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Q1 Fiscal Year 2024 Financial Results

July 24, 2023

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 June, 2023; full year and first half Fiscal Year 2024 outlook for sales and non-GAAP operating income; growth expectations; non-GAAP gross margin; business strategy, including but not limited to design led engineering and product innovation, manufacturing and operations, global go-to-market capabilities, and capital allocation strategy; trends in our business; 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; 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 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, 2023, 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 share-based compensation expense, amortization of intangible assets, acquisition-related costs, restructuring charges, net, loss (gain) 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. With respect to our outlook for non-GAAP operating income, 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 the GAAP amounts has been provided for the first half of Fiscal Year 2024 and full Fiscal year 2024 non-GAAP operating income outlook.

What's new from Logitech.

Video Collaboration

Rally Bar Huddle and Sight AI Camera

Logitech announced the release of Rally Bar Huddle, a premium all-in-one appliance-based video bar for huddle and small rooms, and the newest addition to Logitech's family of conference cameras. Designed to deliver equitable video conferencing meetings with ease, Rally Bar Huddle is quick to set up, simple to manage, and easy to integrate with Tap IP through CollabOS. Rally Bar Huddle is designed for rooms up to six people to ensure every participant is seen and heard clearly.

Logitech also released the Sight AI Camera. 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.

Personal Workspace Solutions

MX Keys S Combo, MX Keys S, and MX Anywhere 3S

Logitech announced MX Keys S Combo, MX Keys S, and MX Anywhere 3S, the latest additions to the premium Master Series designed for advanced users, such as software developers and creative professionals.

MX Keys S Combo features the new MX Keys S keyboard, fan-favorite MX Master 3S mouse and comfortable MX Palm Rest. Better together, this set enables faster and more precise work, ideal for skilled professionals focused on high levels of creation and maximum output.

The MX Keys S Advanced Wireless Illuminated Keyboard provides a superior low-profile typing experience from Logitech, with keys shaped for your fingertips so the keyboard delivers fast, fluid and Perfect Stroke typing in a comfortable design.

Experience the speed, precision and silence of MagSpeed electromagnetic scrolling in Logitech's most advanced wireless compact mouse, the MX Anywhere 3S.

Gaming

Logitech G PRO X 2 LIGHTSPEED

Logitech G announced the release of the ultimate esports headset - the new Logitech G PRO X 2 LIGHTSPEED Wireless Gaming Headset. Designed and tested with top esports athletes, the new PRO X 2 headset features all new, revolutionary PRO-G GRAPHENE Audio Drivers, making it the pinnacle of gaming audio and a must-have headset for the most discerning and competitive players.

In esports, clarity of sound and communications are critical factors that influence winning. Being able to hear the slightest audio cue and communicate with teammates makes all the difference. The new PRO-G GRAPHENE Audio Driver has been precision engineered with a 50 mm graphene diaphragm featuring a live edge suspension, to deliver immersive soundscapes like never before. The new driver delivers improvements in sound reproduction accuracy, time to signal accuracy and distortion reduction, allowing players to identify audio objects more clearly, and more quickly discern their location as objects move relative to the player.

Design

Red Dot Design Team of the Year 2023

Logitech was awarded the coveted Red Dot Design Team of the Year 2023 award. Each year, Red Dot recognizes a team that has been consistently innovative with outstanding achievements in the area of product design and sustainable design policy.

Logitech's primary has been to design with the consumer in mind and designing with purpose, to help all people pursue their passions; and to do it in a way that is good for the planet. This work has taken on many forms, from reinventing the traditional mice and keyboards to pioneering materials research and introducing recyclable plastics across Logitech, with more than 50% products now incorporating recycled materials.

The Red Dot Design Team of the Year recognition concludes a record year of design awards for Logitech. In fiscal year 2023 the company was honored with 116 awards across a number of categories including gaming, music, video and computing, with 42 of these being in the fourth quarter alone.

Key Messages - Q1'24

Q1'24 net sales were $974M, down 15% (CC) versus Q1'23 but up sequentially from $960M. We grew market share in keyboards, pointing devices, webcams, tablet keyboards and conference cams in the quarter[1] despite sales declining year-over-year.

Non-GAAP gross margin was 39.0%, down 100 bps versus Q1'23, but up 270 bps sequentially. Year-over-year declines were due to foreign exchange pressure and unfavorable product mix, partially offset by cost improvement and less reliance on expedited shipping.

Total non-GAAP operating expenses were down 15%, as we continue to operate the business with discipline. We continue to quickly align operating expenses with changes in net sales.

Non-GAAP operating income was $109M, down 25% versus Q1'23 but up $27M sequentially, reflecting lower demand and gross margin pressure partially offset by reductions in operating expense.

Cash flow from operations was $240M, ending cash balance was $1,251M and we returned $95M to shareholders through share repurchases in the quarter. Year-over-year, inventory turns increased to 4.2 from 3.1 reflecting continued momentum in reducing channel inventory and owned inventory.

Note: Comparisons are Y/Y and in constant currency unless otherwise specified.
[1] Market share data through May 2023

Q1'24 NON-GAAP RESULTS

	Q1'24	Q1'23	Y/Y
Net sales	**974**	**1,160**	**(16%)**
Y/Y % chg	(16%)	(12%)	
Y/Y % chg (CC)	(15%)	(9%)	
Non-GAAP gross profit	380	464	(18%)
% margin	39.0%	40.0%	(100 bps)
Non-GAAP operating expense	271	319	(15%)
% of sales	27.8%	27.5%	30 bps
Non-GAAP Operating income	**109**	**146**	**(25%)**
% margin	11.2%	12.6%	(130 bps)
Non-GAAP net income	103	123	(16%)
% margin	10.6%	10.6%	Flat
Non-GAAP earnings per share	$0.65	$0.74	(12%)
Diluted shares	160	166	(4%)

Net sales down 15% (CC) to $974M

Non-GAAP gross margin was 39.0%, down 100 bps year-over-year, driven by foreign exchange pressure and unfavorable product mix, partially offset by cost improvement and less reliance on expedited shipping

Reduced non-GAAP operating expenses by 15%, including a 23% reduction in sales and marketing expenses

Non-GAAP operating income of $109M, down 25% year-over-year, reflecting lower demand and gross margin pressure partially offset by reductions in operating expenses

NOTE:
Numbers in $ millions except EPS and percentages. Diluted share count in millions.
Comparisons are Y/Y and in US$ unless otherwise specified.

UPDATED PRODUCT CATEGORIES

	Changes to Category	Primary Products Included in Current Category
Updated Categories		
Gaming	Added Blue Microphone, Lights, Mevo	Gaming headsets, keyboards, mice, speakers, wheels; Streamlabs, Blue microphone, Lights, Mevo
Keyboards & Combos	No change	Keyboards, Keyboard/Mouse combo
Pointing Devices	No change	Mice
Video Collaboration	Removed VC Webcams, VC Headsets	VC Conference Cameras, Accessories and Service
Webcams	Added VC Webcams Removed Lights, Mevo	PC Webcams, VC Webcams
Tablet Accessories	No change	Tablet keyboards
Headsets	Added VC Headsets, PC Headsets, Wearables	VC Headsets, PC Headsets, Wearables
Other	Added Mobile Speakers, PC Speakers, Jaybird	Mobile Speakers, PC Speakers, Jaybird, Smart Home
Removed Categories		
Audio & Wearable	Removed PC Headsets, PC Speakers, Blue Microphones, Wearables, Jaybird	
Mobile Speakers	Removed Mobile Speakers	

REVENUE BY PRODUCT CATEGORY

	Q1'24	Q1'23	Y/Y	Y/Y (CC)
Gaming[1]	266	298	(11%)	(9%)
Keyboards & Combos	181	228	(21%)	(20%)
Pointing Devices	174	183	(5%)	(3%)
Video Collaboration	139	182	(23%)	(23%)
Webcams	75	109	(31%)	(30%)
Tablet Accessories	70	67	6%	7%
Headsets	37	46	(20%)	(20%)
Other[2]	31	47	(35%)	(35%)
Net sales	**974**	**1,160**	**(16%)**	**(15%)**

Gaming declined in the quarter, primarily driven by declines in Simulation, but we grew market share in gaming headsets[3]

Keyboards and Combos and Pointing Devices both grew market share in Q1[3]

Despite the declines in the Video Collaboration market, we grew market share for Video Collaboration conference cameras in the quarter[3]

Tablets grew 7%, driven by strong demand from the education sector

NOTE:
[1] Gaming includes streaming services generated by Streamlabs.
[2] Other primarily consists of Mobile Speakers and PC Speakers.
[3] Market share data through May 2023
Net sales in $ millions. Comparisons are Y/Y and in US$ unless otherwise specified.

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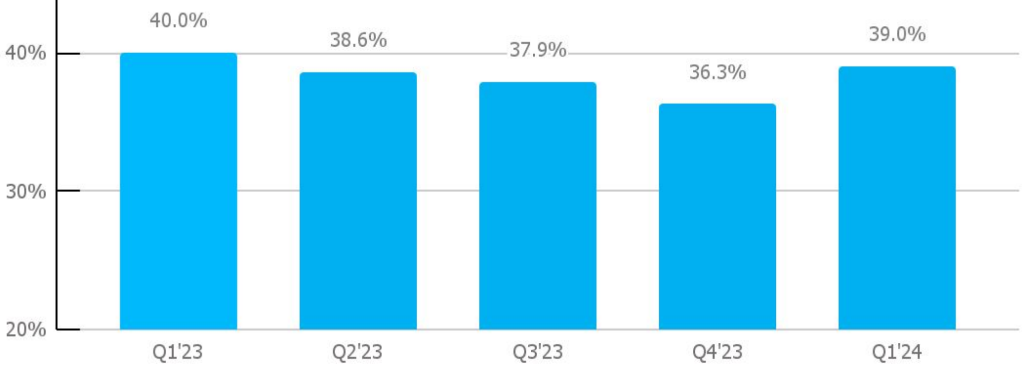
REVENUE AND SELL-THROUGH BY REGION

	Q1'24	Q1'23	Y/Y (CC)	Y/Y (US$)	Sell-Through (US$)[2]
Net sales[1]	**974**	**1,160**	**(15%)**	**(16%)**	**(13%)**
Americas	445	502	(11%)	(11%)	(16%)
Asia Pacific	270	367	(24%)	(26%)	(10%)
EMEA	259	290	(11%)	(11%)	(13%)

In Q1'24, channel inventories were reduced sequentially and are in line within the operating model

NOTE:
[1] Net sales includes promotions.
[2] Sell-through figures do not include promotions.
Net sales in $ millions. Comparisons are Y/Y and in US$ unless otherwise specified. See Appendix regarding sell-through data.

NON-GAAP GROSS MARGIN



Non-GAAP gross margin was 39.0%, down versus Q1'23 but up 270 bps sequentially

Quarter-over-quarter improvement was better than anticipated, as a significant reduction in our on hand inventory drove reserves lower

Year-over-year declines were due to foreign exchange pressure and unfavorable product mix, partially offset by cost improvement and less reliance on expedited shipping

Sequentially, we anticipate gross margins to be pressured, but believe we are on track to generate gross margins of approximately 40% in the next 4-6 quarters

NOTE:
Comparisons are Y/Y unless specified.

NON-GAAP OPERATING EXPENSES

	Q1'24	Q1'23	Y/Y
Non-GAAP Operating Expenses	**271**	**319**	**(15%)**
% of sales	***27.8%***	***27.5%***	***30 bps***
Sales & Marketing	169	220	(23%)
% of sales	*17.3%*	*18.9%*	*(160 bps)*
Research & Development	66	70	(6%)
% of sales	*6.8%*	*6.0%*	*70 bps*
General & Administrative	36	29	25 %
% of sales	*3.7%*	*2.5%*	*120 bps*

We reduced non-GAAP operating expenses by 15%, in line with revenue declines

Reductions in non-GAAP operating expenses were primarily driven by a 23% reduction in Sales & Marketing

We continued to prioritize investment in Research & Development

General & Administrative expenses increased due to one-time costs

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

CASH BALANCE, CASH FLOW AND INVENTORY

	Q1'24	Q1'23	Q/Q	Y/Y
Cash from operations	240	(36)	23	275
Ending cash balance	1,251	1,107	102	144
Inventory	572	917	(111)	(345)
Inventory turns	*4.2*	*3.1*	*0.6*	*1.1*
DOI	*86*	*118*	*(14) days*	*(32) days*
Accounts receivable	563	707	(68)	(144)
DSO	*52*	*55*	*(7) days*	*(3) days*
Accounts payable	387	559	(20)	(172)
DPO	*58*	*72*	*(1) day*	*(14) days*
Cash conversion cycle	80	101	(20) days	(21) days

Cash from operations was $240 in the quarter, and our ending cash balance was more than $1.2B, driven by strong collections and owned inventory reductions of $111M

This reduction in owned inventory drove inventory turns to 4.2 and the cash conversion cycle down 20 days, sequentially

In Q1'24 we returned $95M to shareholders through our share repurchase program; and in June, our Board of Directors approved a new $1B, 3-year share repurchase authorization which will be effective on July 28, 2023

NOTE:
Numbers in $ millions. Comparisons are in US$ unless otherwise specified.

FY'24 OUTLOOK

FY'24 Outlook	Previous 1H'24 Outlook	New 1H'24 Outlook	FY'24 Outlook
Net sales	$1.8B - $1.9B	$1.875B - $1.975B	$3.8B - $4.0B
Net sales decline (USD, Y/Y)	22% - 18%	19% - 14%	16% - 12%
Non-GAAP operating income	$160M - $190M	$180M - $220M	$400M - $500M
Non-GAAP op. inc. decline (Y/Y)	47% - 37%	40% - 27%	32% - 15%

Additional Assumptions	
Non-GAAP effective tax rate	Approximately 13%
Cash from operations	Approximately 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 June 30,**	
GAAP TO NON-GAAP RECONCILIATION [(A)]	**2023**	**2022**
Gross profit - GAAP	$ 375,642	$ 459,603
Share-based compensation expense	1,415	1,461
Amortization of intangible assets	3,145	3,042
Gross profit - Non-GAAP	$ 380,202	$ 464,106
Gross margin - GAAP	38.5 %	39.6 %
Gross margin - Non-GAAP	39.0 %	40.0 %
Operating expenses - GAAP	$ 297,237	$ 344,124
Less: Share-based compensation expense	20,096	22,229
Less: Amortization of intangible assets and acquisition-related costs	2,685	3,369
Less: Restructuring charges, net	3,511	—
Operating expenses - Non-GAAP	$ 270,945	$ 318,526
% of net sales - GAAP	30.5 %	29.7 %
% of net sales - Non-GAAP	27.8 %	27.5 %

GAAP TO NON-GAAP RECONCILIATIONS

LOGITECH INTERNATIONAL S.A.

PRELIMINARY RESULTS*

(In thousands, except per share amounts) - unaudited

SUPPLEMENTAL FINANCIAL INFORMATION	**Three months ended June 30,**	
GAAP TO NON-GAAP RECONCILIATION [(A)]	**2023**	**2022**
Operating income - GAAP	$ 78,405	$ 115,479
Share-based compensation expense	21,511	23,690
Amortization of intangible assets and acquisition-related costs	5,830	6,411
Restructuring charges, net	3,511	—
Operating income - Non-GAAP	$ 109,257	$ 145,580
% of net sales - GAAP	8.0 %	10.0 %
% of net sales - Non-GAAP	11.2 %	12.6 %
Net income - GAAP	$ 62,727	$ 100,836
Share-based compensation expense	21,511	23,690
Amortization of intangible assets and acquisition-related costs	5,830	6,411
Restructuring charges, net	3,511	—
Loss (Gain) on investments	11,823	(11,357)
Non-GAAP income tax adjustment	(2,001)	3,459
Net income - Non-GAAP	$ 103,401	$ 123,039
Net income per share:		
Diluted - GAAP	$ 0.39	$ 0.61
Diluted - Non-GAAP	$ 0.65	$ 0.74
Shares used to compute net income per share:		
Diluted - GAAP and Non-GAAP	160,155	166,406

GAAP TO NON-GAAP RECONCILIATIONS

LOGITECH INTERNATIONAL S.A.

*PRELIMINARY RESULTS**

(In thousands) - Unaudited

SUPPLEMENTAL FINANCIAL INFORMATION

GAAP TO NON-GAAP RECONCILIATION [A]	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24
Gross profit - GAAP	$ 459,603	$ 438,780	$ 477,268	$ 343,864	$ 375,642
Share-based compensation expense	1,461	1,443	1,324	1,407	1,415
Amortization of intangible assets	3,042	3,145	3,168	3,510	3,145
Gross profit - Non-GAAP	$ 464,106	$ 443,368	$ 481,760	$ 348,781	$ 380,202
Gross margin - GAAP	39.6%	38.2%	37.6%	35.8%	38.5%
Gross margin - Non-GAAP	40.0%	38.6%	37.9%	36.3%	39.0%

GAAP TO NON-GAAP RECONCILIATION NOTES

* Note: These preliminary results for the three months ended June 30, 2023 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 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