logitech

SUPPLEMENTAL FINANCIAL INFORMATION

Q2 FISCAL YEAR 2023 (QUARTER ENDED September 30, 2022)

# Q2 FY 2023 FINANCIAL HIGHLIGHTS

| $1,149 million | -7% | 38.6% | $156 million | $0.84 per share | $73 million |
|---|---|---|---|---|---|
| Revenue | Y/Y Sales Growth | Non-GAAP Gross Margin | Non-GAAP Operating Income | Non-GAAP Diluted EPS | Cash Flow from Operations |

Results listed in non-GAAP. Sales are net sales and comparisons are Y/Y and on a constant currency basis.

## Quarterly Financial Trends [1, 2]

*Preliminary results **

*In $ millions except per share and %*

| | Q2'20 | Q3'20 | Q4'20 | Q1'21 | Q2'21 | Q3'21 | Q4'21 | Q1'22 | Q2'22 | Q3'22 | Q4'22 | Q1'23 | Q2'23 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **GAAP Results** | | | | | | | | | | | | | |
| Net Sales | 720 | 903 | 709 | 792 | 1,257 | 1,667 | 1,536 | 1,312 | 1,306 | 1,633 | 1,230 | 1,160 | 1,149 |
| Gross Margin | 37.8% | 37.1% | 39.0% | 38.6% | 45.3% | 44.9% | 46.3% | 43.4% | 41.5% | 40.3% | 40.2% | 39.6% | 38.2% |
| Operating Expenses | 204 | 206 | 245 | 222 | 248 | 301 | 416 | 366 | 363 | 395 | 365 | 344 | 311 |
| Operating Income | 68 | 129 | 32 | 83 | 322 | 448 | 295 | 203 | 179 | 263 | 129 | 115 | 127 |
| Operating Margin | 9.5% | 14.3% | 4.5% | 10.5% | 25.6% | 26.9% | 19.2% | 15.5% | 13.7% | 16.1% | 10.5% | 10.0% | 11.1% |
| Net Income | 73 | 118 | 214 | 72 | 267 | 383 | 226 | 187 | 139 | 210 | 108 | 101 | 82 |
| Diluted EPS | $0.43 | $0.69 | $1.26 | $0.42 | $1.56 | $2.22 | $1.31 | $1.09 | $0.81 | $1.24 | $0.64 | $0.61 | $0.50 |
| Avg. Diluted Shares Outstanding | 169 | 170 | 170 | 170 | 171 | 173 | 173 | 172 | 171 | 170 | 169 | 166 | 164 |
| **Non-GAAP Results** | | | | | | | | | | | | | |
| Net Sales | 720 | 903 | 709 | 792 | 1,257 | 1,667 | 1,536 | 1,312 | 1,306 | 1,633 | 1,230 | 1,160 | 1,149 |
| Gross Margin | 38.4% | 37.6% | 39.8% | 39.2% | 45.7% | 45.2% | 46.6% | 43.8% | 42.0% | 40.6% | 40.5% | 40.0% | 38.6% |
| Operating Expenses | 187 | 188 | 203 | 193 | 221 | 278 | 391 | 340 | 337 | 361 | 342 | 319 | 287 |
| Operating Income | 89 | 152 | 79 | 117 | 354 | 476 | 325 | 235 | 211 | 302 | 156 | 146 | 156 |
| Operating Margin | 12.4% | 16.8% | 11.1% | 14.8% | 28.1% | 28.6% | 21.2% | 17.9% | 16.2% | 18.5% | 12.7% | 12.6% | 13.6% |
| Net Income | 85 | 143 | 71 | 109 | 320 | 423 | 251 | 210 | 180 | 263 | 136 | 123 | 138 |
| Diluted EPS | $0.50 | $0.84 | $0.42 | $0.64 | $1.87 | $2.45 | $1.45 | $1.22 | $1.05 | $1.55 | $0.81 | $0.74 | $0.84 |
| **Net Sales by Product Category** | | | | | | | | | | | | | |
| Pointing Devices | 133 | 155 | 135 | 120 | 169 | 214 | 178 | 183 | 189 | 231 | 178 | 183 | 185 |
| Keyboards & Combos | 139 | 156 | 148 | 145 | 202 | 218 | 219 | 218 | 236 | 282 | 231 | 228 | 201 |
| PC Webcams | 29 | 32 | 40 | 61 | 102 | 132 | 145 | 110 | 94 | 115 | 84 | 59 | 60 |
| Tablet & Other Accessories | 34 | 31 | 32 | 46 | 83 | 138 | 117 | 79 | 81 | 83 | 67 | 67 | 54 |
| Video Collaboration | 90 | 92 | 111 | 130 | 237 | 293 | 386 | 235 | 232 | 287 | 243 | 246 | 236 |
| Gaming 2 | 161 | 246 | 149 | 182 | 298 | 436 | 323 | 335 | 331 | 470 | 316 | 283 | 298 |
| Mobile Speakers | 57 | 93 | 21 | 29 | 44 | 73 | 30 | 28 | 39 | 57 | 25 | 22 | 39 |
| Audio & Wearables | 68 | 82 | 65 | 71 | 114 | 153 | 130 | 117 | 98 | 104 | 82 | 69 | 73 |
| Other 1 | 9 | 16 | 8 | 7 | 9 | 11 | 8 | 6 | 6 | 5 | 2 | 2 | 2 |
| Total Net Sales | 720 | 903 | 709 | 792 | 1,257 | 1,667 | 1,536 | 1,312 | 1,306 | 1,633 | 1,230 | 1,160 | 1,149 |

Note: These preliminary results for the three 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.

1. Other includes Smart Home.

2. Gaming includes streaming services revenue generated by Streamlabs.

## Cash Flow and Operational Trends [1]

*Preliminary results **

*In $ millions except working capital metrics*

| | Q2'20 | Q3'20 | Q4'20 | Q1'21 | Q2'21 | Q3'21 | Q4'21 | Q1'22 | Q2'22 | Q3'22 | Q4'22 | Q1'23 | Q2'23 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance Sheet** | | | | | | | | | | | | | |
| Cash and Cash Equivalents | 574 | 656 | 716 | 809 | 917 | 1,389 | 1,750 | 1,498 | 1,137 | 1,364 | 1,329 | 1,107 | **869** |
| Debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Accounts Receivable | 466 | 531 | 395 | 500 | 751 | 895 | 612 | 546 | 728 | 846 | 676 | 707 | **773** |
| Inventory | 338 | 307 | 229 | 271 | 395 | 477 | 661 | 779 | 828 | 835 | 933 | 917 | **880** |
| Accounts Payable | 411 | 439 | 259 | 430 | 663 | 812 | 823 | 710 | 661 | 739 | 636 | 559 | **547** |
| Net Working Capital [1] | 393 | 400 | 365 | 342 | 483 | 560 | 450 | 615 | 895 | 942 | 972 | 1,065 | **1,106** |
| **Working Capital Metrics** | | | | | | | | | | | | | |
| Days Sales Outstanding | 58 | 53 | 50 | 57 | 54 | 48 | 36 | 37 | 50 | 47 | 49 | 55 | **61** |
| Days of Inventory | 68 | 49 | 48 | 50 | 52 | 47 | 72 | 94 | 97 | 77 | 114 | 118 | **112** |
| Days Payables Outstanding | 83 | 70 | 54 | 80 | 87 | 80 | 90 | 86 | 78 | 68 | 78 | 72 | **69** |
| Cash Conversion Cycle | 43 | 32 | 44 | 27 | 19 | 15 | 18 | 45 | 69 | 56 | 85 | 101 | **104** |
| Cash Flow from Operations | 107 | 181 | 101 | 119 | 280 | 530 | 530 | (115) | (63) | 377 | 100 | (36) | **73** |
| **Capital Return** | | | | | | | | | | | | | |
| Dividends Paid | 124 | 0 | 0 | 0 | 147 | 0 | 0 | 0 | 159 | 0 | 0 | 0 | **159** |
| Shares Repurchased | 0 | 0 | 35 | 0 | 22 | 50 | 92 | 55 | 120 | 116 | 121 | 121 | **117** |
| Total Capital Return | 124 | 0 | 35 | 0 | 169 | 50 | 92 | 55 | 279 | 116 | 121 | 121 | **276** |
| LTM Capital Return | 152 | 149 | 175 | 159 | 204 | 255 | 311 | 366 | 476 | 542 | 571 | 637 | **634** |

1. Net Working Capital is defined here as Accounts Receivables + Inventory - Accounts Payable.

Note: These preliminary results for the three 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.

## GAAP to Non-GAAP Reconciliations

*Preliminary results **

*In $ millions except per share and %*

| | Q2'20 | Q3'20 | Q4'20 | Q1'21 | Q2'21 | Q3'21 | Q4'21 | Q1'22 | Q2'22 | Q3'22 | Q4'22 | Q1'23 | Q2'23 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross Profit - GAAP** | 272 | 334 | 277 | 306 | 570 | 749 | 711 | 569 | 542 | 658 | 494 | 460 | 439 |
| Share-based compensation expense | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 1 | 2 | 2 | 1 | 1 | 1 |
| Amortization of intangible assets and purchase accounting efffect on inventory | 3 | 4 | 4 | 4 | 3 | 3 | 4 | 4 | 4 | 3 | 3 | 3 | 3 |
| **Gross Profit - Non-GAAP** | 277 | 340 | 282 | 311 | 574 | 754 | 716 | 574 | 548 | 663 | 498 | 464 | 443 |
| **Operating Expenses - GAAP** | 204 | 206 | 245 | 222 | 248 | 301 | 416 | 366 | 363 | 395 | 365 | 344 | 311 |
| Share-based compensation expense | 13 | 13 | 13 | 19 | 23 | 18 | 20 | 22 | 22 | 23 | 20 | 22 | 11 |
| Amortization of intangible assets and acquistion-related costs | 4 | 5 | 5 | 5 | 4 | 5 | 5 | 5 | 5 | 4 | 3 | 3 | 3 |
| Change in fair value of contingent consideration for business acquisition | 0 | 0 | 23 | 6 | 0 | 0 | 0 | (1) | (1) | (1) | 0 | 0 | 0 |
| Restructuring charges (credits), net | (0) | (0) | 0 | (0) | (0) | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 11 |
| Intangible Impairment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 0 | 0 | 0 |
| **Operating Expenses - Non-GAAP** | 187 | 188 | 203 | 193 | 221 | 278 | 391 | 340 | 337 | 361 | 342 | 319 | 287 |
| **Operating Income - GAAP** | 68 | 129 | 32 | 83 | 322 | 448 | 295 | 203 | 179 | 263 | 129 | 115 | 127 |
| Share-based compensation expense | 14 | 14 | 15 | 20 | 25 | 20 | 21 | 24 | 24 | 25 | 21 | 24 | 12 |
| Amortization of intangible assets | 7 | 8 | 9 | 8 | 7 | 8 | 9 | 9 | 9 | 7 | 6 | 6 | 6 |
| Purchase accounting effect on inventory | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Acquistion-related costs | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Change in fair value of contingent consideration for business acquisition | 0 | 0 | 23 | 6 | 0 | 0 | 0 | (1) | (1) | (1) | 0 | 0 | 0 |
| Restructuring charges (credits), net | (0) | (0) | 0 | (0) | (0) | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 11 |
| Intangible Impairment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 0 | 0 | 0 |
| **Operating Income - Non-GAAP** | 89 | 152 | 79 | 117 | 354 | 476 | 325 | 235 | 211 | 302 | 156 | 146 | 156 |
| **Net Income From Continuing Operations - GAAP** | 73 | 118 | 214 | 72 | 267 | 383 | 226 | 187 | 139 | 210 | 108 | 101 | 82 |
| Share-based compensation expense | 14 | 14 | 15 | 20 | 25 | 20 | 21 | 24 | 24 | 25 | 21 | 24 | 12 |
| Amortization of intangible assets | 7 | 8 | 9 | 8 | 7 | 8 | 9 | 9 | 9 | 7 | 6 | 6 | 6 |
| Purchase accounting effect on inventory | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Acquistion-related costs | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Change in fair value of contingent consideration for business acquisition | 0 | 0 | 23 | 6 | 0 | 0 | 0 | (1) | (1) | (1) | 0 | 0 | 0 |
| Restructuring charges (credits), net | (0) | (0) | 0 | (0) | (0) | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 11 |
| Intangible Impairment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 0 | 0 | 0 |
| Gain/(loss) from equity method investments | 0 | 1 | (40) | (0) | 3 | 2 | 1 | (1) | 2 | 0 | 0 | (11) | 23 |
| Non-GAAP tax adjustment | (10) | 2 | (150) | 3 | 18 | 10 | (6) | (7) | 7 | 13 | (0) | 3 | 4 |
| **Net Income From Continuing Operations - Non-GAAP** | 85 | 143 | 71 | 109 | 320 | 423 | 251 | 210 | 180 | 263 | 136 | 123 | 138 |
| **Net Income from Continuing Operations Per Share** | | | | | | | | | | | | | |
| Diluted- GAAP | $0.43 | $0.69 | $1.26 | $0.42 | $1.56 | $2.22 | $1.31 | $1.09 | $0.81 | $1.24 | $0.64 | $0.61 | $0.50 |
| Diluted - Non-GAAP | $0.50 | $0.84 | $0.42 | $0.64 | $1.87 | $2.45 | $1.45 | $1.22 | $1.05 | $1.55 | $0.81 | $0.74 | $0.84 |

Note: These preliminary results for the three 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.

# GAAP TO NON-GAAP RECONCILIATION NOTES

**Note: These preliminary results for the three 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.**

## 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 ended September 30, 2022, secular trends and opportunities, operational performance, product innovation, 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 may 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.

## Non-GAAP Financial Measures

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 posted to our website under "Quarterly Results" at http://ir.logitech.com.

We also present percentage sales growth in constant currency ("CC"), a non-GAAP measure, 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.

**Q2 FISCAL YEAR 2023 (QUARTER ENDED September 30, 2022)**