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Logitech Announces Q2 Fiscal Year 2025 Results

*Company Delivers 6% Sales Growth and Strong Profitability;
Raises FY 2025 Outlook*

LAUSANNE, Switzerland, Oct. 22, 2024 and SAN JOSE, Calif., Oct. 21, 2024 — SIX Swiss Exchange
Ad hoc announcement pursuant to Art. 53 LR — Logitech International (SIX: LOGN) (Nasdaq: LOGI)
today announced financial results for the second quarter of Fiscal Year 2025.

- Sales were \$1.12 billion, up 6 percent in US dollars and 6 percent in constant currency compared to Q2 of the prior year.
- GAAP gross margin was 43.6 percent, up 210 basis points compared to Q2 of the prior year.
Non-GAAP gross margin was 44.1 percent, up 210 basis points compared to Q2 of the prior year.
- GAAP operating income was \$161 million, up 3 percent compared to Q2 of the prior year.
Non-GAAP operating income was \$193 million, up 5 percent compared to Q2 of the prior year.
- GAAP earnings per share (EPS) was \$0.95, up 10 percent compared to Q2 of the prior year.
Non-GAAP EPS was \$1.20, up 10 percent compared to Q2 of the prior year.
- Cash flow from operations was \$166 million. The quarter-ending cash balance was approximately \$1.4 billion.
- The Company returned \$340 million of cash to shareholders through its annual dividend payment and share repurchases.

“This quarter we delivered continued robust, profitable growth driven by improving demand,” said Hanneke Faber, Logitech chief executive officer. “Growth was broad-based, across regions, categories, and both our consumer and business customers. We launched a terrific set of innovations in the quarter and we are ready for the holidays.”

“Once again, our teams executed with discipline this quarter,” said Matteo Anversa, Logitech chief financial officer. “We delivered year-over-year expansion of non-GAAP gross margin thanks to the continued strength of our operations. Our strong results and overall business momentum give us the confidence to raise our annual outlook. I’m impressed by the team, our excellent operational rigor and the many opportunities for future growth.”

Outlook

Logitech raised its full-year outlook for Fiscal Year 2025:

	Previous FY25 outlook	New FY25 outlook
Sales	\$4.34 - \$4.43 billion	\$4.39 - \$4.47 billion
Sales growth (in US dollars, year over year)	1% - 3%	2% - 4%
Non-GAAP operating income	\$700 - \$730 million	\$720 - \$750 million
Non-GAAP op. inc. growth (year over year)	0% - 4%	3% - 7%

Financial Results Videoconference and Webcast

Logitech will hold a financial results videoconference to discuss the results for Q2 Fiscal Year 2025 on Tuesday, October 22, 2024 at 5:30 a.m. Pacific Daylight Time and 2:30 p.m. Central European Summer Time. A livestream of the event will be available on the Logitech corporate website at <https://ir.logitech.com>. This press release and the [Q2 Fiscal Year 2025 Shareholder Letter](#) are also available there.

Use of Non-GAAP Financial Information and Constant Currency

To facilitate comparisons to Logitech's historical results, Logitech has included non-GAAP adjusted measures in this press release, which exclude share-based compensation expense, amortization of intangible assets, acquisition-related costs, restructuring charges (credits), net, loss (gain) on investments, non-GAAP income tax adjustment, and other items detailed under "Supplemental Financial Information" after the tables below and posted to our website at <https://ir.logitech.com>. Logitech also presents 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, used together with the GAAP financial information, will help investors to evaluate its current period performance, outlook and trends in its business. With respect to the Company's outlook for non-GAAP operating income, most of these 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 Fiscal Year 2025 non-GAAP operating income outlook.

Public Dissemination of Certain Information

Recordings of Logitech's earnings videoconferences and certain events Logitech participates in or hosts, with members of the investment community are posted on the company's investor relations website at <https://ir.logitech.com>. Additionally, Logitech provides notifications of news or announcements regarding

its operations and financial performance, including its filings with the Securities and Exchange Commission (SEC), investor events, and press and earnings releases as part of its investor relations website. Logitech intends to use its investor relations website as means of disclosing material nonpublic information and for complying with its disclosure obligations under Regulation FD. Logitech's corporate governance information also is available on its investor relations website.

About Logitech

Logitech designs software-enabled hardware solutions that help businesses thrive and bring people together when working, creating, gaming and streaming. As the point of connection between people and the digital world, our mission is to extend human potential in work and play, in a way that is good for people and the planet. Founded in 1981, Logitech International is a Swiss public company listed on the SIX Swiss Exchange (LOGN) and on the Nasdaq Global Select Market (LOGI). Find Logitech and its other brands, including Logitech G, at www.logitech.com or [company blog](#).

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This press release contains forward-looking statements within the meaning of U.S. federal securities laws, including, without limitation, statements regarding: our preliminary financial results for the three and six months ended September 30, 2024, Fiscal Year 2025 outlook for sales and non-GAAP operating income, opportunities for growth, and related assumptions. The forward-looking statements in this press release are subject to risks and uncertainties that could cause Logitech's actual results and events to differ materially from those anticipated in these forward-looking statements, including, without limitation: macroeconomic and geopolitical conditions and other factors and their impact, for example inflation, interest rate and foreign currency fluctuations, changes in fiscal policies, geopolitical conflicts, low economic growth in certain regions, and uncertainty in consumer and enterprise demand; our expectations regarding our expense discipline 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; issues relating to development and use of artificial intelligence; 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 logistics challenges, including disruptions in logistics; 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, 2024, our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, and other 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 press release.

Note that unless noted otherwise, comparisons are year over year.

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LOGITECH INTERNATIONAL S.A.
PRELIMINARY RESULTS*

(In thousands, except per share amounts) - unaudited

GAAP CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS	Three months ended September 30,		Six months ended September 30,	
	2024	2023	2024	2023
Net sales	\$ 1,116,034	\$ 1,057,008	\$ 2,204,251	\$ 2,031,507
Cost of goods sold	627,491	615,403	1,247,008	1,211,115
Amortization of intangible assets	2,452	2,983	4,894	6,128
Gross profit	486,091	438,622	952,349	814,264
Operating expenses:				
Marketing and selling	201,863	176,356	398,768	355,541
Research and development	76,205	68,559	151,512	139,118
General and administrative	44,173	35,538	81,631	76,835
Amortization of intangible assets and acquisition-related costs	2,725	3,318	5,428	6,003
Restructuring charges (credits), net	229	(1,788)	615	1,723
Total operating expenses	325,195	281,983	637,954	579,220
Operating income	160,896	156,639	314,395	235,044
Interest income	14,637	11,856	30,427	21,682
Other income (expense), net	533	(1,044)	(1,365)	(14,016)
Income before income taxes	176,066	167,451	343,457	242,710
Provision for income taxes	30,583	30,334	56,141	42,866
Net income	\$ 145,483	\$ 137,117	\$ 287,316	\$ 199,844
Net income per share:				
Basic	\$ 0.95	\$ 0.87	\$ 1.88	\$ 1.26
Diluted	\$ 0.95	\$ 0.86	\$ 1.86	\$ 1.25
Weighted average shares used to compute net income per share:				
Basic	152,460	157,911	152,875	158,385
Diluted	153,672	158,934	154,320	159,545

LOGITECH INTERNATIONAL S.A.
PRELIMINARY RESULTS*

(In thousands, except per share amounts) - unaudited

CONDENSED CONSOLIDATED BALANCE SHEETS	September 30, 2024	March 31, 2024
Current assets:		
Cash and cash equivalents	\$ 1,363,276	\$ 1,520,842
Accounts receivable, net	629,278	541,715
Inventories	520,493	422,513
Other current assets	146,511	146,270
Total current assets	2,659,558	2,631,340
Non-current assets:		
Property, plant and equipment, net	112,357	116,589
Goodwill	463,712	461,978
Other intangible assets, net	34,810	44,603
Other assets	374,056	350,194
Total assets	\$ 3,644,493	\$ 3,604,704
Current liabilities:		
Accounts payable	\$ 555,490	\$ 448,627
Accrued and other current liabilities	646,831	637,262
Total current liabilities	1,202,321	1,085,889
Non-current liabilities:		
Income taxes payable	125,779	112,572
Other non-current liabilities	204,499	172,590
Total liabilities	1,532,599	1,371,051
Shareholders' equity:		
Registered shares, CHF 0.25 par value:	30,148	30,148
Issued shares — 173,106 at September 30, 2024 and March 31, 2024		
Additional shares that may be issued out of conditional capital — 50,000 at September 30, 2024 and March 31, 2024		
Additional shares that may be issued out of the capital band — 17,311 at September 30, 2024 and March 31, 2024		
Additional paid-in capital	72,268	63,524
Shares in treasury, at cost — 21,270 at September 30, 2024 and 19,243 at March 31, 2024	(1,518,149)	(1,351,336)
Retained earnings	3,626,999	3,602,519
Accumulated other comprehensive loss	(99,372)	(111,202)
Total shareholders' equity	2,111,894	2,233,653
Total liabilities and shareholders' equity	\$ 3,644,493	\$ 3,604,704

LOGITECH INTERNATIONAL S.A.
PRELIMINARY RESULTS*

(In thousands) - unaudited

	Three months ended September 30,		Six months ended September 30,	
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS	2024	2023	2024	2023
Cash flows from operating activities:				
Net income	\$ 145,483	\$ 137,117	\$ 287,316	\$ 199,844
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	14,597	16,637	29,103	34,135
Amortization of intangible assets	5,092	5,682	10,171	11,509
Loss (gain) on investments	413	(214)	1,599	11,609
Share-based compensation expense	26,469	22,068	49,874	43,579
Deferred income taxes	4,827	8,146	16,489	11,108
Other	81	76	57	100
Changes in assets and liabilities, net of acquisitions:				
Accounts receivable, net	(27,616)	(100,752)	(81,568)	(35,362)
Inventories	(54,812)	35,929	(93,907)	146,369
Other assets	(2,666)	(22,343)	2,241	11,999
Accounts payable	(652)	106,442	108,376	88,022
Accrued and other liabilities	54,786	14,476	12,280	(59,853)
Net cash provided by operating activities	166,002	223,264	342,031	463,059
Cash flows from investing activities:				
Purchases of property, plant and equipment	(14,527)	(18,493)	(29,113)	(34,731)
Acquisitions, net of cash acquired	—	(12,878)	—	(14,138)
Purchases of deferred compensation investments	(2,905)	(1,479)	(3,600)	(2,548)
Proceeds from sales of deferred compensation investments	1,561	1,551	2,299	2,622
Other investing activities	(96)	(322)	(912)	(356)
Net cash used in investing activities	(15,967)	(31,621)	(31,326)	(49,151)
Cash flows from financing activities:				
Payment of cash dividends	(207,853)	(182,305)	(207,853)	(182,305)
Payment of contingent consideration for business acquisition	(1,245)	(5,002)	(1,245)	(5,002)
Purchases of registered shares	(132,286)	(93,865)	(263,185)	(188,941)
Proceeds from exercises of stock options and purchase rights	15,617	13,206	20,235	15,319
Tax withholdings related to net share settlements of restricted stock units	(2,390)	(2,028)	(21,243)	(26,224)
Other financing activities	(1,663)	(1,116)	(1,663)	(1,116)
Net cash used in financing activities	(329,820)	(271,110)	(474,954)	(388,269)
Effect of exchange rate changes on cash and cash equivalents	8,681	(7,715)	6,683	(10,758)
Net increase (decrease) in cash and cash equivalents	(171,104)	(87,182)	(157,566)	14,881
Cash and cash equivalents, beginning of the period	1,534,380	1,251,086	1,520,842	1,149,023
Cash and cash equivalents, end of the period	\$ 1,363,276	\$ 1,163,904	\$ 1,363,276	\$ 1,163,904

LOGITECH INTERNATIONAL S.A.

PRELIMINARY RESULTS*

(In thousands) - unaudited

SUPPLEMENTAL FINANCIAL INFORMATION	Three months ended September 30,			Six months ended September 30,		
NET SALES	2024	2023	Change	2024	2023	Change
Net sales by product category:						
Gaming ⁽¹⁾	\$ 300,470	\$ 282,104	7 %	\$ 609,945	\$ 548,533	11 %
Keyboards & Combos	209,936	194,914	8	425,269	375,769	13
Pointing Devices	195,936	191,676	2	385,882	366,130	5
Video Collaboration	159,660	152,389	5	306,702	291,735	5
Webcams	80,249	88,222	(9)	153,153	163,422	(6)
Tablet Accessories	85,614	63,677	34	164,153	134,013	22
Headsets	46,916	44,411	6	91,152	81,261	12
Other ⁽²⁾	37,253	39,615	(6)	67,995	70,644	(4)
Total Net Sales	\$ 1,116,034	\$ 1,057,008	6 %	\$ 2,204,251	\$ 2,031,507	9 %

(1) Gaming includes streaming services revenue generated by Streamlabs.

(2) Other primarily consists of mobile speakers and PC speakers.

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)	2024	2023	2024	2023
Gross profit - GAAP	\$ 486,091	\$ 438,622	\$ 952,349	\$ 814,264
Share-based compensation expense	3,902	2,462	6,500	3,877
Amortization of intangible assets	2,452	2,983	4,894	6,128
Gross profit - Non-GAAP	\$ 492,445	\$ 444,067	\$ 963,743	\$ 824,269
Gross margin - GAAP	43.6 %	41.5 %	43.2 %	40.1 %
Gross margin - Non-GAAP	44.1 %	42.0 %	43.7 %	40.6 %
Operating expenses - GAAP	\$ 325,195	\$ 281,983	\$ 637,954	\$ 579,220
Less: Share-based compensation expense	22,567	19,606	43,374	39,702
Less: Amortization of intangible assets and acquisition-related costs	2,725	3,318	5,428	6,003
Less: Restructuring charges (credits), net	229	(1,788)	615	1,723
Operating expenses - Non-GAAP	\$ 299,674	\$ 260,847	\$ 588,537	\$ 531,792
% of net sales - GAAP	29.1 %	26.7 %	28.9 %	28.5 %
% of net sales - Non-GAAP	26.9 %	24.7 %	26.7 %	26.2 %
Operating income - GAAP	\$ 160,896	\$ 156,639	\$ 314,395	\$ 235,044
Share-based compensation expense	26,469	22,068	49,874	43,579
Amortization of intangible assets and acquisition-related costs	5,177	6,301	10,322	12,131
Restructuring charges (credits), net	229	(1,788)	615	1,723
Operating income - Non-GAAP	\$ 192,771	\$ 183,220	\$ 375,206	\$ 292,477
% of net sales - GAAP	14.4 %	14.8 %	14.3 %	11.6 %
% of net sales - Non-GAAP	17.3 %	17.3 %	17.0 %	14.4 %
Net income - GAAP	\$ 145,483	\$ 137,117	\$ 287,316	\$ 199,844
Share-based compensation expense	26,469	22,068	49,874	43,579
Amortization of intangible assets and acquisition-related costs	5,177	6,301	10,322	12,131
Restructuring charges (credits), net	229	(1,788)	615	1,723
Loss (gain) on investments	413	(214)	1,599	11,609
Non-GAAP income tax adjustment	6,315	9,933	8,985	7,930
Net income - Non-GAAP	\$ 184,086	\$ 173,417	\$ 358,711	\$ 276,816
Net income per share:				
Diluted - GAAP	\$ 0.95	\$ 0.86	\$ 1.86	\$ 1.25
Diluted - Non-GAAP	\$ 1.20	\$ 1.09	\$ 2.32	\$ 1.74
Shares used to compute net income per share:				
Diluted - GAAP and Non-GAAP	153,672	158,934	154,320	159,545

LOGITECH INTERNATIONAL S.A.

PRELIMINARY RESULTS*

(In thousands) - unaudited

SUPPLEMENTAL FINANCIAL INFORMATION

	Three months ended September 30,		Six months ended September 30,	
SHARE-BASED COMPENSATION EXPENSE	2024	2023	2024	2023
Share-based Compensation Expense				
Cost of goods sold	\$ 3,902	\$ 2,462	\$ 6,500	\$ 3,877
Marketing and selling	10,469	9,262	22,320	19,745
Research and development	5,067	4,694	10,806	9,147
General and administrative	7,031	5,650	10,248	10,810
Total share-based compensation expense	26,469	22,068	49,874	43,579
Income tax benefit	(4,776)	(2,548)	(12,378)	(7,866)
Total share-based compensation expense, net of income tax benefit	\$ 21,693	\$ 19,520	\$ 37,496	\$ 35,713

*Note: These preliminary results for the three and six months ended September 30, 2024 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.

While we use non-GAAP financial measures as a tool to enhance our understanding of certain aspects of our financial performance and to provide incremental insight into the underlying factors and trends affecting both our performance and our cash-generating potential, we do not consider these measures to be a substitute for, or superior to, the information provided by GAAP financial measures. Consistent with this approach, we believe that disclosing non-GAAP financial measures to the readers of our financial statements provides useful supplemental data that, while not a substitute for GAAP financial measures, can offer insight in the review of our financial and operational performance and enables investors to more fully understand trends in our current and future performance. In assessing our business during the quarter ended September 30, 2024 and prior periods presented, we excluded items in the following general categories, each of which are described below:

Share-based compensation expense. We believe that providing non-GAAP measures excluding share-based compensation expense, in addition to the GAAP measures, allows for a more transparent comparison of our financial results from period to period. We prepare and maintain our budgets and forecasts for future periods on a basis consistent with this non-GAAP financial measure. Further, companies use a variety of types of equity awards as well as a variety of methodologies, assumptions and estimates to determine share-based compensation expense. We believe that excluding share-based compensation expense enhances our ability and the ability of investors to understand the impact of non-cash share-based compensation on our operating results and to compare our results against the results of other companies.

Amortization of intangible assets. We incur intangible asset amortization expense, primarily in connection with our acquisitions of various businesses and technologies. The amortization of purchased intangibles varies depending on the level of acquisition activity. We exclude these various charges in budgeting, planning and forecasting future periods and we believe that providing the non-GAAP measures excluding these various non-cash charges, as well as the GAAP measures, provides additional insight when comparing our gross profit, operating expenses, and financial results from period to period.

Acquisition-related costs. We incurred expenses and credits in connection with our acquisitions which we generally would not have otherwise incurred in the periods presented as a part of our continuing operations. Acquisition-related costs include certain incremental expenses incurred to effect a business combination. We believe that providing the non-GAAP measures excluding these costs, as well as the GAAP measures, assists our investors because such costs are not reflective of our ongoing operating results.

Restructuring charges (credits), net. These charges (credits) are associated with restructuring plans, and will vary based on the initiatives in place during any given period. Restructuring charges may include costs related to employee terminations, facility closures and early cancellation of certain contracts as well as other costs resulting from our restructuring initiatives. We believe that providing the non-GAAP measures excluding these items, as well as the GAAP measures, assists our investors because such charges (credits) are not reflective of our ongoing operating results.

Loss (gain) on investments. We recognize losses (gains) related to our investments in various companies, which vary depending on the operational and financial performance of the companies in which we invest. These amounts include our losses (earnings) on equity method investments, investment impairments and losses (gains) resulting from sales or other events related to our investments. We believe that providing the non-GAAP measures excluding these items, as well as the GAAP measures, assists our investors because such losses (gains) are not reflective of our ongoing operations.

Non-GAAP income tax adjustment. Non-GAAP income tax adjustment primarily measures the income tax effect of non-GAAP adjustments excluded above as well as the income tax impact of non-recurring deferred taxes, tax settlements, and other non-routine tax events, the determination of which is based upon the nature of the underlying items.

Each of the non-GAAP financial measures described above, and used in this press release, should not be considered in isolation from, or as a substitute for, a measure of financial performance prepared in accordance with GAAP. Further, investors are cautioned that there are inherent limitations associated with the use of each of these non-GAAP financial measures as an analytical tool. In particular, these non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles and many of the adjustments to the GAAP financial measures reflect the exclusion of items that are recurring and may be reflected in the Company's financial results for the foreseeable future. We compensate for these limitations by providing specific information in the reconciliation included in this press release regarding the GAAP amounts excluded from the non-GAAP financial measures. In addition, as noted above, we evaluate the non-GAAP financial measures together with the most directly comparable GAAP financial information.

Additional Supplemental Financial Information - Constant Currency

In addition, Logitech presents percentage sales growth in constant currency 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.