

Q1 Fiscal Year 2022 Financial Results

July 26, 2021

logitech®



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 30, 2021, growth and growth opportunities, trends and behaviors and our ability to address them, trends in our product categories, work arrangements, hybrid work, and their expected impact on us, gross margin, gross margin target range, marketing and promotional spending, investments, innovation across our product portfolio, supply, inventory, investments in our inventory and channel inventory, investments in brand equity, cash flow, timing of tax payments, future plans and opportunities, fiscal year 2022 outlook, and related assumptions.

These statements are subject to risks and uncertainties that may cause actual results and events to differ materially, including without limitation: 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 and supply shortages; 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; the COVID-19 pandemic and its potential impact; if we do not efficiently manage our spending; 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; 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, 2021 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 (credits), loss (gain) 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.

KEY MESSAGES – Q1 FY 2022

Q1'22 sales increased 58% (CC) to \$1.31B, continuing the strong momentum from the prior quarter with double-digit growth across most of our product categories

Gross margin increased to 43.8% due to strong sales volume, favorable product mix and a benefit from currency exchange rates and remained within our target range of 39-44%

Operating profits doubled to \$235M as robust sales growth combined with higher gross margin offset higher OPEX investments to drive long-term business performance

Cash flow from operations was a negative \$115M, as we strategically invested in our own inventory ahead of extended supply chain lead times and rising component costs and made a \$120M annual income tax cash payment due to the recent Swiss tax reform

WHAT'S NEW FROM LOGITECH



VIDEO COLLABORATION

Logitech Scribe is an AI-powered whiteboard camera that broadcasts whiteboard content into video meetings such as Microsoft Teams and Zoom

Using built-in artificial intelligence, **Scribe** can render the presenter transparent so remote users can see the whiteboard with nothing in the way, as well as automatically enhances the color of markers so the content is easier to read

Comes with a clean, wall-mounted design and thoughtful cable management



JAYBIRD

Jaybird Vista 2 True Wireless Sport Earbuds builds on the success of the original true wireless **Vista** earbuds with enhanced durability and military-grade construction

Equipped with SurroundSense technology that amplifies sounds for safety or stay focused with Active Noise Cancellation

Holds up to 24 hours of battery life and delivers up to eight hours of straight play time, with a five-minute charge giving one full hour of play time



FINANCIAL RESULTS



Q1'22 IS A STRONG START TO THE YEAR ...

	Q1'22	Q1'21	Y/Y
Net sales	\$1,312	\$792	66%
Y/Y % chg	66%	23%	
Y/Y % chg (CC)	58%	25%	
Gross profit	574	311	85%
% margin	43.8%	39.2%	460 bps
Operating expense	340	193	76%
% of sales	25.9%	24.4%	150 bps
Operating income	\$235	\$117	100%
% margin	17.9%	14.8%	310 bps
Net income	210	109	93%
% margin	16.0%	13.7%	230 bps
Earnings per share	\$1.22	\$0.64	91%
Diluted shares	172	170	

Net sales +58% (CC) to \$1.31B, with strong double-digit growth across all major product categories

Gross margin increased 460 basis points to 43.8%, as we continued to benefit from higher sales volume, favorable product mix, and tailwinds from currency exchange rates

Continued to strategically invest in OPEX (+76%) to support sustainable, long-term growth

Operating profits doubled to \$235M on strong sales and margin expansion

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.

... AS SECULAR GROWTH TRENDS CONTINUED

	Q1'22	Q1'21	Y/Y	Y/Y (CC)
Pointing Devices	183	120	52%	45%
Keyboards & Combos	218	145	50%	44%
PC Webcams	110	61	81%	73%
Tablet & Accessories	79	46	72%	66%
Video Collaboration	235	130	81%	72%
Gaming	336	182	84%	76%
Mobile Speakers	28	29	(2%)	(5%)
Audio & Wearables	117	71	63%	57%
Smart Home	6	7	(9%)	(12%)
Net sales	\$1,312	\$792	66%	58%

Our large secular trends continued to drive broad-based growth

Video Collaboration sales grew 72% (CC), while sell-through doubled

Pointing Devices and Keyboards delivered another strong double-digit growth quarter driven by new product introductions and higher PC attach rates

PC Webcams +73% (CC) as video remains an integral part of communications in our lives

Gaming +76% (CC), driven by a strong product portfolio and resilient gaming demand

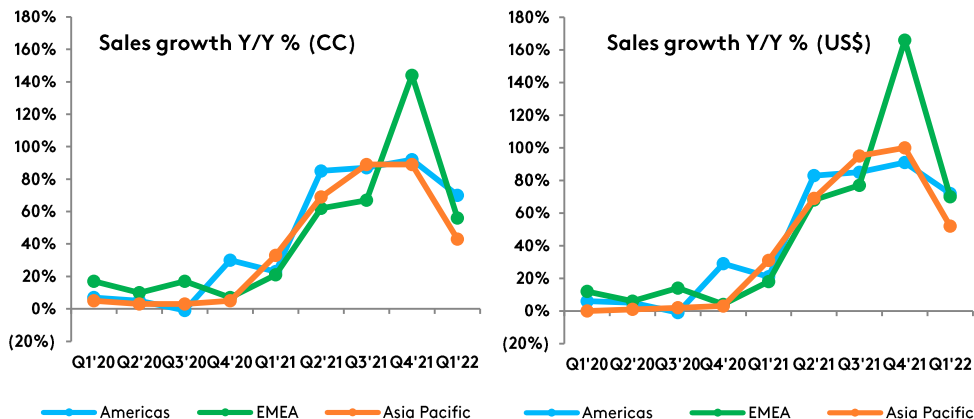
Note: Net sales in \$ millions. Comparisons are Y/Y and in US\$ unless otherwise specified.

BALANCED GROWTH ACROSS ALL REGIONS

	Q1'22	Q1'21	Y/Y (CC)	Y/Y (US\$)	Sell-through (US\$)
Americas	613	356	70%	72%	56%
EMEA	358	211	56%	70%	71%
Asia Pacific	342	225	43%	52%	46%
Net sales	\$1,312	\$792	58%	66%	58%

Demand was very broad based and balanced across all three regions

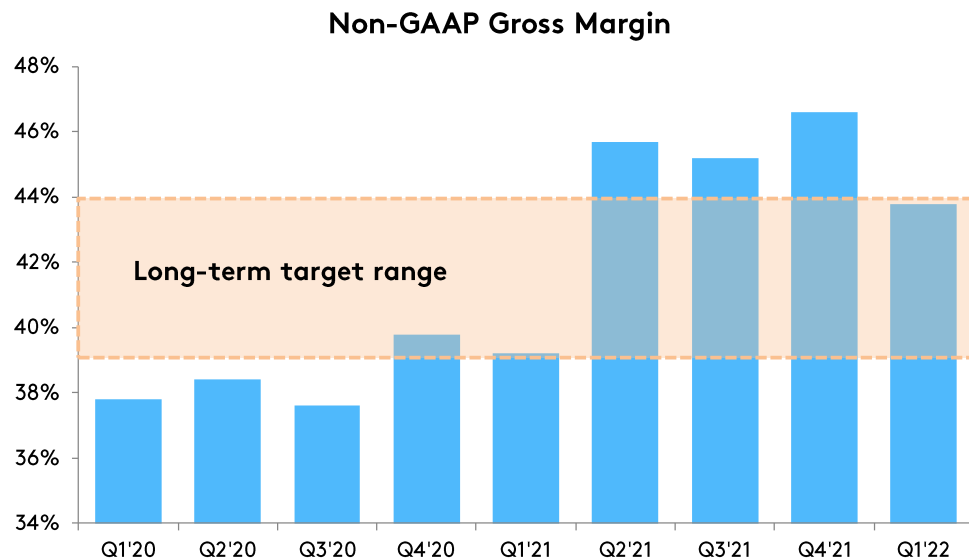
Net sales growth (+66%) more closely aligned with sell-through (+58%) in the quarter as our channel inventory returned to more healthy and normalized levels



We will continue to strategically invest in both our own inventory and channel inventory ahead of extended supply chain lead times and rising component costs

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

GROSS MARGIN WITHIN TARGET RANGE



Q1'22 gross margin increased 460 basis points to 43.8% versus Q1'21

The improved year-over-year margin was due to continued strong sales volume, favorable product mix, and tailwinds from currency exchange rates

The sequential decline in margin was from less favorable product mix and higher component costs, and increased promotion and investments in point-of-sales marketing

We maintain our target gross margin range of 39-44% as we will reinvest our profit dollars to support future growth

CONTINUING TO INVEST FOR LONG-TERM GROWTH

	Q1'22	Q1'21	Y/Y
Sales & marketing	244	124	96%
% of sales	18.6%	15.7%	290 bps
Research & development	64	47	38%
% of sales	4.9%	5.9%	(100 bps)
General & administrative	32	22	43%
% of sales	2.4%	2.8%	(40 bps)
Operating expenses	\$340	\$193	76%
% of sales	25.9%	24.4%	150 bps

Strategically continued to invest in operating expenses (+76%) as we shift our business model to be more marketing and innovation-led versus more promotion-led

S&M expenses +96% as our investments in brand equity are expected to help drive enhanced consumer awareness and consideration over the long term

R&D +38% focused on innovations in both hardware and software

G&A +43% as we scaled our variable and fixed IT and customer care capacity to support higher sales volume

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

STRATEGIC INVESTMENTS IN WORKING CAPITAL

	Q1'22	Q1'21	Y/Y	Q/Q
Cash from operations	(115)	119	(234)	(645)
Ending cash balance	1,498	809	688	(253)
Inventory	779	271	507	117
<i>Inventory turns</i>	3.8	7.2	(3.4 turns)	(1.2 turns)
<i>DOI</i>	94	50	44 days	22 days
Accounts receivable	546	500	46	(66)
<i>DSO</i>	37	57	(20 days)	1 day
Accounts payable	710	430	280	(113)
<i>DPO</i>	86	80	6 days	(4 days)
Cash conversion cycle	45 days	27 days	18 days	27 days

Cash balance reached \$1.5B, up \$0.7B due to strong profit growth

Cash flow from operations was a negative \$115M as we strategically invested in inventory ahead of extended supply chain lead times and rising component costs and made a \$120M annual (rather than quarterly) income tax cash payment due to the recent Swiss tax reform

We continue to expect our full-year cash flow to approximate our non-GAAP operating income

In Q1, we spent \$55M in share repurchases

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

REAFFIRMING FISCAL YEAR 2022 OUTLOOK

FY 2022 OUTLOOK

Sales growth (CC)	-5% to +5%
Non-GAAP operating income	\$800 - 850M

ADDITIONAL ASSUMPTIONS

Currency exchange rates	Q1'22 actuals and Q2-Q4'22 projections ¹
Non-GAAP effective tax rate	11 – 12%
Cash from operations	~1x non-GAAP operating income
Capex	\$80 - 90M

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

(1) Q2-Q4'22 projections are based on average Q1'22 currency exchange rates.

APPENDIX



GAAP TO NON-GAAP RECONCILIATIONS

LOGITECH INTERNATIONAL S.A.

PRELIMINARY RESULTS*

(In thousands, except per share amounts) - unaudited

SUPPLEMENTAL FINANCIAL INFORMATION

GAAP TO NON GAAP RECONCILIATION ^(A)	Three Months Ended June 30,	
	2021	2020
Gross profit - GAAP	\$ 568,926	\$ 305,733
Share-based compensation expense	1,369	1,400
Amortization of intangible assets	4,066	3,523
Gross profit - Non-GAAP	\$ 574,361	\$ 310,656
<i>Gross margin - GAAP</i>	43.4 %	38.6 %
<i>Gross margin - Non-GAAP</i>	43.8 %	39.2 %
Operating expenses - GAAP	\$ 365,845	\$ 222,306
Less: Share-based compensation expense	22,282	18,715
Less: Amortization of intangible assets and acquisition-related costs	5,217	4,609
Less: Change in fair value of contingent consideration for business acquisition	(1,474)	5,716
Less: Restructuring credits, net	—	(53)
Operating expenses - Non-GAAP	\$ 339,820	\$ 193,319
<i>% of net sales - GAAP</i>	27.9 %	28.1 %
<i>% of net sales - Non - GAAP</i>	25.9 %	24.4 %

GAAP TO NON-GAAP RECONCILIATIONS

LOGITECH INTERNATIONAL S.A.

PRELIMINARY RESULTS*

(In thousands, except per share amounts) - unaudited

SUPPLEMENTAL FINANCIAL INFORMATION

GAAP TO NON GAAP RECONCILIATION ^(A)	Three Months Ended June 30,	
	2021	2020
Operating income - GAAP	\$ 203,081	\$ 83,427
Share-based compensation expense	23,651	20,115
Amortization of intangible assets and acquisition-related costs	9,283	8,132
Change in fair value of contingent consideration for business acquisition	(1,474)	5,716
Restructuring credits, net	—	(53)
Operating income - Non - GAAP	\$ 234,541	\$ 117,337
% of net sales - GAAP	15.5 %	10.5 %
% of net sales - Non - GAAP	17.9 %	14.8 %
Net income - GAAP	\$ 186,841	\$ 72,073
Share-based compensation expense	23,651	20,115
Amortization of intangible assets and acquisition-related costs	9,283	8,132
Change in fair value of contingent consideration for business acquisition	(1,474)	5,716
Restructuring credits, net	—	(53)
Gain on investments	(1,071)	(174)
Non-GAAP income tax adjustment	(7,416)	3,048
Net income - Non - GAAP	\$ 209,814	\$ 108,857
Net income per share:		
Diluted - GAAP	\$ 1.09	\$ 0.42
Diluted - Non - GAAP	\$ 1.22	\$ 0.64
Shares used to compute net income per share:		
Diluted - GAAP and Non - GAAP	172,020	170,127

GAAP TO NON-GAAP RECONCILIATION NOTES

Note: These preliminary results for the three months ended June 30, 2021 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

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