Q2 Fiscal Year 2023 Financial Results

October 24, 2022

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 and six months ended September 30, 2022, executive leadership, secular trends and opportunities, operational performance, product innovation, product launches, our near term plans, our long-term strategy, future growth and efficiencies, restructuring and reduction in expenses and their timing, and Fiscal Year 2023 outlook for sales growth and non-GAAP operating income, and related assumptions.

These statements are subject to risks and uncertainties that could cause actual results and events to differ materially, including without limitation: macroeconomic and geopolitical conditions and other factors and their impact, including the COVID-19 pandemic, the war in Ukraine, changes in inflation levels and monetary policies; 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, supply shortages, and other supply chain challenges; 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 we are not able to maintain and enhance our brands; if our products and marketing strategies fail to separate our products from competitors' products; if we do not efficiently manage our spending; our expectations regarding our restructuring efforts, including the timing thereof; 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 regulations, policies and agreements and the imposition of tariffs that affect our products or operations and our ability to mitigate; if we do not successfully execute on strategic acquisitions and investments; risks associated with acquisitions; and the effect of changes to our effective income tax rates. A detailed discussion of these and other risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in Logitech's periodic filings with the Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K for the fiscal year ended March 31, 2022, our Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, and our 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, loss on investments, non-GAAP income tax adjustment, and other items detailed under "Supplemental Financial Information" in our earnings press release and posted to our website at http://ir.logitech.com. 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.

What’s New From Logitech?

VIDEO COLLABORATION

Logitech Sight AI Camera

Logitech announced the Sight AI Camera, to be released in 2023.

Sight is an AI-powered tabletop camera that works with Rally Bar or Rally Bar Mini to capture the best perspective of meeting participants, and track conversation as they move around the conference room. It's the next step in Logitech's quest to create an equitable experience for remote and in-room meeting participants.

GAMING

PRO Racing Wheels
PRO Racing Pedals

Logitech launched two professional-grade racing products designed especially for professional sim drivers.

Together, the PRO Racing wheels and Racing pedals deliver unmatched realism, driver information and connection to the car without any delay or abstraction that professional sim racers demand.

GAMING

Logitech G CLOUD

Logitech launched of the highly anticipated Logitech G CLOUD Gaming Handheld, a gaming device for cloud gaming.

This device includes precision gaming controls, a full 1080p HD screen, amazing battery life, and a lightweight, sleek form factor that enables players to enjoy libraries of PC and console games from the cloud in a fun, new way.

KEYBOARDS & COMBOS

“Designed for Mac” collection of products

Logitech unveiled a new “Designed for Mac” collection of products that are designed to seamlessly integrate with a variety of Mac setups.

The new MX Mechanical Mini for Mac, MX Master 3S for Mac, Lift for Mac and K380 for Mac deliver performance, are designed for both comfort and style, and are available in a new Blueberry color.

MX Mechanical Mini & MX Master 3S for Mac

K380 and Lift for Mac

SUSTAINABILITY

Logitech was ranked among the top 1% of sustainable companies by EcoVadis

PLATINUM Top 1%
2022 ecovadis Sustainability Rating

Logitech was awarded a Platinum rating from EcoVadis, one of the world's largest providers of business sustainability ratings. A Platinum rating acknowledges the scope and ambition of our sustainability efforts.

This places Logitech in the top 1% of sustainability rated companies, having been previously Gold rated at top 5% of rated companies for several years.

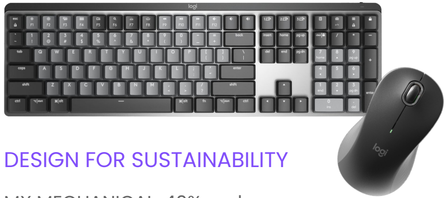
DESIGNING A POSITIVE FUTURE

Helping ALL people pursue their passions....
in a way that is good for people and planet.

What Sets Logitech Apart

CLIMATE POSITIVE APPROACH BY 2030

100% Certified Carbon Neutral



DESIGN FOR SUSTAINABILITY

MX MECHANICAL: 40% carbon avoided through DfS design decisions

SIGNATURE M650 MOUSE: 22% less carbon impact vs M510

CARBON CLARITY

100% Products labeled by 2025

NEXT LIFE PLASTICS

1 in 3 products use 2nd life materials

FINANCIAL RESULTS

KEY MESSAGES – Q2’23

Q2’23 net sales declined 7% (CC) to $1.15B, as the industry continues to operate in a volatile macro environment. For the quarter, Video Collaboration and Pointing Devices grew year-over-year, and Gaming showed nice sequential improvement in year-over-year growth.

As indicated last quarter, we are operating the business conservatively in the near term, but continue to invest in product development to ensure we are well positioned when we return to a more typical global economic environment.

Through the first half, our business is ~70% larger and ~90% more profitable than just three years ago, and our optimism for our target markets, our strategy and our business model remains as high as ever.

Gross margin was 38.6%, down sequentially, as anticipated. Pressures due to inflation and unfavorable currency movements were partially offset by price increases and using less air freight.

Operating profit was $156M, down 26% year-over-year, reflecting lower demand, higher costs due to inflation, foreign currency headwinds and continued investment in our product development capabilities.

Cash flow from operations was $73M, ending cash balance was $869M and we returned $276M to shareholders through our annual dividend payment and share repurchases in the quarter.

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

MANAGED OPEX AND SUSTAINED PROFITABILITY IN CHALLENGING ENVIRONMENT

	Q2'23	Q2'22	Y/Y
Net sales	**1,149**	**1,306**	**(12%)**
Y/Y % chg	*(12%)*	*4%*	
Y/Y % chg (CC)	*(7%)*	*2%*	
Gross profit	443	548	(19%)
% margin	*38.6%*	*42.0%*	*(337 bps)*
Operating expense	287	337	(15%)
% of sales	*25.0%*	*25.8%*	*(80 bps)*
Operating income	**156**	**211**	**(26%)**
% margin	*13.6%*	*16.2%*	*(257 bps)*
Net income	138	180	(24%)
% margin	*12.0%*	*13.8%*	*(182 bps)*
Earnings per share	$0.84	$1.05	(20%)
Diluted shares	164	171	(4%)

Net sales down 7% (CC) to $1.15B, reflecting uneven and volatile economic conditions around the globe

Gross margin was 38.6%, due to inflation (3pts) and foreign currency headwinds (2 pts), partially offset by pricing actions and less reliance on air freight

Continued to reduce operating expense, including a 21% reduction in sales and marketing expense, while investing in product development

Operating income of $156M, down versus the prior year reflecting lower demand and higher input costs and foreign currency headwinds, partially offset by reduced operating expenses

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.

LONG TERM SECULAR TRENDS CONTINUE TO DRIVE PORTFOLIO

	Q2'23	Q2'22	Y/Y	Y/Y (CC)	% of Total Sales
Gaming[1]	298	331	(10%)	(4%)	26%
Video Collaboration	236	232	2%	7%	21%
Keyboards & Combos	201	236	(15%)	(10%)	17%
Pointing Devices	185	189	(2%)	3%	16%
Audio & Wearables	73	98	(25%)	(22%)	6%
Tablet & Accessories	54	81	(33%)	(29%)	5%
PC Webcams	60	94	(36%)	(33%)	5%
Mobile Speakers	39	39	(1%)	6%	3%
Other[2]	2	6	(61%)	(65%)	0%
Net sales	**1,149**	**1,306**	**(12%)**	**(7%)**	**100%**

[1] Gaming includes streaming services revenue generated by Streamlabs.
[2] Other includes Smart Home.
Note: Net sales in $ millions. Comparisons are Y/Y and in US$ unless otherwise specified.

Revenues from products addressing long term trends - Gaming, Video Collaboration, Keyboards & Combos and Pointing Devices - were 80% of our total sales and up 1% excluding currency and Ukraine/Russia

Gaming was resilient in Q2, led by continued growth in Simulation Gaming and strong demand in Asia Pacific

Video Collaboration posted a second consecutive quarter of 7% growth, driven by conference room cameras, partially offset by declines in webcams

Pointing Devices were up 3%, while Keyboards & Combos were down 10%, although sell-through was essentially flat year-over-year

GROWTH IN ASIA PACIFIC PARTIALLY OFFSET DECLINES IN AMERICAS, EMEA

	Q2'23	Q2'22	Y/Y (CC)	Y/Y (US$)	Sell-through (US$)
Americas	492	542	(9%)	(9%)	(6%)
Asia Pacific	360	365	4%	(2%)	(1%)
EMEA	297	399	(16%)	(26%)	(21%)
Net sales	**1,149**	**1,306**	**(7%)**	**(12%)**	**(10%)**

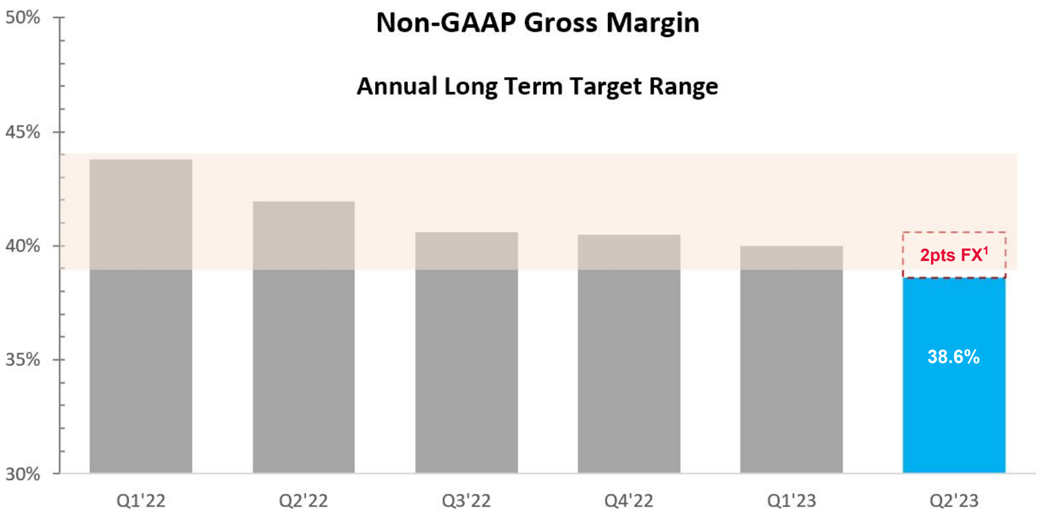
Americas and EMEA declined overall, despite growth in Video Collaboration in both regions

Asia Pacific, led by gains in Gaming and Video Collaboration, grew by 4%

Globally and regionally sell-in and sell-through were balanced in the quarter

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

GROSS MARGINS IMPACTED BY CURRENCY, INFLATION HEADWINDS



Gross margin was 38.6%, down year over year due to increased costs and unfavorable currency headwinds

Increases in component costs and logistics rates and foreign exchange pressure, were only partially offset by a reduction in air freight volume, pricing actions and favorable category mix

[1] Reflects 2 points of unfavorable currency pressure vs. Q2’22

TOOK SWIFT ACTIONS TO REDUCE OPERATING EXPENSES

	Q2'23	Q2'22	Y/Y
Sales & marketing	195	247	(21%)
% of sales	*16.9%*	*18.9%*	*(196 bps)*
Research & development	66	64	3%
% of sales	*5.7%*	*4.9%*	*83 bps*
General & administrative	26	26	3%
% of sales	*2.3%*	*2.0%*	*33 bps*
Operating expenses	**287**	**337**	**(15%)**
% of sales	*25.0%*	*25.8%*	*(80 bps)*

Sales & Marketing expenses were reduced 21%, reflecting disciplined management of P&L

R&D increased 3%, as investment in product development remains a priority

G&A increased 3% versus prior year, and was down 9% versus prior quarter

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

STRONG CAPITAL RETURNS TO SHAREHOLDERS

	Q2'23	Q2'22	Q/Q	Y/Y
Cash from operations	73	(63)	109	136
Ending cash balance	869	1,137	(238)	(269)
Inventory	880	828	(37)	52
Inventory turns	*3.2*	*3.7*	*0.2*	*(0.5)*
DOI	*112*	*97*	*(6)*	*15*
Accounts receivable	773	728	66	45
DSO	*61*	*50*	*6 days*	*11 days*
Accounts payable	547	661	(12)	(114)
DPO	*69*	*78*	*(3 days)*	*(9 days)*
Cash conversion cycle	**104**	**69**	**3**	**35**

Ending cash balance of $869M, as we returned $276M to shareholders through our annual dividend and share repurchases

Cash flow from operations was $73M in Q2, and cash flow is up $215M YTD vs last year

Cash conversion cycle approximately flat versus last quarter and up versus last year due to slower inventory turns

Note: Numbers in $ millions except turns, days figures and percentages. Comparisons are Y/Y unless otherwise specified.

FY’23 UPDATED OUTLOOK

FY’23 OUTLOOK	
Sales growth (CC)	(8%) - (4%)
Non-GAAP operating income	$650M - $750M

ADDITIONAL ASSUMPTIONS	
Currency exchange rates	Approximately -5 ppts delta between USD and CC growth year over year, based on H1 actuals and H2 rates as of October 1
Non-GAAP effective tax rate	Approximately 13%
Cash from operations	1x non-GAAP operating income
Capex	Approximately $100M

Note: Sales growth is Y/Y and in constant currency unless otherwise specified.

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 September 30,**		**Six Months Ended September 30,**	
GAAP TO NON-GAAP RECONCILIATION [(A)]	**2022**	**2021**	**2022**	**2021**
Gross profit - GAAP	$ 438,780	$ 542,163	$ 898,383	$1,111,089
Share-based compensation expense	1,443	2,102	2,904	3,471
Amortization of intangible assets	3,145	3,836	6,187	7,902
Gross profit - Non-GAAP	$ 443,368	$ 548,101	$ 907,474	$1,122,462
Gross margin - GAAP	38.2 %	41.5 %	38.9 %	42.4 %
Gross margin - Non-GAAP	38.6 %	42.0 %	39.3 %	42.9 %
Operating expenses - GAAP	$ 311,379	$ 362,752	$ 655,503	$ 728,597
Less: Share-based compensation expense	10,802	21,920	33,031	44,202
Less: Amortization of intangible assets and acquisition-related costs	2,873	5,107	6,242	10,324
Less: Change in fair value of contingent consideration for business acquisition	—	(925)	—	(2,399)
Less: Restructuring charges, net	10,817	11	10,817	11
Operating expenses - Non-GAAP	$ 286,887	$ 336,639	$ 605,413	$ 676,459
% of net sales - GAAP	27.1 %	27.8 %	28.4 %	27.8 %
% of net sales - Non - GAAP	25.0 %	25.8 %	26.2 %	25.8 %

GAAP TO NON-GAAP RECONCILIATIONS

LOGITECH INTERNATIONAL S.A.
PRELIMINARY RESULTS*
(In thousands, except per share amounts) - unaudited

SUPPLEMENTAL FINANCIAL INFORMATION	Three Months Ended September 30,		Six Months Ended September 30,	
GAAP TO NON-GAAP RECONCILIATION [(A)]	2022	2021	2022	2021
Operating income - GAAP	$ 127,401	$ 179,411	$ 242,880	$ 382,492
Share-based compensation expense	12,245	24,022	35,935	47,673
Amortization of intangible assets and acquisition-related costs	6,018	8,943	12,429	18,226
Change in fair value of contingent consideration for business acquisition	—	(925)	—	(2,399)
Restructuring charges, net	10,817	11	10,817	11
Operating income - Non - GAAP	$ 156,481	$ 211,462	$ 302,061	$ 446,003
% of net sales - GAAP	11.1 %	13.7 %	10.5 %	14.6 %
% of net sales - Non - GAAP	13.6 %	16.2 %	13.1 %	17.0 %
Net income - GAAP	$ 82,091	$ 139,456	$ 182,927	$ 326,297
Share-based compensation expense	12,245	24,022	35,935	47,673
Amortization of intangible assets and acquisition-related costs	6,018	8,943	12,429	18,226
Change in fair value of contingent consideration for business acquisition	—	(925)	—	(2,399)
Restructuring charges, net	10,817	11	10,817	11
Loss on investments	22,934	2,032	11,577	961
Non-GAAP income tax adjustment	3,607	6,825	7,066	(591)
Net income - Non - GAAP	$ 137,712	$ 180,364	$ 260,751	$ 390,178
Net income per share:				
Diluted - GAAP	$ 0.50	$ 0.81	$ 1.11	$ 1.90
Diluted - Non - GAAP	$ 0.84	$ 1.05	$ 1.58	$ 2.27
Shares used to compute net income per share:				
Diluted - GAAP and Non - GAAP	164,328	171,343	165,371	171,682

GAAP TO NON-GAAP RECONCILIATION NOTES

Note: These preliminary results for the three and six months ended September 30, 2022 are subject to adjustments, including subsequent events that may occur through the date of filing our Quarterly Report on Form 10-Q.

(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