Q4 Fiscal Year 2021 Financial Results

April 28, 2021



logitech®

FORWARD-LOOKING STATEMENTS

This presentation includes forward-looking statements within the meaning of the U.S. federal securities laws, including, without limitation, statements regarding: our preliminary financial results for the three months and full fiscal year ended March 31, 2021, long-term growth and growth opportunities, trends and behaviors, long-term strategy, trends in our product categories, our commitment to carbon labeling, hybrid work and its expected impact on us, product demand, product supply, gross margin, gross margin target range, marketing and promotional spending, operating expense investments, innovation across our product portfolio, inventory, investment priorities, plans and opportunities, growth and profitability, share repurchase program, share repurchases, fiscal year 2021 dividend proposal, fiscal year 2022 outlook, and related assumptions. These statements are subject to risks and uncertainties that may cause actual results and events to differ materially, including without limitation: if our product offerings, marketing activities and investment prioritization decisions do not result in the sales, profitability or profitability growth we expect, or when we expect it; if we fail to innovate and develop new products in a timely and cost-effective manner for our new and existing product categories; if we do not successfully execute on our growth opportunities or our growth opportunities are more limited than we expect; the effect of demand variability and supply shortages; the effect of pricing, product, marketing and other initiatives by our competitors, and our reaction to them, on our sales, gross margins and profitability; if our products and marketing strategies fail to separate our products from competitors' products; if we are not able to maintain and enhance our brands; the COVID-19 pandemic and its potential impact; if we do not efficiently manage our spending; if there is a deterioration of business and economic conditions in one or more of our sales regions or product categories, or significant fluctuations in exchange rates; changes in trade policies and agreements and the imposition of tariffs that affect our products or operations and our ability to mitigate; risks associated with acquisitions; the effect of changes to our effective income tax rates. These and other risks and uncertainties are detailed in Logitech's filings with the Securities and Exchange Commission (SEC), including its Annual Report on Form 10-K for the fiscal year ended March 31, 2020, its Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2020 and its subsequent reports filed with the SEC, available at www.sec.gov, under the caption Risk Factors and elsewhere. Logitech does not undertake any obligation to update any forward-looking statements to reflect new information or events or circumstances occurring after the date of this presentation.

To facilitate comparisons to Logitech's historical results, we have included **non-GAAP adjusted measures** in this presentation, which exclude primarily share-based compensation expense, amortization of intangible assets, acquisition-related costs, change in fair value of contingent consideration for business acquisition, restructuring charges (credits), loss (gain) on investments, non-GAAP income tax adjustment, and other items detailed under "Supplemental Financial Information" in our quarterly earnings press release and posted to our website at http://ir.logitech.com. Historical GAAP and corresponding non-GAAP measures are provided with our earnings releases and presentations in the Investors section of our website. We also present percentage sales growth in constant currency ("CC") to show performance unaffected by fluctuations in currency exchange rates. Percentage sales growth in constant currency is calculated by translating prior period sales in each local currency at the current period's average exchange rate for that currency and comparing that to current period sales. Logitech believes this information will help investors to evaluate its current period performance, outlook and trends in its business. For historical financials provided in this presentation, reconciliation between non-GAAP amounts and GAAP amounts is provided on the Investors page of our website, together with this presentation and with our earnings releases. With respect to financial outlook, most of the excluded amounts pertain to events that have not yet occurred and are not currently possible to estimate with a reasonable degree of accuracy. Therefore, no reconciliation to GAAP amounts has been provided for non-GAAP outlook.

KEY MESSAGES – Q4 FY 2021

Q4'21 sales increased a record 108% (CC) to $1.54B, an acceleration of growth versus prior quarters and demonstrated the sustainability of several large secular trends that are driving growth across our product categories

Gross margin expanded to 46.6% due to stronger-than-expected sales, lower promotional spending, favorable product mix, and a benefit from currency exchange rates

Operating profits increased more than fourfold to $325M as record sales growth and gross margins provided the funding to reinvest across our capabilities while still generating significant operating leverage

Cash flow from operations was $530M, up from $101M last year, driven by strong operating profits that allowed us to tactically invest in our working capital to support near-term demand and to improve component and finished goods buffer levels across the global supply chain

Note: Results are non-GAAP, except for cash flow from operations. Comparisons are Y/Y and in constant currency unless otherwise specified.

KEY MESSAGES – FISCAL YEAR 2021

8th year of consecutive sales growth[1], with **FY'21 sales up 74% (CC) and over $2.2B versus the prior year**

Our three largest categories reached new milestones, with Creativity & Productivity (C&P) sales over $2B and both Video Collaboration and Gaming sales each exceeding $1B

Gross margin increased to 44.8%, driven by robust sales volume, lower promotional spending, and favorable product mix that more than offset elevated logistics costs

Operating profits more than tripled to $1.27B after funding significant investments in marketing, innovation, and sales coverage

Cash flow from operations reached an all-time high of $1.46B, up from $425M last year, via operating profit growth and significant improvements in working capital efficiency

Raising FY 2022 outlook for non-GAAP operating income to $800-850M (versus prior $750-800M) while maintaining flat +/- 5% sales growth (CC) off a higher sales base

Note: Results are non-GAAP, except for cash flow from operations. Sales are net sales and comparisons are Y/Y and in constant currency unless otherwise specified.
(1) Retail sales.

WHAT'S NEW FROM LOGITECH



MARKETING



ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

On Earth Day, we announced an **industry-first carbon transparency effort** to include detailed carbon impact transparency labeling on all product packaging across our entire portfolio

Like nutrition labels on food packaging, we believe that consumers should be empowered and informed about the impact of their purchasing decisions

We are also offering our entire product carbon impact methodology to other companies to use in an effort to drive greater carbon impact labeling adoption



TABLET & ACCESSORIES

Logitech Combo Touch is now available for the new iPad Pro 11” and coming soon for iPad Pro 12.9”

Introduces the largest trackpad for a keyboard case that allows users to click anywhere on the surface while offering an even thinner protective case

Features multiple use modes with an integrated kickstand, auto backlit keys, and a full row of iPadOS shortcut keys



FINANCIAL RESULTS



FY'21 SETS A NEW BASELINE FOR FUTURE GROWTH

	Q4'21	Y/Y	FY'21	Y/Y
Net sales	**$1,536**		**$5,252**	
Y/Y % chg		*117%*		*76%*
Y/Y % chg (CC)		*108%*		*74%*
Gross profit	716	154%	2,356	106%
% margin	*46.6%*	*680 bps*	*44.8%*	*640 bps*
Operating expense	391	92%	1,083	44%
% of sales	*25.5%*	*(320 bps)*	*20.6%*	*(480 bps)*
Operating income	**$325**	**312%**	**$1,272**	**229%**
% margin	*21.2%*	*1010 bps*	*24.2%*	*1120 bps*
Net income	251	254%	1,103	202%
% margin	*16.4%*	*640 bps*	*21.0%*	*870 bps*
Earnings per share	**$1.45**	**245%**	**$6.42**	**199%**
Diluted shares	173		172	

Net sales +74% (CC) to $5.25B, setting a new baseline for future growth across our major product categories

Record gross margin of 44.8%, driven by strong sales volume, lower promotional spending and favorable product mix

Reinvested profit dollars into OPEX (+44%) to support sustained sales growth off a significantly higher base

Operating profits more than tripled to $1.27B, beating both our most recent and initial outlook

Note: Numbers in $ millions except EPS and percentages. Diluted share count in millions. Results are non-GAAP. Comparisons are Y/Y and in US$ unless otherwise specified.

MULTIPLE GROWTH DRIVERS … TODAY AND FUTURE

	Q4'21	Y/Y	Y/Y CC	FY'21	Y/Y	Y/Y CC
Pointing Devices	178	31%	27%	681	25%	23%
Keyboards & Combos	219	48%	44%	784	37%	36%
PC Webcams	145	261%	248%	440	240%	237%
Tablet & Accessories	117	268%	254%	384	184%	181%
Video Collaboration	386	248%	233%	1,045	186%	180%
Mobile Speakers	30	40%	32%	175	(21%)	(22%)
Audio & Wearables	130	100%	94%	469	71%	69%
Gaming	323	117%	108%	1,239	80%	77%
Smart Home	8	1%	0%	34	(21%)	(21%)
Net sales	**1,536**	**117%**	**108%**	**5,252**	**76%**	**74%**

Our three large product categories all reached new milestones in FY'21, with C&P sales $2.3B, Video Collaboration sales $1.0B and Gaming sales $1.2B

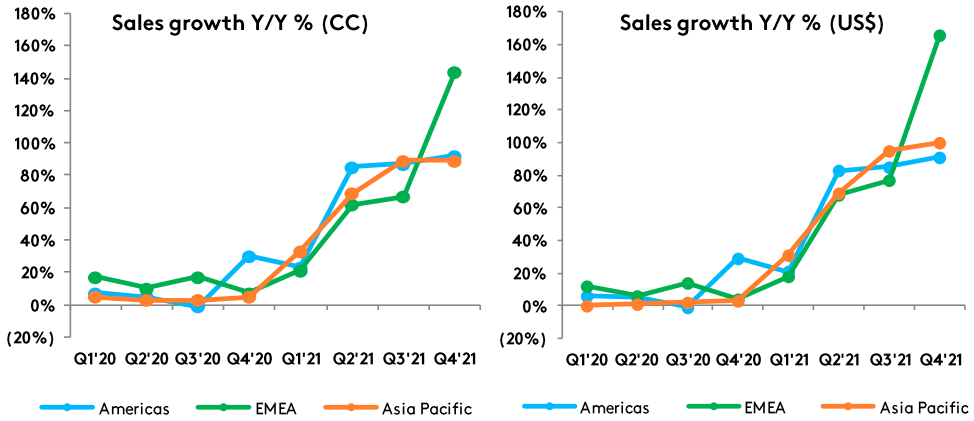
The four large secular trends of video everywhere, hybrid work/learn, gaming, and content creation led to our impressive FY'21 results …

… and will continue to offer attractive long-term growth opportunities as we invest across our product categories and strengthen our key capabilities

Note: Sales in $ millions and are net sales. Comparisons are Y/Y and in US$ unless otherwise specified.

BROAD-BASED GROWTH ACROSS ALL REGIONS

	Q4'21	Q4'20	Y/Y (CC)	Y/Y (US$)	Sell-through (US$)
Americas	603	316	92%	91%	51%
EMEA	588	221	144%	166%	82%
Asia Pacific	344	172	89%	100%	83%
Net sales	**$1,536**	**$709**	**108%**	**117%**	**70%**



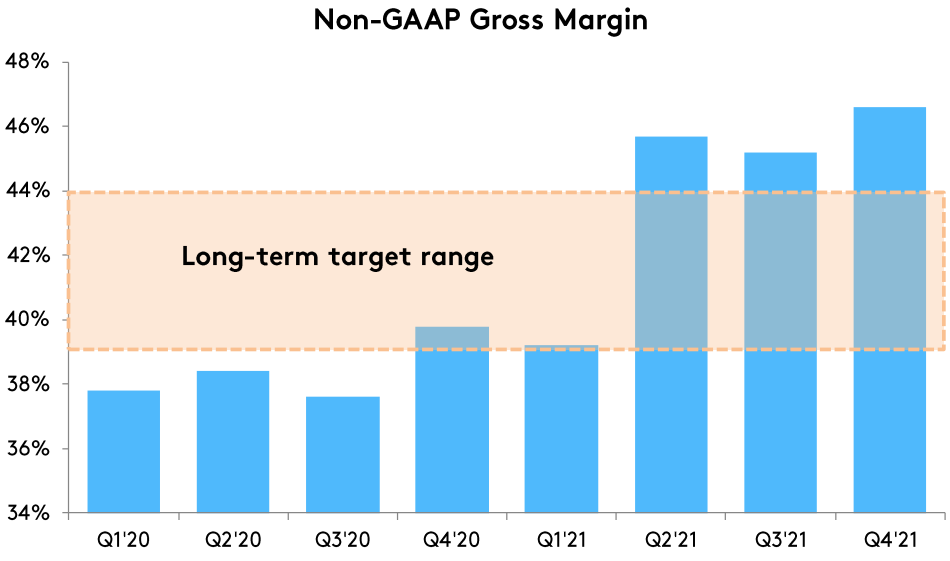
Growth accelerated across all three regions, with particular upside from EMEA led by faster video adoption

Sell-through growth also strengthened to +70% as demand remained very strong in spite of varying degrees of shelter-in-place mandates and work/learn environments

Sell-in exceeded sell-through as we continued to strategically restock our channel inventory back to healthier levels and to help mitigate well-documented industry supply chain shortages

Note: Sales in $ millions and are net sales. Comparisons are Y/Y unless otherwise specified. See Appendix regarding sell-through data.

CONTINUED STRONG GROSS MARGIN



Q4'21 gross margin increased 680 basis points to 46.6% versus Q4'20 ...

... while FY'21 gross margin expanded 640 basis points to 44.8% due to robust sales volume, lower promotional spending, and favorable product mix

We expect FY'22 gross margin to be within our target gross margin range as we reinvest in sales promos and retail point-of-sales marketing activations to support future growth

OPEX INVESTMENTS TO CAPTURE FUTURE GROWTH

	Q4'21	Y/Y	FY'21	Y/Y
Sales & marketing	265	97%	733	45%
% of sales	*17.2%*	*(170 bps)*	*14.0%*	*(300 bps)*
Research & development	65	37%	212	26%
% of sales	*4.2%*	*(250 bps)*	*4.0%*	*(170 bps)*
General & administrative	62	184%	138	72%
% of sales	*4.0%*	*90 bps*	*2.6%*	*(10 bps)*
Operating expenses	**$391**	**92%**	**$1,083**	**44%**
% of sales	*25.5%*	*(320 bps)*	*20.6%*	*(480 bps)*

Operating expenses +44% as we strategically invested in our key capabilities, such as marketing, sales coverage, and both hardware and software innovations

S&M expenses +45% due to new investments in branding and marketing campaigns as well as in our go-to-market activities

R&D +26% as we launched multiple new products and software enhancements

G&A +72% on increased IT and customer care support as well as setting up a $30M charitable Donor-Advised Fund

Note: Numbers in $ millions except percentages. Results are non-GAAP. Comparisons are Y/Y unless otherwise specified.

RECORD CASH FLOW GENERATION

Cash items:	$	Y/Y
Cash flow from ops (Q4'21)	530	*426%*
Cash flow from ops (FY'21)	1,459	*243%*
Ending cash balance (Mar '21)	1,750	*145%*
Working capital metrics	**Q4'21**	**Y/Y**
Inventory	661	188%
Inventory turns	*5.0*	*(2.6 turns)*
DOI	*72*	*24 days*
Accounts receivable	612	55%
DSO	*36*	*(14 days)*
Accounts payable	823	218%
DPO	*90*	*36 days*
Cash conversion cycle	**18**	**(26 days)**

Cash balance reached $1.75B due to strong profit growth and a focus on efficient working capital management

Cash flow from operations reached a record $1.46B, up over $1B vs. last year

Cash conversion cycle improved 26 days to 18 days

Today, the board has authorized an increase of $750M to our current share buyback program, bringing the 3-year authorization to $1B

Note: Numbers in $ millions except turns and days figures. Comparisons are Y/Y unless otherwise specified.
Share buyback program amendment subject to Swiss Takeover Board approval.

RAISING FISCAL YEAR 2022 OUTLOOK

FY 2022 OUTLOOK	NEW	OLD
Sales growth (CC)	**-5% to +5%**	**-5% to +5%**
Non-GAAP operating income	**$800 – 850M**	**$750 – 800M**

ADDITIONAL ASSUMPTIONS	
Currency exchange rates	FY'21 average rates [1]
Non-GAAP effective tax rate	11 – 12%
Cash from operations	~1x non-GAAP operating income
Capex	$80 - 90M

Note: Sales growth is in constant currency unless otherwise specified.
(1) FY'22 projection is based on average FY'21 currency exchange rates.

APPENDIX



GAAP TO NON-GAAP RECONCILIATIONS

LOGITECH INTERNATIONAL S.A.

PRELIMINARY RESULTS*

(In thousands, except per share amounts) - Unaudited

SUPPLEMENTAL FINANCIAL INFORMATION	**Three Months Ended March 31,**		**Fiscal Years Ended March 31,**	
GAAP TO NON GAAP RECONCILIATION [(A)]	**2021**	**2020**	**2021**	**2020**
Gross profit - GAAP	$ 711,269	$ 276,876	$2,335,735	$1,122,381
Share-based compensation expense	1,519	1,300	6,438	4,852
Amortization of intangible assets	3,529	4,292	13,329	14,785
Gross profit - Non-GAAP	$ 716,317	$ 282,468	$2,355,502	$1,142,018
Gross margin - GAAP	46.3 %	39.0 %	44.5 %	37.7 %
Gross margin - Non-GAAP	46.6 %	39.8 %	44.8 %	38.4 %
Operating expenses - GAAP	$ 416,187	$ 244,732	$1,187,610	$ 845,886
Less: Share-based compensation expense	19,786	13,269	79,581	50,018
Less: Amortization of intangible assets and acquisition-related costs	5,178	4,666	19,064	17,563
Less: Change in fair value of contingent consideration for business acquisition	—	23,247	5,716	23,247
Less: Restructuring charges (credits), net	—	74	(54)	144
Operating expenses - Non-GAAP	$ 391,223	$ 203,476	$1,083,303	$ 754,914
% of net sales - GAAP	27.1 %	34.5 %	22.6 %	28.4 %
% of net sales - Non - GAAP	25.5 %	28.7 %	20.6 %	25.4 %

GAAP TO NON-GAAP RECONCILIATIONS

LOGITECH INTERNATIONAL S.A.

PRELIMINARY RESULTS*

(In thousands, except per share amounts) - Unaudited

SUPPLEMENTAL FINANCIAL INFORMATION	**Three Months Ended March 31,**		**Fiscal Years Ended March 31,**	
GAAP TO NON GAAP RECONCILIATION [(A)]	**2021**	**2020**	**2021**	**2020**
Operating income - GAAP	$ 295,082	$ 32,144	$1,148,125	$ 276,495
Share-based compensation expense	21,305	14,569	86,019	54,870
Amortization of intangible assets and acquisition-related costs	8,707	8,958	32,393	32,348
Change in fair value of contingent consideration for business acquisition	—	23,247	5,716	23,247
Restructuring charges (credits), net	—	74	(54)	144
Operating income - Non - GAAP	$ 325,094	$ 78,992	$1,272,199	$ 387,104
% of net sales - GAAP	19.2 %	4.5 %	21.9 %	9.3 %
% of net sales - Non - GAAP	21.2 %	11.1 %	24.2 %	13.0 %
Net income - GAAP	$ 225,747	$ 213,920	$ 947,257	$ 449,723
Share-based compensation expense	21,305	14,569	86,019	54,870
Amortization of intangible assets and acquisition-related costs	8,707	8,958	32,393	32,348
Change in fair value of contingent consideration for business acquisition	—	23,247	5,716	23,247
Restructuring charges (credits), net	—	74	(54)	144
Loss (gain) on investments	1,218	(39,783)	5,910	(39,011)
Non-GAAP income tax adjustment	(5,776)	(150,048)	25,788	(156,524)
Net income - Non - GAAP	$ 251,201	$ 70,937	$1,103,029	$ 364,797
Net income per share:				
Diluted - GAAP	$ 1.31	$ 1.26	$ 5.51	$ 2.66
Diluted - Non - GAAP	$ 1.45	$ 0.42	$ 6.42	$ 2.15
Shares used to compute net income per share:				
Diluted - GAAP and Non - GAAP	172,954	169,981	171,775	169,381

GAAP TO NON-GAAP RECONCILIATION NOTES

Note: These preliminary results for the three months and full fiscal year ended March 31, 2021 are subject to adjustments, including subsequent events that may occur through the date of filing our Annual Report on Form 10-K.

(A) Non-GAAP Financial Measures

To supplement our condensed consolidated financial results prepared in accordance with GAAP, we use a number of financial measures, both GAAP and non-GAAP, in analyzing and assessing our overall business performance, for making operating decisions and for forecasting and planning future periods. We consider the use of non-GAAP financial measures helpful in assessing our current financial performance, ongoing operations and prospects for the future as well as understanding financial and business trends relating to our financial condition and results of operations. For full GAAP to non-GAAP reconciliation information and cautionary information regarding the use of non-GAAP measures, please refer to "Supplemental Financial Information" in our earnings press release posted to our website under "Quarterly Results" at http://ir.logitech.com.

SELL-THROUGH DATA

- Measures sales of our products by retailer customers to consumers and by our distributor customers to their customers
- Compiled by Logitech from data supplied by our customers
- Customers supplying sell-through data vary by geographic region and from period to period, but typically represent a majority of our retail sales

- Data is subject to limitations and possible error sources and may not be an entirely accurate indicator of actual consumer demand for our products. Limitations and possible error sources include the following:

- Data supplied by our customers may not be indicative of sell-through experienced by our customers as a whole
- Reliability of the data depends on accuracy and timeliness of information supplied to us by our customers, and the processes by which they collect their sell-through data are largely outside our control
- In the U.S., Canada, and to a lesser extent Asia Pacific, and a still lesser extent, EMEA, sell-through data is based on Point of Sale electronic data. Where POS data is not available, the data is collected largely through manual processes, including the exchange of spreadsheets or other non-automated methods of data transmission, which are subject to typical human errors, including errors in data entry, transmission and interpretation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