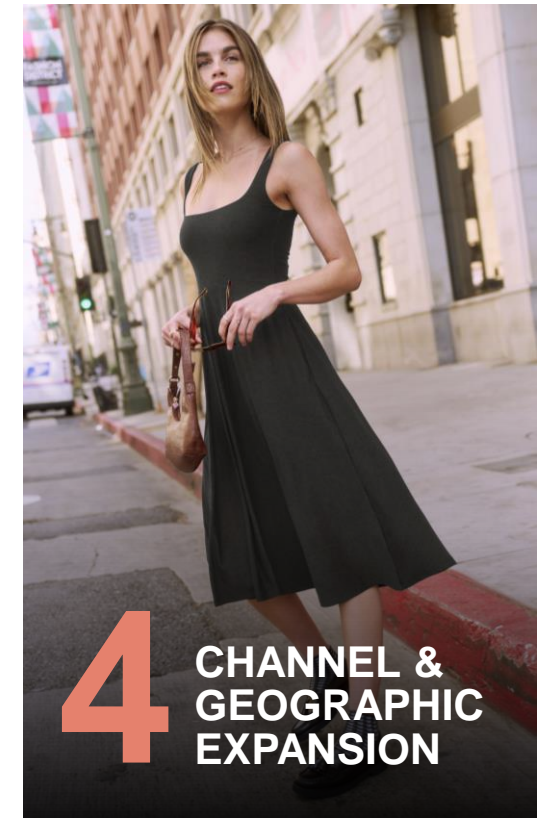
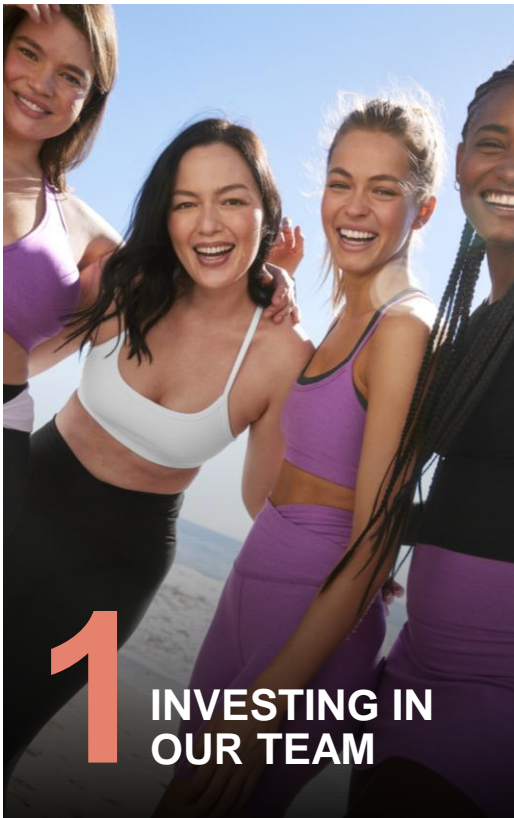
55%  
Men's

35%  
Women's

US MARKET  
BREAKDOWN<sup>2</sup>

1. Euromonitor 2022 2. Euromonitor 2021

# 4 LEVERS FOR GROWTH



1

---

# INVESTING FOR **SCALE & CAPABILITIES**

New team members

---

**30**

**Hired leaders**

in brick-and-mortar and e-commerce



2

## GROW BRAND AWARENESS

### Social

Influencers  
PR  
Partnerships

### Events

Activations  
Pop-Ups  
Wholesale market

### Tech

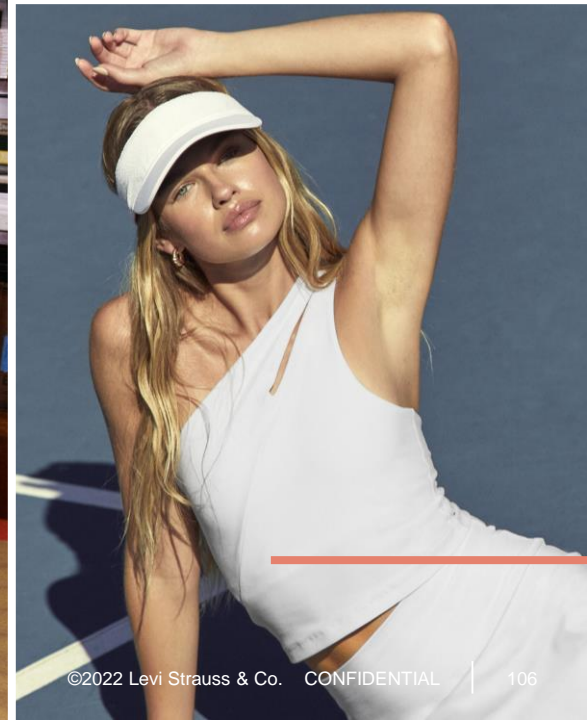
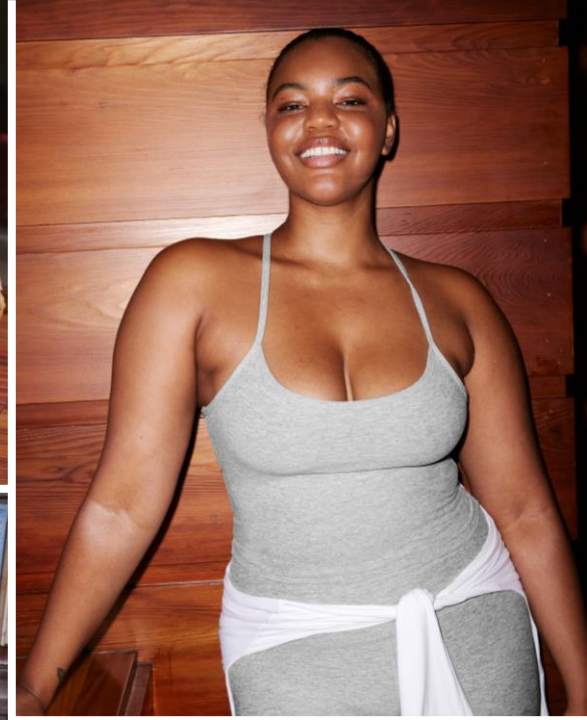
Live stream  
Connected TV  
Performance  
marketing

3

**CATEGORY**  
**GROWTH &**  
**INNOVATION**

**500 SKUs**  
per season

**Monthly drops**



3

**CATEGORY EXPANSION**  
**MATERNITY**  
**AND POST-BIRTH**



3

CATEGORY EXPANSION  
**DRESSES**

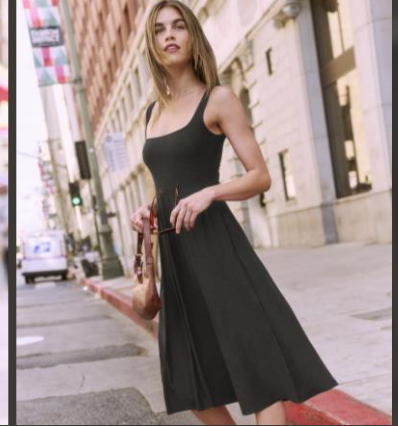
ACTIVE



MATERNITY



FASHION



LONG



SHORT



PRINT



3

## CATEGORY EXPANSION MEN'S

Organic demand

Fall '22 expanding to key retailers



4

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## CHANNEL GROWTH

**Wholesale**

---

**Direct-to-consumer**

BeyondYoga.com  
and brick-and-mortar

---

**International**



4

# CHANNEL GROWTH WHOLESALE

New accounts

Larger footprint

Door expansion

>2,000 doors across the US

## OUR WHOLESALE CHANNELS

- Outdoor retailers
- Premium department stores
- Subscription business
- Studio franchise and gym
- Specialty retailers
- High-end spas

## KEY RETAILERS



NORDSTROM

REVOLVE

EQUINOX

pure barre

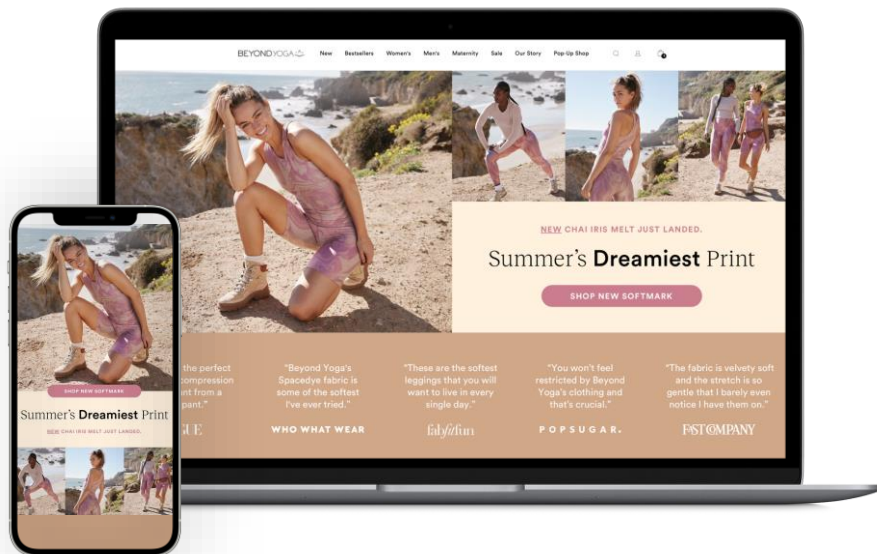


FOUR SEASONS

STITCH FIX

# CHANNEL GROWTH DIRECT-TO- CONSUMER

DEEPER INTO BEYONDYOGA.COM



CORE CUSTOMERS PURCHASE  
**3X** in 12 months



PREMIUM BRICK-AND-MORTAR  
LOCATIONS



# KEY TAKEAWAYS

1.

## Amazing brand

- Rich history
- Proven track record
- Incredible products
- Talented team

2.

## Large, growing market

- \$240B global market
- Double-digit TAM growth
- Strong share opportunity

3.

## Levers for growth

- Investing in our team
- Grow brand awareness
- Category growth
- Channel & geographic expansion



**THANK  
YOU**

---



LEVI STRAUSS & CO.

---

# INVESTOR DAY • 2022

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## SUPPLY CHAIN DIGITAL TRANSFORMATION AND ESG

Liz O'Neill  
Executive Vice President &  
Chief Operations Officer



Executive Vice President  
& Chief Operations Officer

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**LIZ**  
**O'NEILL**

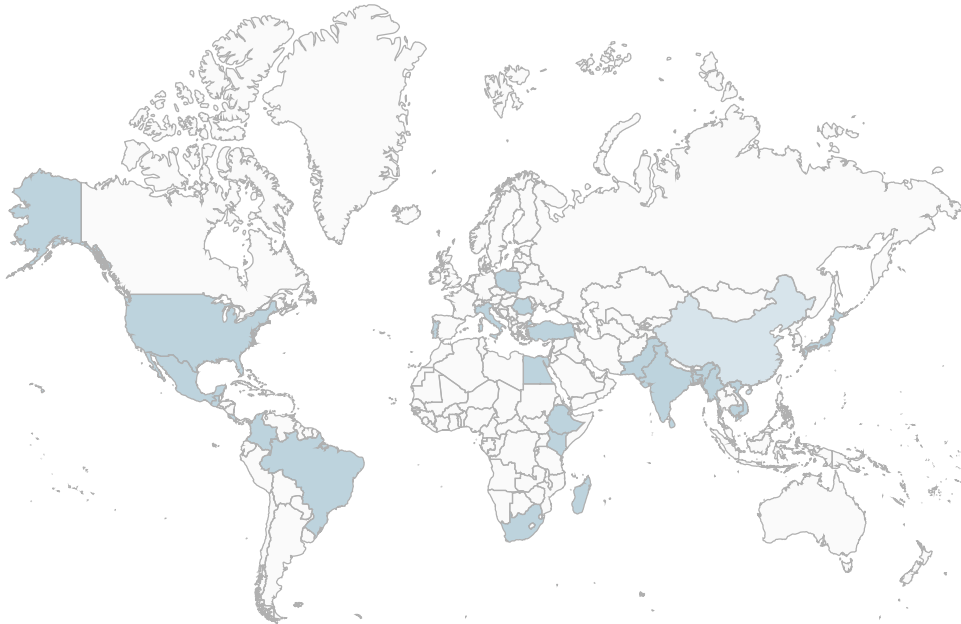
# SUPPLY CHAIN NETWORK

## Manufacturing Network

**28** Countries

Strategic and diversified production

Mix of low cost and close to market



## DC Network

**35** Distribution Centers

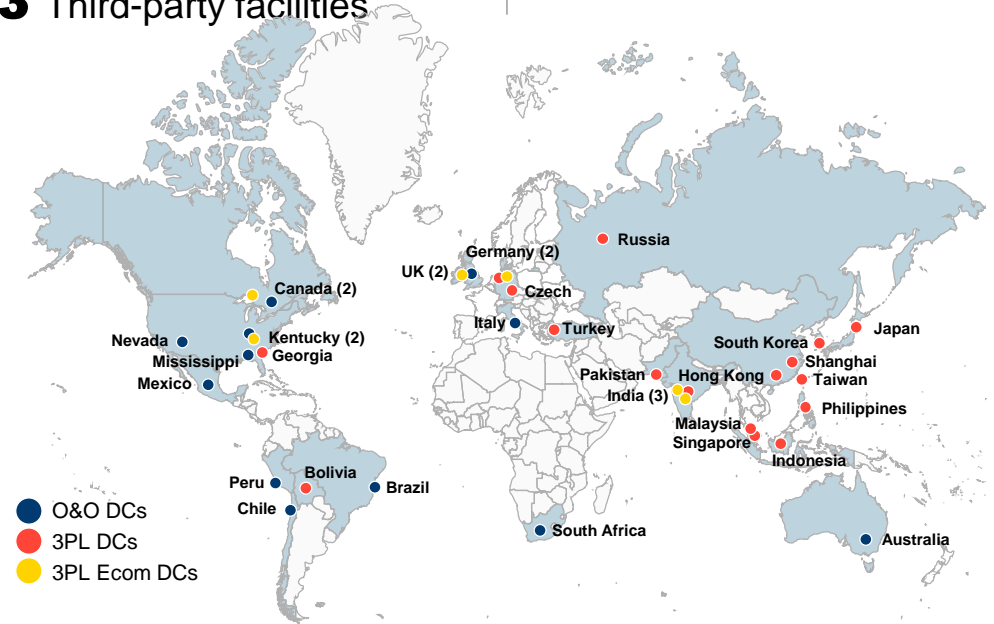
**12** Owned and operated (55% of capacity)

**23** Third-party facilities

**FY21** Stats

**200M+** Units processed

**9,000** Customers serviced



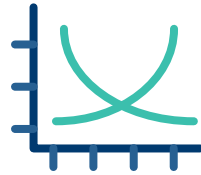
# OUR SUPPLY CHAIN IS A **COMPETITIVE ADVANTAGE**

## COMPARISONS 2021 VS. 2019



ADJ. GROSS  
MARGIN

**410 bps**  
INCREASE



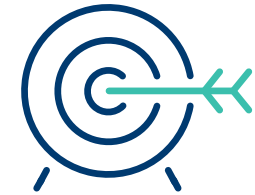
SUPPLY-DEMAND  
MATCH

**90%**  
MATCH



INVENTORY  
HEALTH

**100 bps**  
REDUCTION IN  
OBSOLETE INVENTORY\*



CHASE

**42M**  
UNITS

# PROTECTING OUR MARGIN

**AFTER OPTIMIZING COSTS OVER THE PAST 5+ YEARS,  
WE ARE PROTECTING OUR MARGIN VIA SCALE AND PRODUCTIVITY**

## ASSORTMENT OPTIMIZATION



Consumer-relevant commonality  
Depth and conviction of product investment  
Leverage scale within assortments

## FABRIC RATIONALIZATION



Continuous fabric platform reductions  
Increases speed and agility to meet demand  
Drives cost leverage

## AI-ENABLED FORECASTING



AI and Machine Learning enabled forecasting  
Predictions + Planners = greater accuracy  
Increased demand and supply matching

# STRATEGIC GROWTH PILLARS

WE ARE BUILDING ON OUR FOUNDATION AND BUILDING CAPACITY TO DELIVER \$10B

## CAPACITY



## RESILIENCE



## AGILITY



# CAPACITY

## BUILDING FOR \$10B

- U.S. and Europe expansion (2023-2024)
- Growth of omni-channel capability
- Optimization of Asia distribution network
- Source base expansion



# RESILIENCE

## WEATHER THE STORM

- Foundational investment
- Distribution efficiency
- End-to-end connected ecosystem



# AGILITY

BETTER, STRONGER,  
FASTER

- Flexibility and responsiveness
- Digitized ways of working
- Responsive logistics
- Predictive forecasting

< Back Design Setup View All

## Wash

### Normal



SHD00 SHD01 SHD02 SHD03 SHD06 SHD07



SHD09

### High



SHD00 SHD01 SHD02 SHD03 SHD06 SHD07



SHD09

Save Shade Intensity

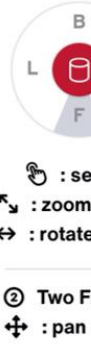
## Damages

Add New Damage

1 / 1 D722 Duplicate Damage Add Damage To Design

Light | Women's | FA168055 | Regular

Expand



# THE DIGITAL IMPERATIVE

FUTURE-PROOFING  
OUR PRODUCT  
OPERATING MODEL

## THE NEED FOR DIGITIZATION

- Product-to-market flexibility
- Faster speed to market
- Data fuels growth
- More black swan events
- Supports sustainability strategies

## THE VALUE OF DIGITIZATION



Net  
Revenue



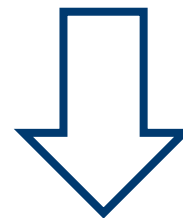
Margin



Fill Rate



Inventory  
Accuracy



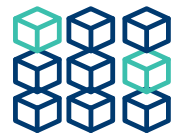
SG&A



Liability



Carrying  
Costs



Excess and  
Obsolete

# PHYSICAL-TO-DIGITAL

## DIGITAL RED THREAD

1

Robotics  
RFID  
Automation

2

Product lifecycle management  
Supply planning  
Costing

3

Digital design  
Global line assortment  
Predictive forecasting  
Logistics and transportation

**CAPACITY**

**RESILIENCE**

**AGILITY**

## SUPPORTS SUSTAINABILITY

**Less waste**  
with fewer samples and  
reduced over-production

**Improved transparency**  
Leverage traceability platforms with  
increased visibility to value chain

**Utilize data and blockchain**  
Optimize social and environmental  
objectives, and measure impact over time

# SUSTAINABILITY



# SUSTAINABILITY AT LEVI STRAUSS & CO.



## CLIMATE

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Science-based targets and plans to meet

2025 Water Action Strategy

Supplier financing programs



## CONSUMPTION

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Buy Better, Wear Longer

SecondHand, Tailor Shops

Circular Levi's® 501s®

Fashion for Good and Ellen MacArthur Foundation Partnerships



## COMMUNITY

---

Employee support programs

DE&I programs and ambitions

Social issue advocacy

Worker Well-being

# KEY TAKEAWAYS



# KEY TAKEAWAYS



Our supply chain is a competitive advantage



Capacity, resilience, and agility are the strategic pillars to \$10B in net revenue



Protecting margin via scale and productivity



Digital is the red thread to future-proof



Sustainability is woven into everything we do



LEVI STRAUSS & CO.

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# INVESTOR DAY • 2022

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## GROWTH ALGORITHM AND LONG-TERM TARGETS

Harmit Singh  
Chief Financial Officer





Chief Financial Officer

# HARMIT SINGH

# POSITIONED TO WIN



**Strong history  
of delivering  
on our commitments**



**Bold, achievable  
growth algorithm**



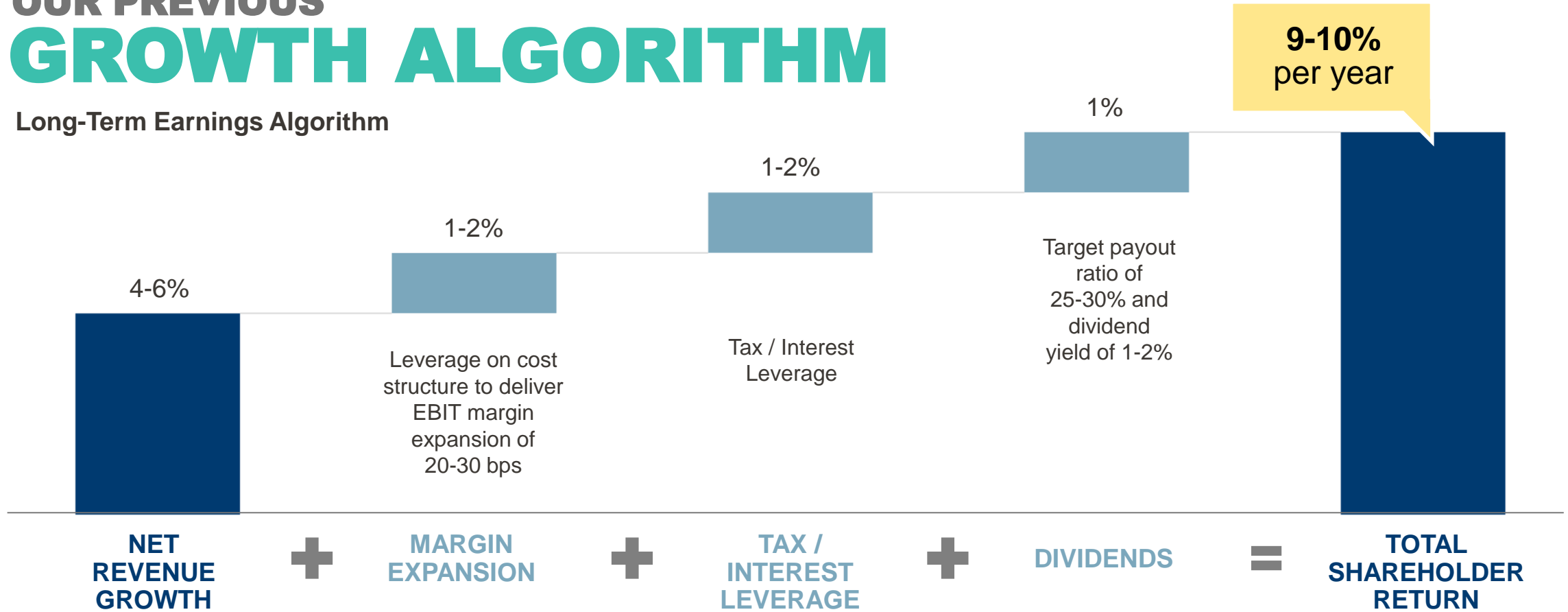
**Disciplined capital  
and resource  
allocators**



**Ability to deliver  
in good and  
tough times**

# OUR PREVIOUS GROWTH ALGORITHM

Long-Term Earnings Algorithm



Plus additional allocation opportunities to drive annual TSR beyond >10%

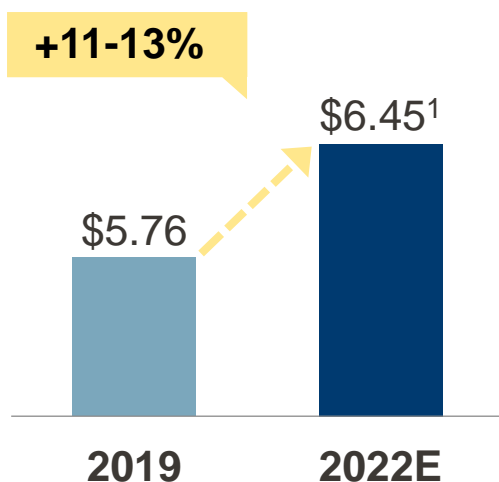
**1** Debt reduction

**2** Share repurchase program

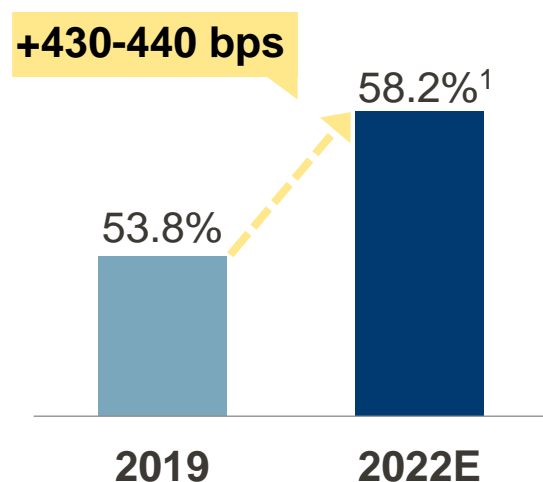
**3** Acquisitions

# WE ARE EMERGING STRONGER FROM THE PANDEMIC

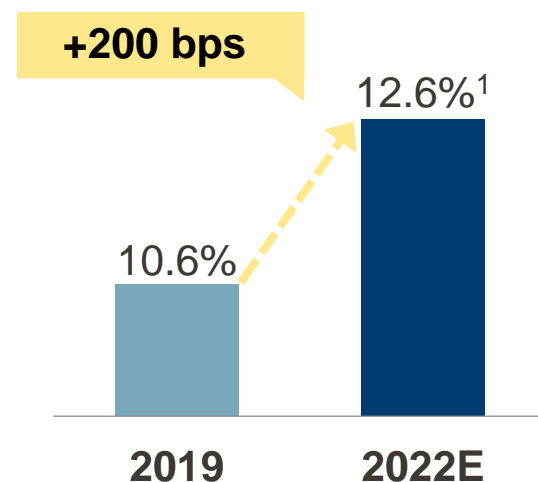
## NET REVENUE (\$B)



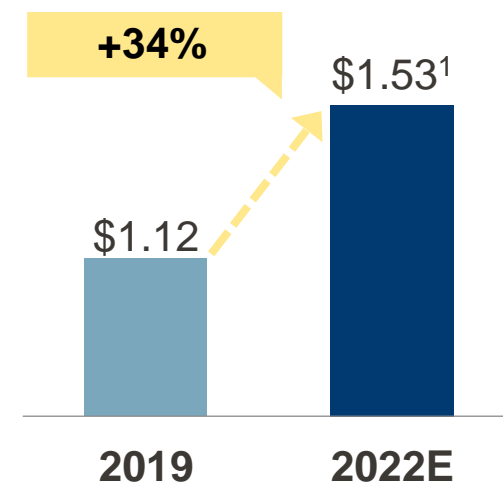
## ADJ. GROSS MARGIN



## ADJ. EBIT MARGIN



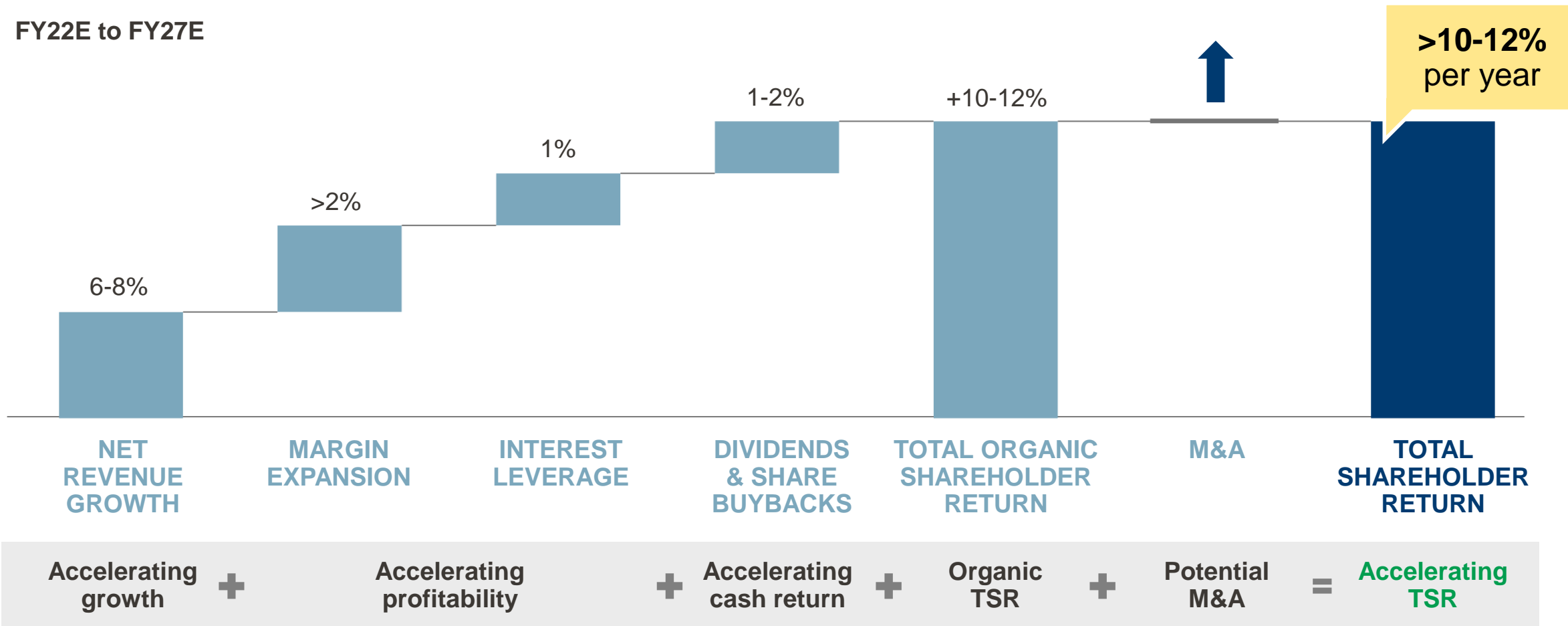
## ADJ. DILUTED EPS



1. Mid-point of current guidance range.

# OUR NEW GROWTH ALGORITHM: **BOLD AND ACHIEVABLE**

FY22E to FY27E



# STRENGTHS



**Casualization  
trend**



**Diversified  
business  
model**



**Gross margin  
accretive  
underpenetrated  
opportunities**



**Strong  
balance  
sheet**



**Core, seasonless  
inventory<sup>1</sup>**

1. Core inventory includes products that can be sold in multiple future seasons.

# HEADWINDS

Secular wholesale shift

Supply chain challenges

Inflationary cost pressures

Geopolitical uncertainty

Lingering effects of COVID-19

# OFFSETS

➤  Healthy wholesale, growing DTC

➤  Flexible sourcing model

➤  Strong brands with pricing power

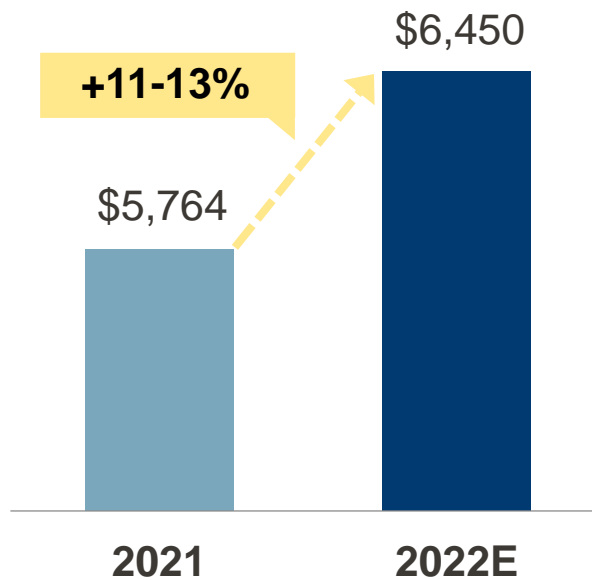
➤  Geographic diversification

➤  Underpenetrated growth vectors

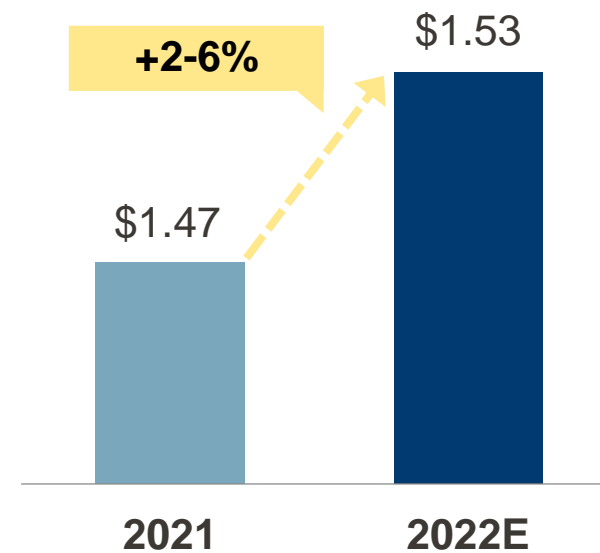
# OUTLOOK FOR ANOTHER STRONG YEAR



## NET REVENUE GROWTH



## ADJ. DILUTED EPS



\*2022E figures are the mid-points of current guidance. Excluding the expected higher tax rate, our FY22E EPS outlook equates to year-over-year growth of +16-20%.

# ACCELERATING LS&CO.

FY22E to FY27E



**\$9-10B**



**~15%**



**\$2.70**

**FY27E**

NET REVENUE

ADJ. EBIT MARGIN

ADJ. DILUTED EPS



**1-2%**



**>23%**



**+10-12%**

**ANNUALLY**

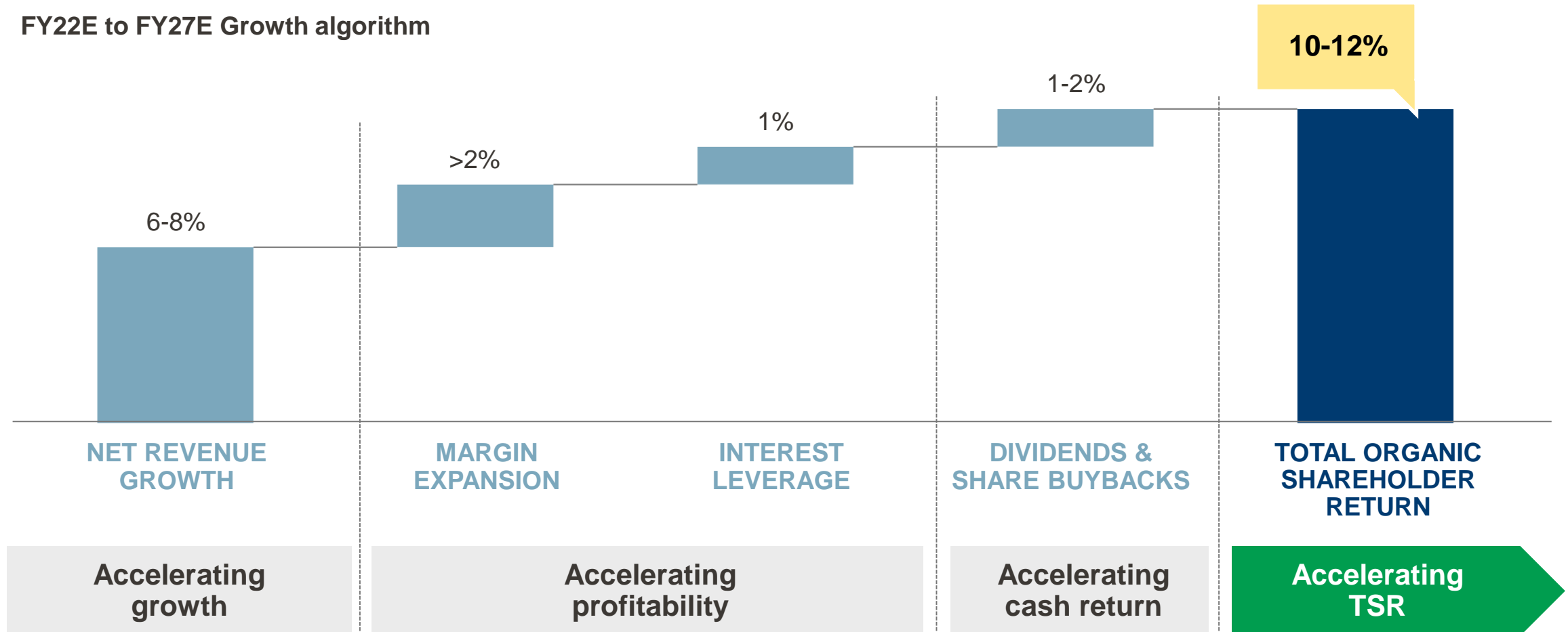
SHAREHOLDER  
CASH RETURN

ROIC TARGET

TSR TARGET

# CLEAR PATH TO ACCELERATE VALUE CREATION

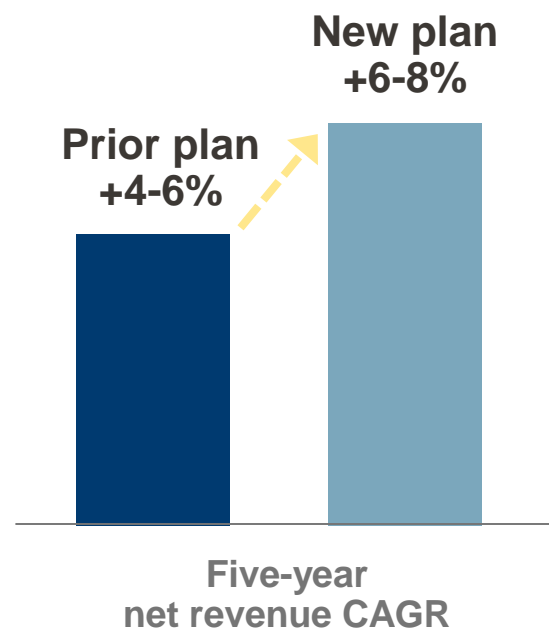
FY22E to FY27E Growth algorithm



# ACCELERATING GROWTH



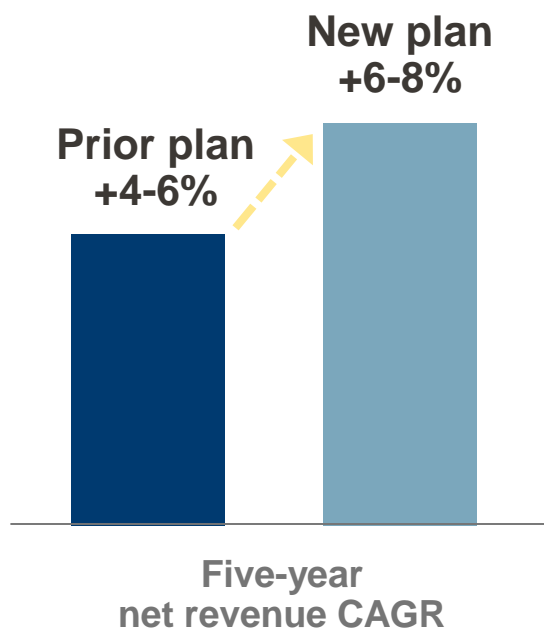
# ACCELERATING GROWTH



	PRIOR PLAN*	FY15-FY19	FY22E-FY27E PLAN
<b>LEVI'S® BRANDS</b>			
Americas	LSD	+3%	MSD
Europe	HSD	+15%	HSD
Asia	HSD	+6%	HSD-LDD
<b>DOCKERS® &amp; BEYOND YOGA®</b>			
Other Brands	LSD	(6%)	Mid-to-High Teens
<b>LS&amp;Co.</b>	<b>+4-6%</b>	<b>+6.4%</b>	<b>+6-8%</b>

\*Prior Plan regional segments incorporated expectations across all brands, including Dockers®, which had a plan to grow low-single-digits. We revised our segments in 2021, and the geographic regions now only include results across Levi's® Brands while Dockers® is now included in the segment "Other Brands" along with Beyond Yoga®. The New Plan is compared against the Prior Plan and not the FY15 to FY19 CAGRs.

# ACCELERATING GROWTH



	PRIOR PLAN	FY15-FY19	FY22E-FY27E PLAN
<b>CHANNELS</b>			
DTC	LDD	+12%	Mid-Teens
Wholesale	LSD	+4%	LSD
<b>CATEGORIES</b>			
Tops	HSD-LDD	+26%	LDD
Women's	HSD-LDD	+18%	LDD

1

# BRAND LED



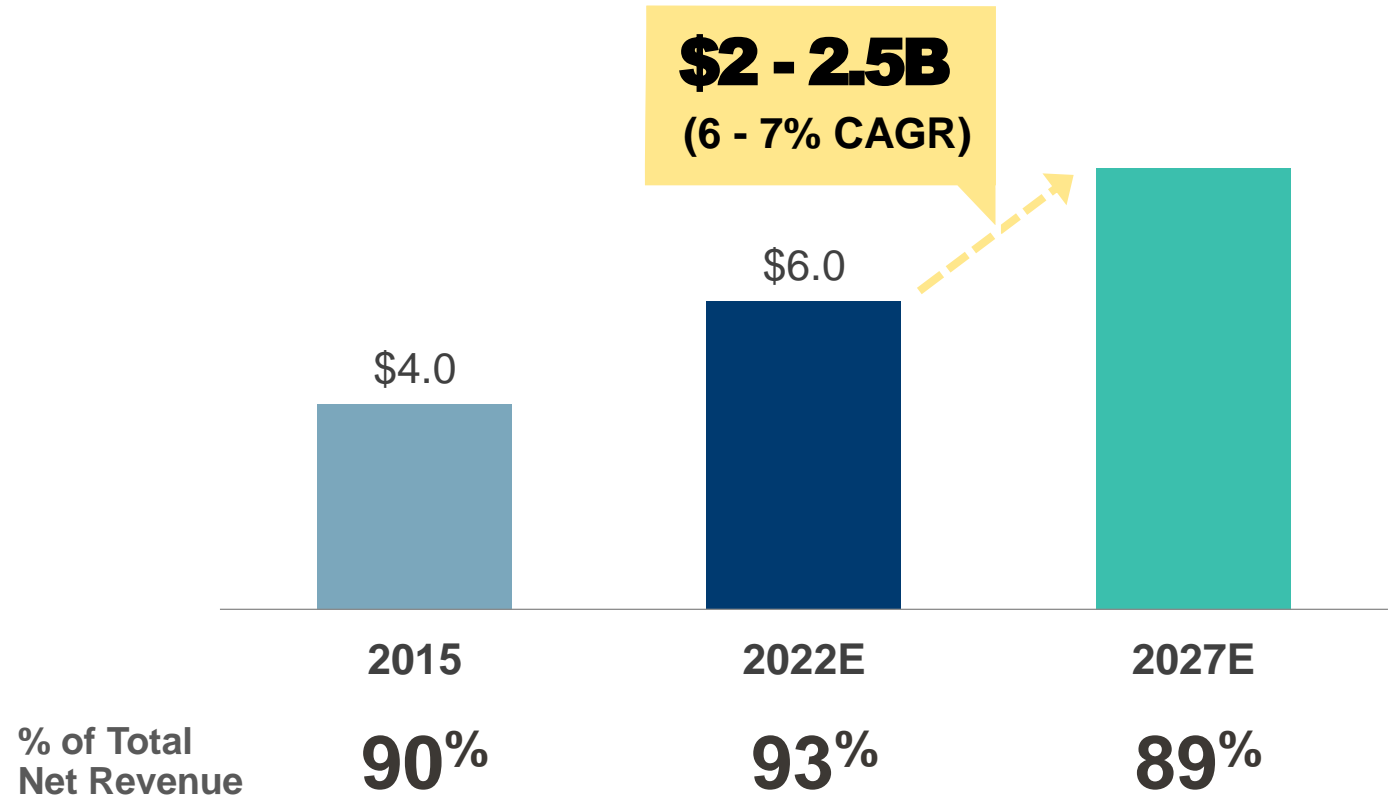
# BRAND LED



**SIGNATURE**  
BY LEVI STRAUSS & CO.

**DENIZEN**  
FROM  
LEVI'S

## LEVI'S® BRANDS REVENUE (\$B)



Note: 2022E represents the midpoint of our estimate for Levi's® Brands net revenue in USD billions.

2

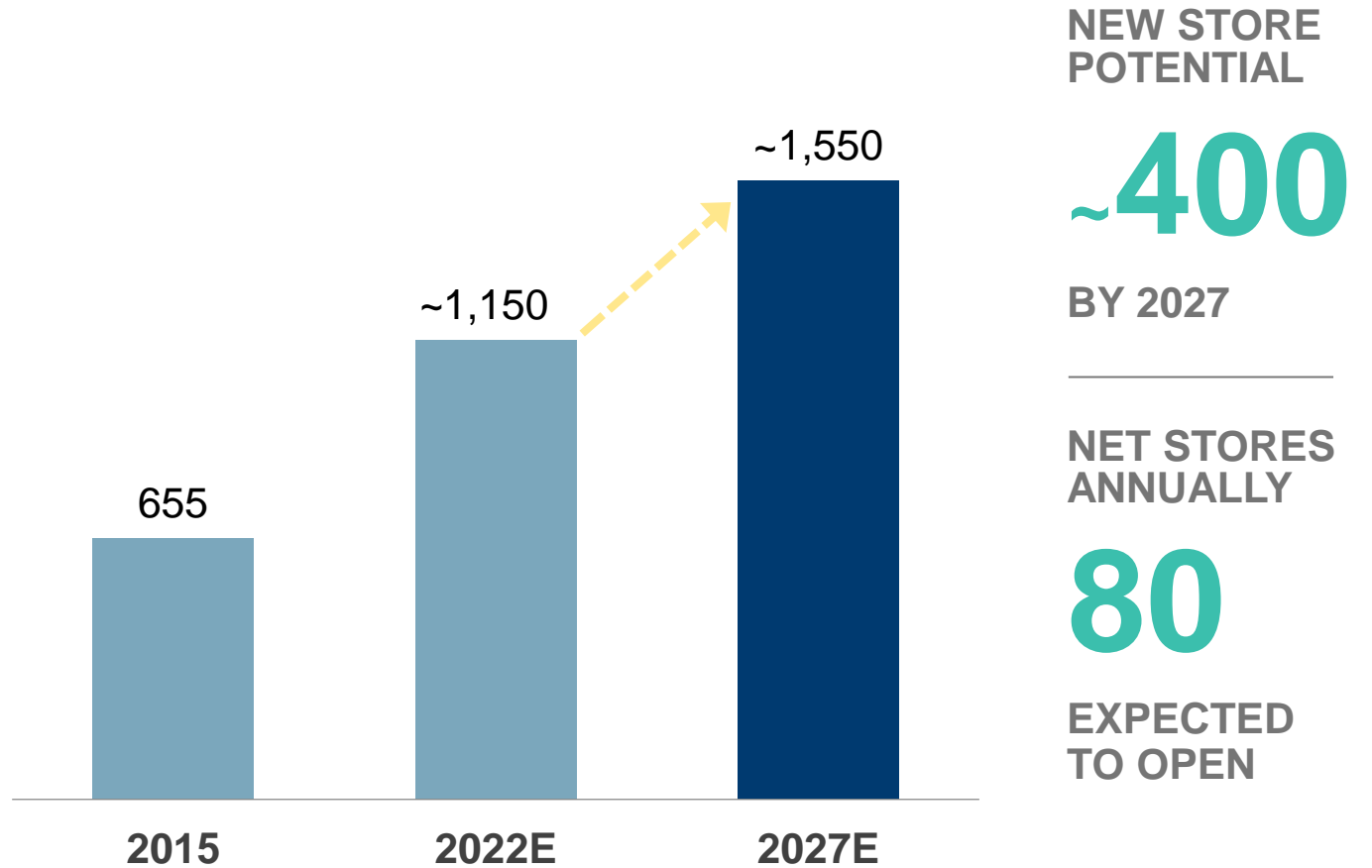
DTC  
**FIRST**

**55%**  
OF NET  
REVENUE BY  
2027





## DTC COMPANY-OPERATED STORES



Note: 2022E and 2027E represent the expected net company-operated store openings for the portfolio of LS&Co. Brands. Company-operated stores are one type of DTC store.

# DTC FIRST ECOMMERCE

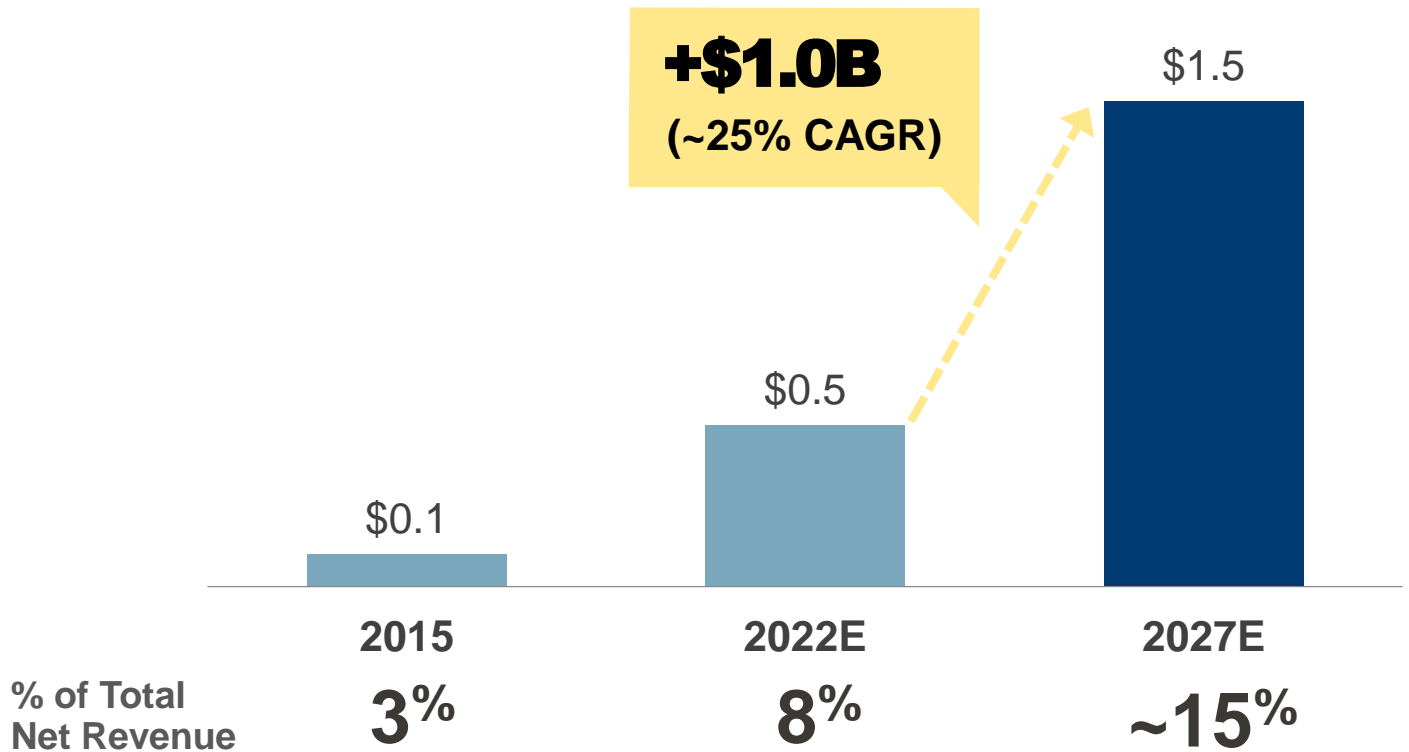
# 3X

## KEY TAKEAWAYS

Net revenue to triple  
ADJ. EBIT margin: MSDs  
to LDDs

## COMPANY-OPERATED ECOMMERCE

% OF TOTAL COMPANY NET REVENUE IN \$B



Note: 2022E and 2027E represent estimates for total company company-operated e-commerce net revenue in USD billions.

# 3

## DIVERSIFYING THE PORTFOLIO



**WOMEN'S**



**TOPS**











**INTERNATIONAL**



**OTHER BRANDS**

# ACCELERATING GROWTH FROM HIGH GROSS MARGIN BUSINESSES

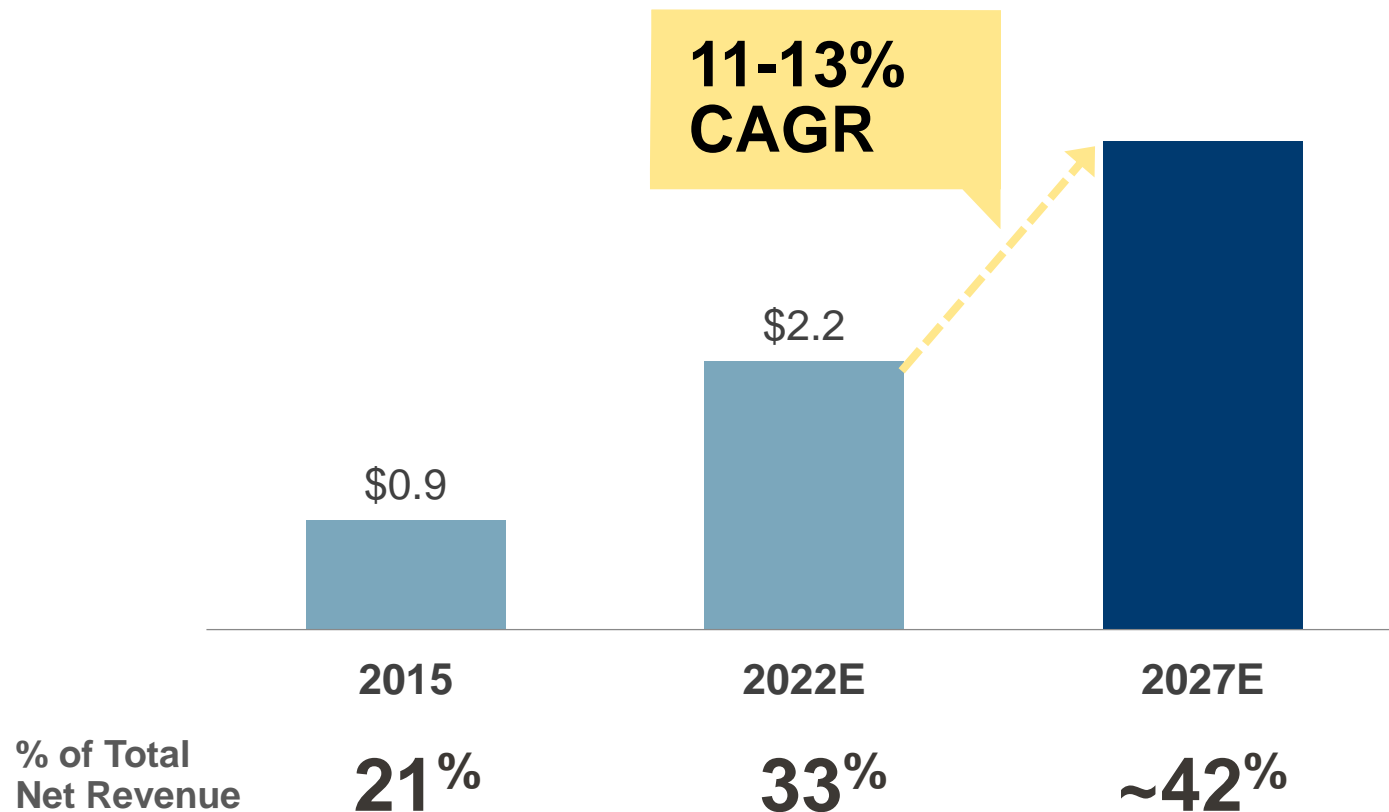
	FY22E % OF NET REVENUE		FY27E % OF NET REVENUE	FY22E – FY27E CAGR
Women's	33% 	➔	42% 	LDD
Tops	21% 	➔	25% 	LDD
International	53% 	➔	57% 	HSD-LDD
Other Brands	7% 	➔	11% 	Mid-to-High Teens

**DIVERSIFYING  
THE PORTFOLIO  
WOMEN'S**

**~2X**



**TOTAL COMPANY WOMEN'S NET REVENUE (\$B)**



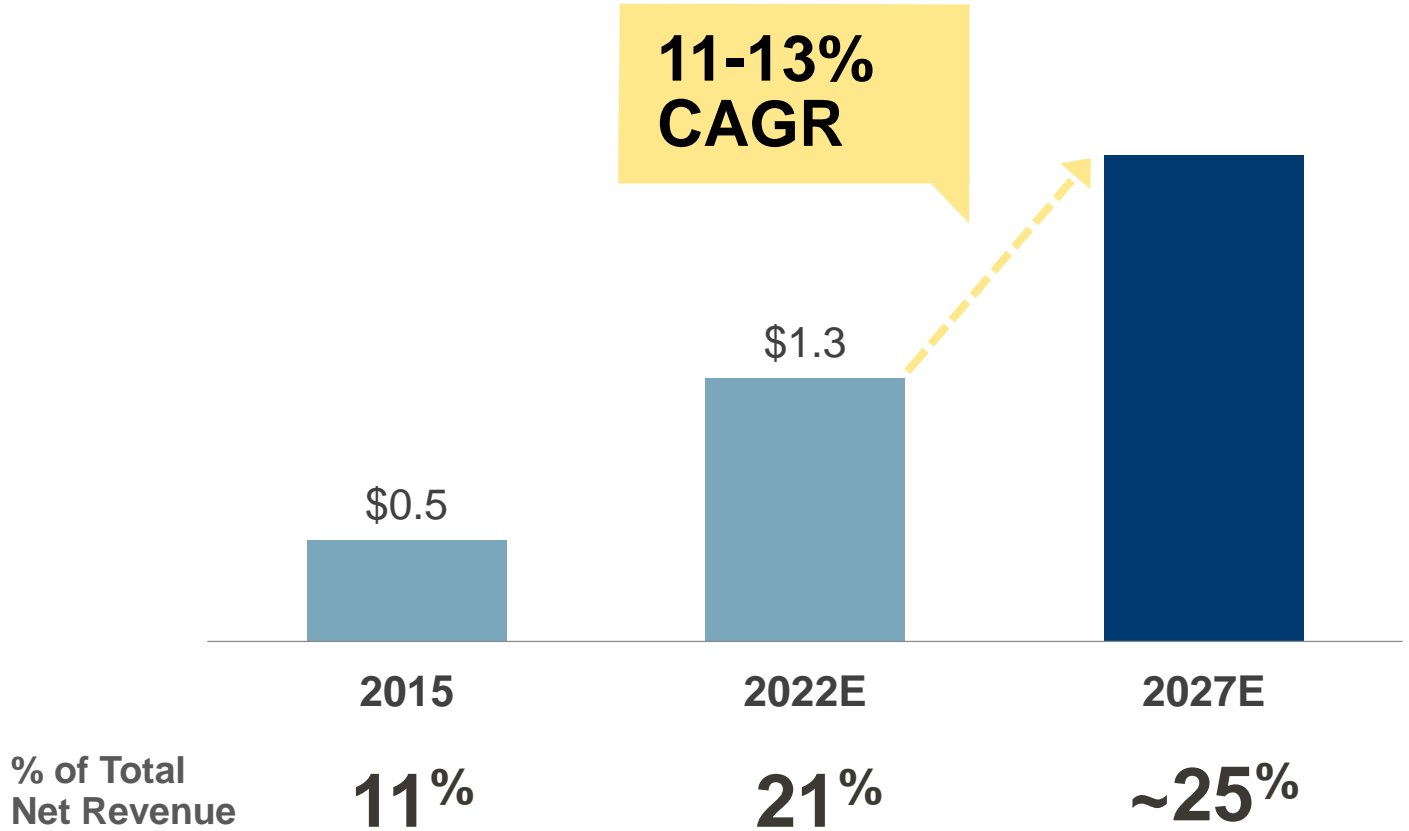
Note: 2022E represents the midpoint of our estimate for Levi's® Brand net revenue in USD billions.

**DIVERSIFYING  
THE PORTFOLIO  
TOPS**

**~2X**



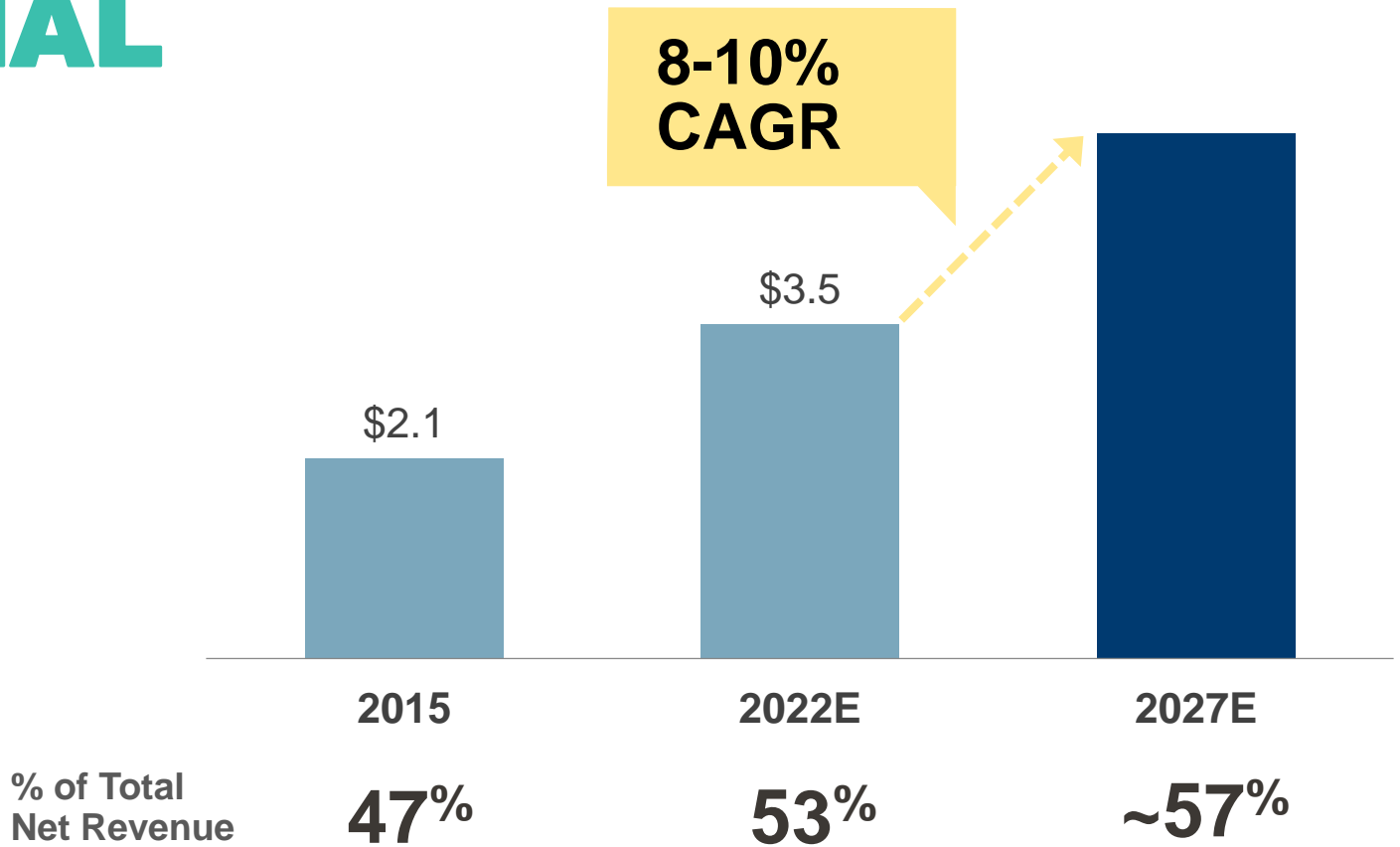
**TOTAL COMPANY TOPS NET REVENUE (\$B)**



Note: 2022E represents the midpoint of our estimate for Levi's® Brand net revenue in USD billions.

# DIVERSIFYING THE PORTFOLIO INTERNATIONAL

## TOTAL COMPANY INTERNATIONAL NET REVENUE (\$B)



Note: 2022E represents the midpoint of our estimate for LS&Co. international net revenue in USD billions.

# DIVERSIFYING THE PORTFOLIO

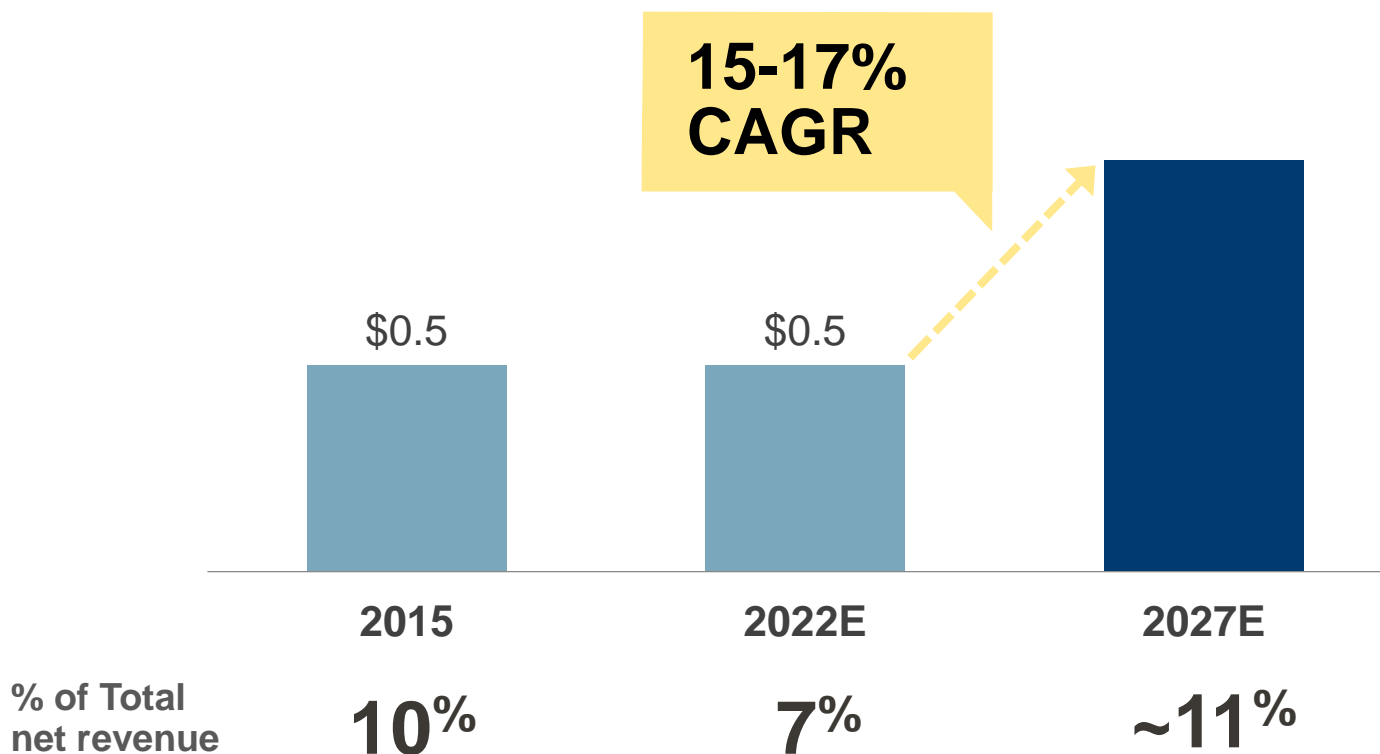
# OTHER BRANDS

# 2X

BEYOND YOGA 



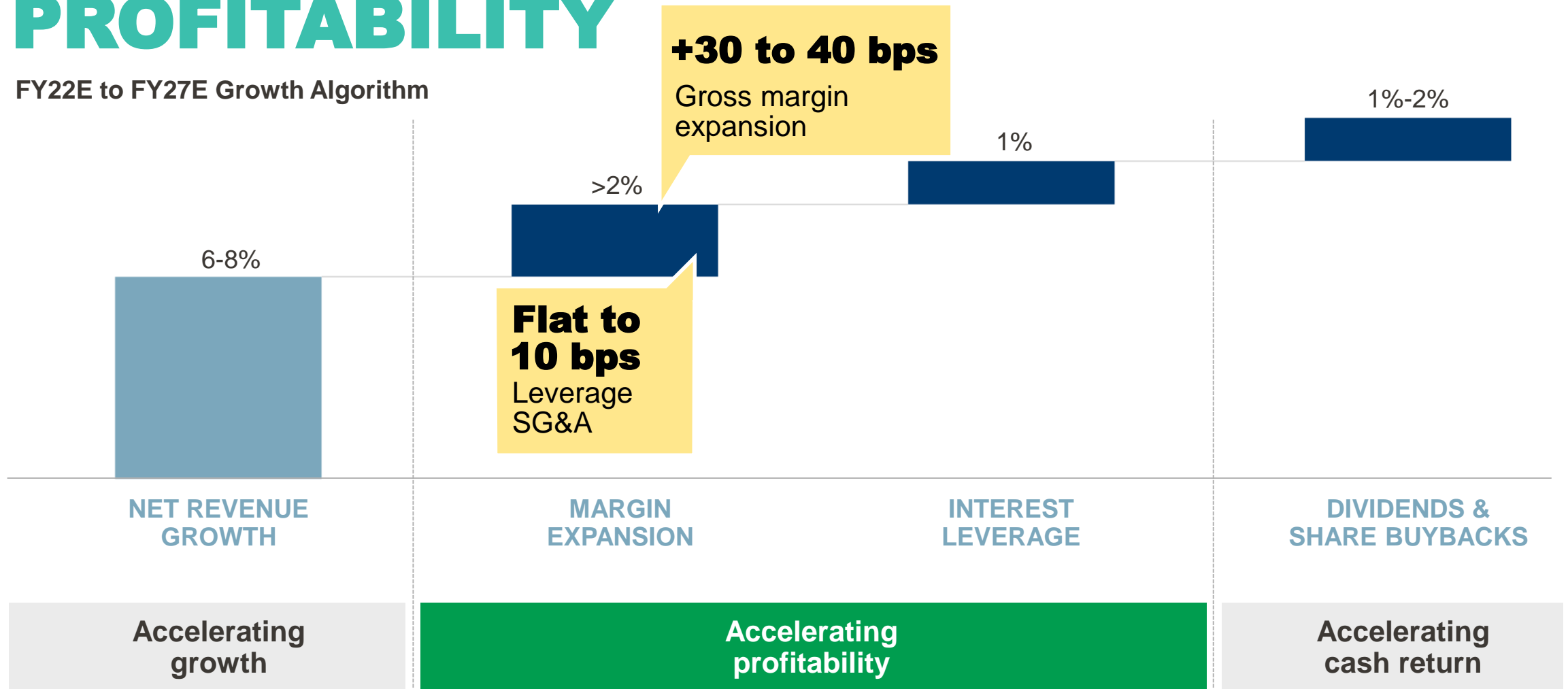
## OTHER BRANDS NET REVENUE (\$B)



Note: 2022E represents the midpoint of our estimate for LS&Co.'s Other Brands net revenue in USD billions. Dockers® net revenues troughed in 2021 and are expected to grow through 2027, in addition to Beyond Yoga®.

# ACCELERATING PROFITABILITY

FY22E to FY27E Growth Algorithm



# IMPROVING ON OUR STRONG MARGIN PROFILE

## GROSS MARGIN DRIVERS

FY22E ADJ. Gross Margin: 58.2% to 60% in FY27

Geographic mix



Channel mix



Category mix (women / tops)



Sourcing, pricing, AUR offset  
inflation, higher promotional  
environment



Other Brands



## EBIT MARGIN DRIVERS

FY22E ADJ. EBIT Margin: 12.6% to 15% in FY27

Gross Margin Improvement



SG&A leverage:



A&P Investment



DTC expansion



Other selling expenses



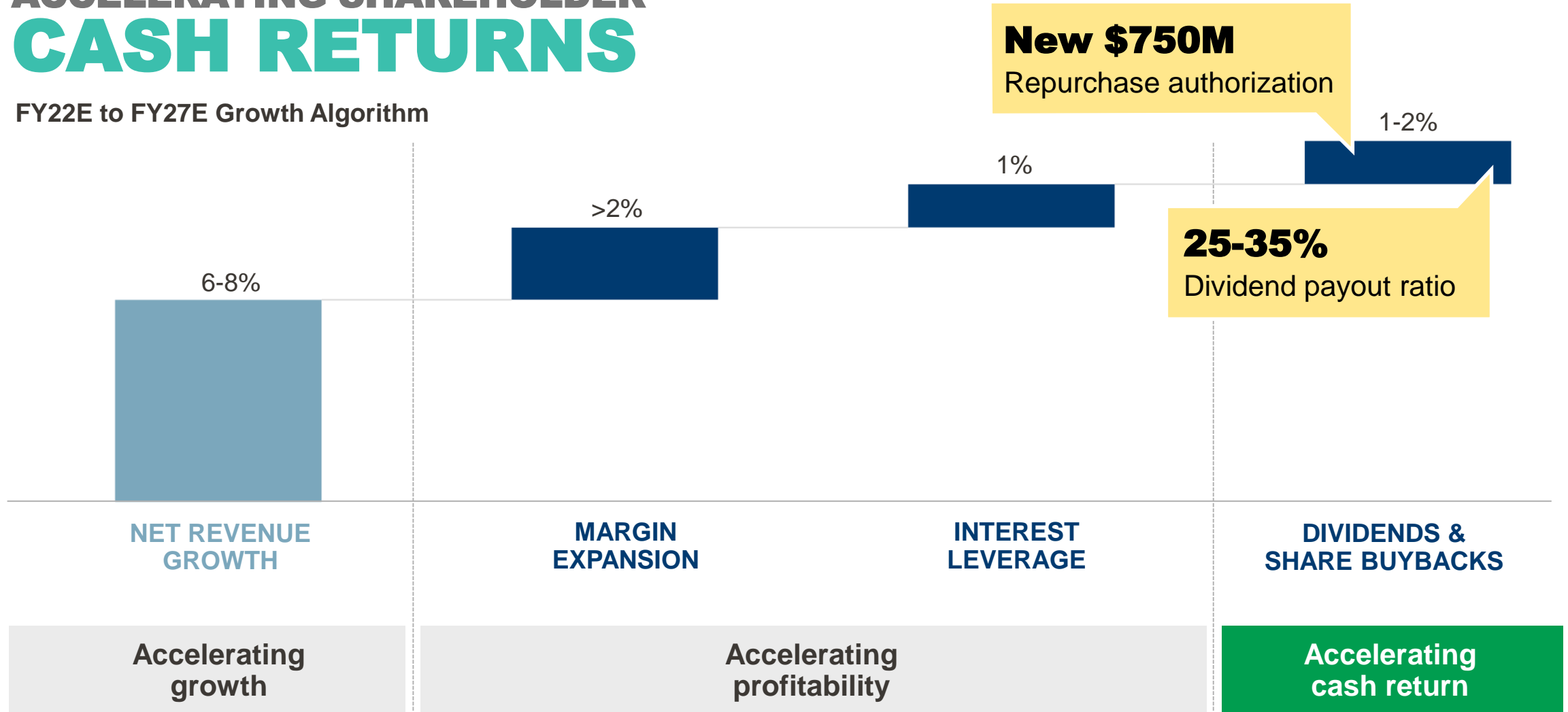
General overhead



\*2022E figures are the mid-points of current guidance.

# ACCELERATING SHAREHOLDER CASH RETURNS

FY22E to FY27E Growth Algorithm



# OUR CAPITAL ALLOCATION PRIORITIES

## REINVEST FOR GROWTH

### 1 Capex (3.5-4% of net revenue)

Strategic investments:

- DTC expansion (new stores and DCs)
- E-commerce
- Digital transformation (AI and ERP)

## RETURN CAPITAL TO SHAREHOLDERS

### 2 Dividends

Maintain a dividend payout ratio of 25-35%, with dividends growing in line with Net Income

### 4 Share repurchases

Repurchase shares with the goal of offsetting dilution and/or opportunistic buybacks

**Aim to return ~55-65% of our free cash flow in the form of dividends and share repurchases**

## M&A

### 3 Acquisitions

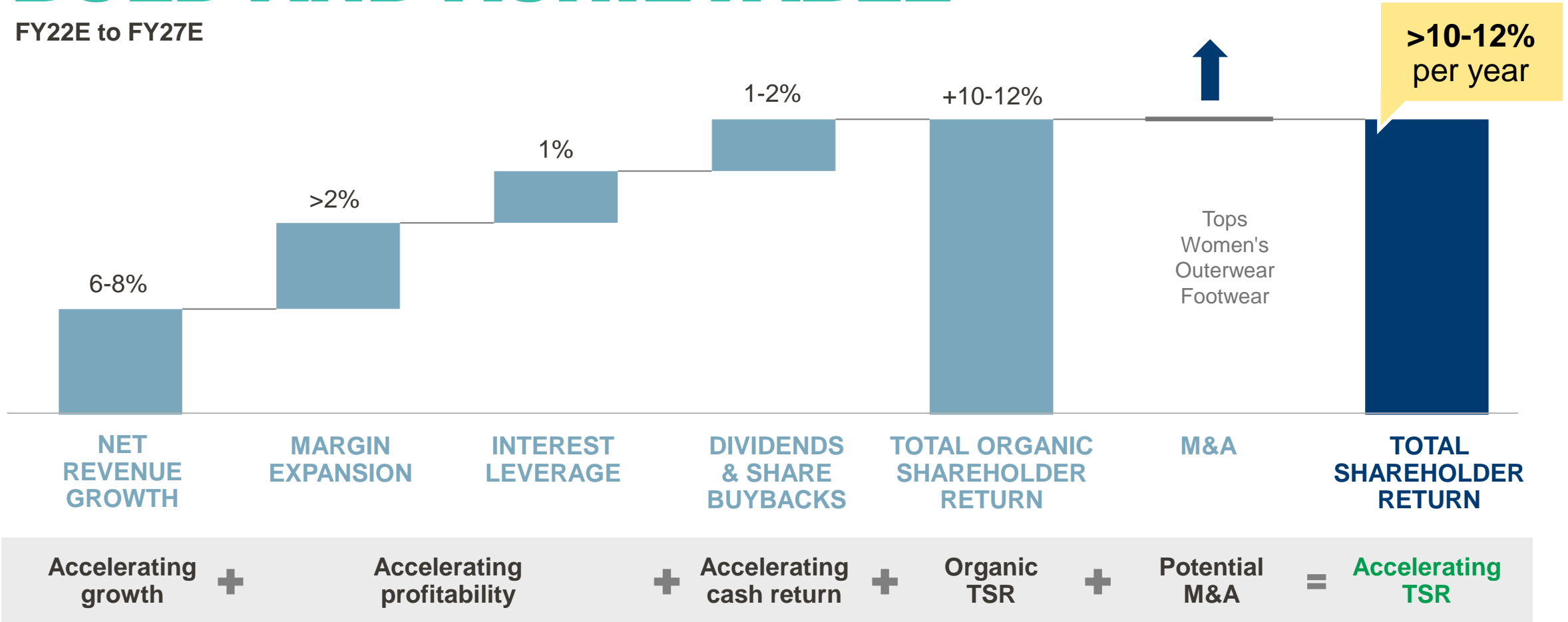
Evaluate high ROI organic and inorganic acquisitions that support our current strategies



We will continue to have a disciplined capital allocation strategy which prioritizes high ROI growth driven investments, while returning excess cash to shareholders

# OUR NEW GROWTH ALGORITHM: BOLD AND ACHIEVABLE

FY22E to FY27E



# KEY TAKEAWAYS



Clear strategies with the right team to deliver



Diverse brand portfolio with the ability to expand



Plan that balances generating more net revenue, profit and cash with creating stakeholder value



Cash generating machine with disciplined investments in high-ROIC priorities





**APPENDIX:**  
**GAAP TO NON-GAAP  
RECONCILIATION**

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# ADJUSTED GROSS PROFIT

We define adjusted gross profit, as gross profit excluding COVID-19 and acquisition related inventory costs. We define adjusted gross margin, as adjusted gross profit as a percentage of net revenues

(Dollars in millions)	2021	2020	2019	2011
<b>MOST COMPARABLE GAAP MEASURE</b>				
Gross profit	\$3,346.7	\$2,352.9	\$3,101.4	\$2,292.2
<b>NON-GAAP MEASURE</b>				
Gross profit	\$3,346.7	\$2,352.9	\$3,101.4	\$2,292.2
COVID-19 related inventory costs <sup>(1)</sup>	(15.1)	69.3	—	—
Acquisition related charges <sup>(2)</sup>	3.9	—	—	—
<b>ADJUSTED GROSS PROFIT</b>	<b>\$3,335.5</b>	<b>\$2,422.2</b>	<b>\$3,101.4</b>	<b>\$2,292.2</b>
<i>Adjusted gross margin</i>	<i>57.9%</i>	<i>54.4%</i>	<i>53.8%</i>	<i>48.1%</i>

1. For the fiscal year ended November 28, 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 fiscal year ended November 29, 2020, COVID-19 related inventory costs include \$42.3 million of incremental inventory reserves and the recognition of adverse fabric purchase commitments of \$26.2 million.

2. Acquisition related charges include the inventory markup above historical carrying value associated with the Beyond Yoga<sup>®</sup> acquisition.

## ADJUSTED EBIT AND ADJUSTED EBITDA

We define Adjusted EBIT as net income (loss) excluding income tax expense (benefit), interest expense, other (income) expense, net, underwriter commission paid on behalf of selling stockholders, loss on early extinguishment of debt, impact of changes in fair value on cash-settled stock-based compensation, COVID-19 related inventory costs and other charges, acquisition and integration related charges, and restructuring and related charges, severance and other, net. We define Adjusted EBIT margin as Adjusted EBIT as a percentage of net revenues. We define Adjusted EBITDA as Adjusted EBIT excluding depreciation and amortization expense.

(Dollars in millions)	2021	2020	2019	2011
<b>MOST COMPARABLE GAAP MEASURE</b>				
Net income (loss)	\$553.5	\$(127.1)	\$395.0	\$135.1
<b>NON-GAAP MEASURE</b>				
Net income (loss)	553.5	(127.1)	395.0	135.1
Income tax expense (benefit)	26.7	(62.6)	82.6	67.7
Interest expense	72.9	82.2	66.2	132.0
Other (income) expense, net <sup>(1)</sup>	(3.4)	22.4	(2.0)	1.3
Underwriter commission paid on behalf of selling stockholders			24.9	—
Loss on early extinguishment of debt	36.5	—	-	0.3
Impact of changes in fair value on cash-settled stock-based compensation <sup>(2)</sup>	4.2	7.1	34.1	—
COVID-19 related inventory costs and other charges <sup>(3)</sup>	(9.7)	159.6	—	—
Acquisition and integration related charges <sup>(4)</sup>	7.7	—	—	—
Restructuring and restructuring related charges, severance and other, net <sup>(5)</sup>	24.5	99.5	9.8	67.1
<b>ADJUSTED EBIT</b>	<b>712.9</b>	<b>181.1</b>	<b>610.6</b>	<b>403.5</b>
Depreciation and amortization <sup>(6)</sup>	142.0	136.6	123.9	117.8
<b>ADJUSTED EBITDA</b>	<b>854.9</b>	<b>317.7</b>	<b>734.5</b>	<b>521.3</b>
<i>Adjusted EBIT margin</i>	<i>12.4%</i>	<i>4.1%</i>	<i>10.6%</i>	<i>8.5%</i>

## ADJUSTED EBIT AND ADJUSTED EBITDA (CONT.)

- (1) Includes \$14.7 million in pension settlement losses related to the voluntary lump-sum, cash-out program offered to vested deferred US pension plan participants during the year ended November 29, 2020. See Note 10 to our audited consolidated financial statements included in this report for further information.
- (2) Includes the impact of the 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.
- (3) For the year ended November 28, 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 year ended November 29, 2020, COVID-19 related inventory costs and other charges primarily include \$42.3 million of incremental inventory reserves, \$26.2 million of adverse fabric purchase commitments, \$44.3 million and \$21.7 million in impairment of operating lease right-of-use assets and property and equipment related to certain retail locations and other corporate assets, respectively, and \$17.7 million of charges related to customer receivables. The remainder relates to other incremental costs incurred in response to the global pandemic.
- (4) Acquisition and integration related charges includes the inventory markup above historical carrying value as well as SG&A expenses associated with the Beyond Yoga® acquisition.
- (5) Other charges included in Restructuring and restructuring related charges, severance and other, net include charges related to an international customs audit and transaction and deal related costs.
- (6) Depreciation and amortization amount net of amortization included in Restructuring and restructuring related charges, severance and other, net.

## NET DEBT AND LEVERAGE RATIO

We define net debt, as total debt, excluding capital leases, less cash and cash equivalents. We define leverage ratio, as the ratio of total debt to the last 12 months Adjusted EBITDA. Our management believes that net debt and leverage ratio are important measures to monitor our financial flexibility and evaluate the strength of our balance sheet. Net debt and leverage ratio have limitations as analytical tools and may vary from similarly titled measures used by other companies. Net debt and leverage ratio should not be considered in isolation or as substitutes for an analysis of our results prepared and presented in accordance with GAAP.

The following table presents a reconciliation of total debt, excluding capital leases, the most directly comparable financial measure calculated in accordance with GAAP, to net debt for each of the periods presented.

(Dollars in millions)	2021	2020	2019	2011
<b>MOST COMPARABLE GAAP MEASURE</b>				
Total debt, excluding capital leases	\$1,026.6	\$1,564.3	\$1,014.4	\$1,972.4
<b>NON-GAAP MEASURE</b>				
Total debt, excluding capital leases	\$1,026.6	\$1,564.3	\$1,014.4	\$1,972.4
Cash and cash equivalents	(810.3)	(1,497.2)	(934.2)	(204.5)
Short-term investments in marketable securities	(91.5)	(96.5)	(80.7)	—
<b>NET DEBT</b>	<b>\$ 124.8</b>	<b>\$ (29.4)</b>	<b>\$ (0.5)</b>	<b>\$1,767.9</b>

The following table presents a reconciliation of total debt, excluding capital leases, the most directly comparable financial measure calculated in accordance with GAAP, to leverage ratio for each of the periods presented.

(Dollars in millions)	2021	2020	2019	2011
Total debt, excluding capital leases	\$ 1,026.6	\$ 1,564.3	\$ 1,014.4	\$ 1,972.4
Last Twelve Months Adjusted EBITDA	854.9	317.7	734.5	521.3
<b>LEVERAGE RATIO</b>	<b>1.2</b>	<b>4.9</b>	<b>1.4</b>	<b>3.8</b>

# ADJUSTED NET INCOME AND ADJUSTED DILUTED EARNINGS PER SHARE

We define Adjusted net income as net income (loss) excluding underwriter commission paid on behalf of selling stockholders, loss on early extinguishment of debt, charges related to the impact of changes in fair value on cash-settled stock-based compensation, COVID-19 related inventory costs and other charges, acquisition and integration related charges, and restructuring and integration related charges, and restructuring and restructuring related charges, severance and other, net, pension settlement losses, and re-measurement of our deferred tax assets and liabilities based on the lower rates as a result of the Tax Act, adjusted to give effect to the income tax impact of such adjustments. To calculate the income tax impact of such adjustments on a year-to-date basis, we utilize an effective tax rate equal to our income tax expense excluding material discrete costs and benefits, with any impacts of changes in effective tax rate being recognized in the current period. We define Adjusted net income margin as Adjusted net income as a percentage of net revenues. We define Adjusted diluted earnings per share as Adjusted net income per weighted-average number of diluted common shares outstanding.

The following table presents a reconciliation of net income (loss), the most directly comparable financial measure calculated in accordance with GAAP, to Adjusted net income for each of the periods presented and the calculation of Adjusted diluted earnings per share for each of the periods presented.

(Dollars in millions)	2021	2020	2019
<b>MOST COMPARABLE GAAP MEASURE</b>			
Net income (loss)	\$553.5	\$(127.1)	\$395.0
<b>NON-GAAP MEASURE</b>			
Net income (loss)	\$553.5	\$ (127.1)	\$395.0
Underwriter commission paid on behalf of selling stockholders			24.9
Loss on early extinguishment of debt	36.5	—	—
Impact of changes in fair value on cash-settled stock-based compensation <sup>(1)</sup>	4.2	7.1	34.1
COVID-19 related inventory costs and other charges <sup>(2)</sup>	(9.7)	159.6	-
Acquisition and integration related charges <sup>(3)</sup>	7.7	—	—
Restructuring and restructuring related charges, severance and other, net <sup>(4)</sup>	24.5	99.5	9.8
Pension settlement losses <sup>(5)</sup>	—	14.7	—
Tax impact of adjustments <sup>(6)</sup>	(15.8)	(70.2)	(7.6)
<b>ADJUSTED NET INCOME</b>	<b>\$600.9</b>	<b>\$83.6</b>	<b>\$456.2</b>
<i>Adjusted net income margin</i>	<i>10.4%</i>	<i>1.9%</i>	<i>7.9%</i>
Adjusted diluted earnings per share	\$ 1.47	\$0.21	\$1.12

## ADJUSTED NET INCOME AND ADJUSTED DILUTED EARNINGS PER SHARE (CONT.)

- (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 twelve-month period ended November 28, 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 year ended November 29, 2020, COVID-19 related inventory costs and other charges primarily include \$42.3 million of incremental inventory reserves, \$26.2 million of adverse fabric purchase commitments, \$44.3 million and \$21.7 million in impairment of operating lease right-of-use assets and property and equipment related to certain retail locations and other corporate assets, respectively, and \$17.7 million of charges related to customer receivables. The remainder relates to other incremental costs incurred in response to the global pandemic.
- (3) Acquisition and integration related charges includes the inventory markup above historical carrying value as well as SG&A expenses associated with the Beyond Yoga® acquisition.
- (4) Other charges included in Restructuring and restructuring related charges, severance and other, net include charges related to an international customs audit and transaction and deal related costs.
- (5) Pension settlement losses relate to the voluntary lump-sum, cash-out program offered to vested deferred US pension plan participants.
- (6) Tax impact calculated using the annual effective tax rate, excluding discrete costs and benefits.

# RETURN ON INVESTED CAPITAL

We define Return on invested capital ("ROIC") as the trailing four quarters of Adjusted net income before interest and after taxes divided by the average trailing five quarters of total invested capital. We define earnings before interest and after taxes as Adjusted net income plus interest expense and income tax expense less an income tax adjustment. We define total invested capital as total debt plus shareholders' equity less cash and short-term investments. We believe ROIC is useful to investors as it quantifies how efficiently we generated operating income relative to the capital we have invested in the business.

Our calculation of ROIC is considered a non-GAAP financial measure because we calculate ROIC using the non-GAAP metric Adjusted net income. Although ROIC is a standard financial metric, numerous methods exist for calculating a company's ROIC. As a result, the method we use to calculate our ROIC may differ from the methods used by other companies. This metric is not defined by GAAP and should not be considered as an alternative to earnings measures defined by GAAP.

(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. Acquisition related charges include the inventory markup above historical carrying value associated with the Beyond Yoga acquisition.

(2) Tax impact calculated using the annual effective tax rate, excluding discrete costs and benefits.

## TRAILING FOUR QUARTERS

(Dollars in millions)	2021	2020	2019
Net income (loss)	\$153.0	\$56.7	\$395.0
<b>NUMERATOR</b>			
Adjusted net income <sup>(1)</sup>	600.9	83.6	456.2
Interest expense	72.9	82.2	66.2
Income tax expense	26.7	(62.6)	82.6
Adjusted net income before interest and taxes	700.5	103.2	605.0
Income tax adjustment <sup>(2)</sup>	(30.1)	(25.8)	(104.6)
<b>ADJUSTED NET INCOME BEFORE INTEREST AND AFTER TAXES</b>	<b>\$670.4</b>	<b>\$77.4</b>	<b>\$500.4</b>

## AVERAGE TRAILING FIVE QUARTERS

(Dollars in millions)	2021	2020	2019
<b>Denominator</b>			
Total debt, including lease liabilities	\$2,585.6	\$2,464.2	\$2,107.6
Shareholders' equity	1,483.2	1,299.5	1,142.9
Cash and Short-term investments	(1,470.8)	(1,593.7)	(866.9)
<b>TOTAL INVESTED CAPITAL</b>	<b>\$2,598.0</b>	<b>\$2,170.0</b>	<b>\$2,383.6</b>
Net income (loss) to Total invested capital	5.9%	2.6%	16.6%
Return on Invested Capital	25.8%	3.6%	21.0%

LEVI STRAUSS & CO.

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