

Logitech Q4 and Fiscal Year 2023 Financial Results Management's Prepared Remarks (May 1, 2023)

Logitech is posting a copy of these prepared remarks, our press release, and accompanying slides to our investor website. These prepared remarks will not be read on the videoconference. We refer to non-GAAP financial measures herein. 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>. The live webcast or replay of the question and answer session will also be available on our website.

COMPANY COMMENTARY

Following is a summary of the company's comments on key areas impacting Q4 and Fiscal Year 2023. The growth percentages that follow are in comparison to the same period of the prior year, except as otherwise specified. In addition, sales are net sales and the sales growth percentages are for net sales and in constant currency, except as otherwise specified.

OVERVIEW

Q4 net sales decreased 20% to \$960M. Despite the sales declines and continued reduction in expenses, we gained market share in Pointing Devices, PC Gaming, and Simulation. We continue to work through a challenging macro environment with low visibility, resulting in Enterprise customers reducing IT budgets and delaying project investments.

Q4 non-GAAP gross margin was 36.3%, down versus Q4'22, due to unfavorable currency movements, inflation, and unfavorable mix were partially offset by less reliance on expedited shipping and favorable logistics rates, and pricing actions. Non-GAAP

Logitech Q4 and Fiscal Year 2023 Financial Results Management's Prepared Remarks (May 1, 2023)

operating income in Q4 was \$82M (down 47% year-over-year), and non-GAAP earnings per share was \$0.50 down 38% versus Q4 last year.

For the full Fiscal Year 2023, sales were down 13% to \$4.5B, within the revised outlook provided in March 2023. Despite the challenging market conditions, we remain strong, as the market leaders in key categories, such as Pointing Devices, Keyboards & Combos, Webcams, and Gaming. Non-GAAP gross margin was 38.3%, down year-over-year by 340 basis points, driven primarily by inflation and foreign currency headwinds, partially offset by less reliance on expedited shipping. Non-GAAP operating income was \$589M. Fiscal Year 2023 non-GAAP earnings per share were \$3.22.

GAMING

Gaming decreased 12% for Fiscal Year 2023 and 22% for Q4, after growing for 6 consecutive years. FY23 remains ~75% up compared to FY'20. For the full year, Gaming grew double digits in Asia Pacific, more than offset by declines in the Americas and EMEA. For Q4, despite the market declines, we grew market share in Gaming Wired Mice, Gaming Wheels and PC Gaming Headsets.

VIDEO COLLABORATION

Video Collaboration sales declined 25% in Q4, driven by continued soft demand from enterprise customers. For Fiscal Year 2023, Video Collaboration was down 7%, driven primarily by the decline in VC Webcams; however, VC Headsets and VC Peripherals grew across all regions. Throughout the year, average sales per conference room increased, as we continue to attach more peripherals, accessories and services to conference camera sales, as well as shift to higher ASP conference cameras.

Logitech Q4 and Fiscal Year 2023 Financial Results Management's Prepared Remarks (May 1, 2023)

CREATIVITY & PRODUCTIVITY

POINTING DEVICES

Net sales in our Pointing Devices category declined 2% and 6% in Fiscal Year 2023 and Q4, respectively. Solid performance of our higher end product line was more than offset by pressure in entry level ASP pointing devices. Regionally, Q4 sales declines in Europe and Asia Pacific were partially offset by growth in the Americas.

KEYBOARDS & COMBOS

Our Keyboards & Combos sales were down 10% for Fiscal Year 2023 and 17% for Q4, after 6 consecutive years of single digit or double digit growth for Keyboards & Combos. Declines were across all regions, but particularly acute with entry level products in Asia Pacific. As with Pointing Devices, we will continue to pursue our targeted audience strategy as our higher end product lines like Ergo, Lifestyle and Mx are showing signs of improvement.

PC WEBCAMS

Our PC Webcams sales decreased 39% in Q4; and were down 41% for Fiscal Year 2023 but remained up 76% compared to FY'20. As with our business webcams, our consumer webcams were pressured; however, we remain the market leader in this category.

TABLET & OTHER ACCESSORIES

Sales in our Tablet and Other Accessories category rose 5% in Q4 and declined 14% for Fiscal Year 2023.

Logitech Q4 and Fiscal Year 2023 Financial Results Management's Prepared Remarks (May 1, 2023)

MUSIC

MOBILE SPEAKERS

Our Mobile Speaker sales declined 52% in Q4 and 22% for Fiscal Year 2023. As noted previously, we continue to reallocate our resources to faster growing market opportunities.

AUDIO & WEARABLES

Our Audio & Wearables sales decreased 23% in Q4, and 29% for Fiscal Year 2023, as expected. As with Mobile Speakers, we are primarily focused on faster growing market opportunities.

NET RETAIL SALES BY REGION

For Fiscal Year 2023, our sales sustained or grew in all three regions:

- **Americas.** Sales in our Americas region were down 14% in Q4 and 17% for Fiscal Year 2023, respectively. For the year, VC Peripherals and VC Headsets grew single digits, respectively. For Q4, Console Gaming, Headsets and Pointing Devices all grew.
- **EMEA.** Sales in our EMEA region decreased by 28% in Q4 and 17% for Fiscal Year 2023, respectively. Video Collaboration up single digits for the year, while Tablet & Accessories up double digits in Q4.
- **Asia Pacific.** Sales in our Asia Pacific region decreased 18% in Q4 and 3% in Fiscal Year 2023. By product, we had strong double digit annual growth in

Logitech Q4 and Fiscal Year 2023 Financial Results Management's Prepared Remarks (May 1, 2023)

Gaming, followed by Pointing Devices and VC Peripherals in single digits growths.

GROSS MARGIN

Non-GAAP gross margin was 36.3% and 38.3% for Q4'23 and for Fiscal Year 2023, respectively. Despite margins being down sequentially, transitioning into Fiscal Year 2024 we are starting to see the USD-EUR exchange rate move closer to historical norms, shipping rates and lead times are nearing pre-pandemic levels, our reliance on expedited shipping is tapering, promotional levels normalizing and supply chain constraints easing.

OPERATING EXPENSES

In Q4, non-GAAP operating expenses decreased 22% to \$266M, and were down 17% for Fiscal Year 2023. Non-GAAP Operating expenses as a percent of sales remains flat year-over-year as we manage our operating expenses proactively as sales declined. Meanwhile, we continue to focus our investments in supporting product innovation initiatives and enterprise selling.

Non-GAAP sales & marketing spend was down 28% in Q4, and down 22% for the full Fiscal Year 2023. Non-GAAP R&D spend decreased 10% for Q4 and 3% for Fiscal Year 2023. Non-GAAP G&A spend was down 6% for Q4 and 7% for Fiscal Year 2023.

PROFITABILITY

Non-GAAP operating income for Q4 was \$82M, down 47% year-over-year. For the full Fiscal Year 2023, Non-GAAP operating income was \$589M, down 35%, as expected. Non-GAAP operating margin for the Fiscal Year 2023 was 13.0%, vs. 16.5% last year,

Logitech Q4 and Fiscal Year 2023 Financial Results Management's Prepared Remarks (May 1, 2023)

down 3.5 points. For the Fiscal Year 2023, versus pre-pandemic period (Fiscal Year 2020), non-GAAP operating income is up 52%. Our FY'23 non-GAAP net income was \$527M and EPS was \$3.22. Our non-GAAP tax rate for FY'23 was 12.7%, in-line with our expectations.

BALANCE SHEET AND CASH FLOWS

At the end of March 2023, our cash and cash equivalents were \$1.15B, down \$180M from March 2022. Cash flow from operations was positive \$217M in Q4 and \$534M for Fiscal Year 2023. We returned a record total of \$577M to shareholders in Fiscal Year 2023 through share repurchases (\$418M) and a dividend payment (\$159M).

At the end of March 2023, our inventory was \$683M, down 27% from last year, while our Q4 inventory turns were 3.6, turning faster than last year by 0.4. With a tighter focus to manage inventory and component supply exposure, our days of inventory (DOI) has improved from FY'22 levels.

Accounts receivable were \$630M and accounts payable were \$407M at the end of March 2023, down 7% and down 36% versus last year, respectively.

Our DSO for Q4 was 59 days (versus 49 days in Q4 last year), DOI was 100 days (versus 114 days in Q4 last year) and our DPO was 59 days (versus 78 days in Q4 last year). Our cash conversion cycle in Q4 was 100 days versus 85 days in Q4 last year.

SHARE COUNT & REPURCHASES

Our weighted average diluted share count in Fiscal Year 2023 was 164M shares versus 170M shares in the previous fiscal year. During FY'23, we returned a record total of

Logitech Q4 and Fiscal Year 2023 Financial Results Management's Prepared Remarks (May 1, 2023)

\$577M to shareholders through our previously announced share repurchase program (\$418M) and dividend payment (\$159M).

FIRST HALF OF FISCAL YEAR 2024 OUTLOOK

We are maintaining the outlook we provided in March. We expect H1 FY'24 revenue of \$1.8B to \$1.9B, down approximately 22% to 18% respectively vs. the prior year in US dollars. Our corresponding non-GAAP operating income to be between \$160M and \$190M, down approximately 47% to 37%.

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 fiscal year ended March 31, 2023, and first half of fiscal year 2024 outlook for sales and non-GAAP operating income; trends in our business; our strategy; our plans regarding our expenses, product development, and global go-to-market capabilities; our expectations regarding future growth drivers; gross margin improvement factors; 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, for example changes in inflation levels and monetary policies, and the COVID-19 pandemic; our expectations regarding our expense reduction efforts, including the timing thereof; changes in secular trends that impact our business; 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

Logitech Q4 and Fiscal Year 2023 Financial Results Management's Prepared Remarks (May 1, 2023)

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 fiscal quarter ended December 31, 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.

Logitech Q4 and Fiscal Year 2023 Financial Results Management's Prepared Remarks (May 1, 2023)

USE OF NON-GAAP FINANCIAL INFORMATION

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, impairment of intangible assets, change in fair value of contingent consideration for business acquisition, restructuring charges, loss on investments, pension curtailment gains, 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 the first half of Fiscal Year 2024 non-GAAP operating income outlook.

Logitech Q4 and Fiscal Year 2023 Financial Results Management's Prepared Remarks (May 1, 2023)

USE OF SELL-THROUGH DATA

Logitech relies on reports from third-parties for data on its product sell-through and inventory information. While Logitech believes this information provides meaningful perspectives on sell-through and inventory trends over time, this information is not subject to Logitech's internal control systems and Logitech cannot assure investors of its accuracy.