Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended March 31, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from to

Commission File Number: 0-29174

LOGITECH INTERNATIONAL S.A.

(Exact name of registrant as specified in its charter)

Canton of Vaud, Switzerland	**None**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Logitech International S.A.
EPFL - Quartier de l'Innovation
Daniel Borel Innovation Center
1015 Lausanne, Switzerland
c/o Logitech Inc.
7700 Gateway Boulevard
Newark, California 94560

(Address of principal executive offices and zip code)

(510) 795-8500

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Registered Shares par value CHF 0.25 per share	The Nasdaq Global Select Market; SIX Swiss Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data file required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standard s provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting shares held by non-affiliates of the registrant, based upon the closing sale price of the shares on September 27, 2019, the last business day of the registrant's second fiscal quarter on the Nasdaq Global Select Market, was $6,703,496,937. For purposes of this disclosure, voting shares held by persons known to the Registrant to beneficially own more than 5% of the Registrant's shares and shares held by officers and directors of the Registrant have been excluded because such persons may be deemed to be affiliates. In the case of 5% or greater shareholders, we have not deemed such shareholders to be affiliates unless there are facts and circumstances which would indicate that such shareholders exercise any control over the Registrant, or unless they hold 10% or more of Registrant’s share capital outstanding. This determination is not necessarily a conclusive determination for other purposes.

As of May 18, 2020, there were 167,817,568 shares of the Registrant's share capital outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2020 Annual Meeting of Shareholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended March 31, 2020.

TABLE OF CONTENTS

		Page
Part I		
Item 1.	Business	3
Item 1A.	Risk Factors	17
Item 1B.	Unresolved Staff Comments	35
Item 2.	Properties	36
Item 3.	Legal Proceedings	36
Item 4.	Mine Safety Disclosures	36
Part II		
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	37
Item 6.	Selected Financial Data	39
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	42
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	61
Item 8.	Financial Statements and Supplementary Data	62
Item 9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	62
Item 9A.	Controls and Procedures	62
Item 9B.	Other Information	63
Part III		
Item 10.	Directors, Executive Officers and Corporate Governance	64
Item 11.	Executive Compensation	64
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	64
Item 13.	Certain Relationships and Related Transactions, and Director Independence	64
Item 14.	Principal Accountant Fees and Services	65
Part IV		
Item 15.	Exhibits and Financial Statement Schedules	65
Signatures		

In this document, unless otherwise indicated, references to the "Company", "Logitech" "we," "our," and "us" are to Logitech International S.A. and its consolidated subsidiaries. Unless otherwise specified, all references to U.S. Dollar, Dollar or $ are to the United States Dollar, the legal currency of the United States of America. All references to CHF are to the Swiss Franc, the legal currency of Switzerland.

Logitech, the Logitech logo, and the Logitech products referred to herein are either the trademarks or the registered trademarks of Logitech. All other trademarks are the property of their respective owners.

The Company's fiscal year ends on March 31. Interim quarters are generally thirteen-week periods, each ending on a Friday. For purposes of presentation, the Company has indicated its quarterly periods end on the last day of the calendar quarter.

The term “Sales” means net sales, except as otherwise specified.

All references to our websites are intended to be inactive textual references only, and the content of such websites do not constitute a part of and are not intended to be incorporated by reference into this Annual Report on Form 10-K.

FORWARD-LOOKING INFORMATION

This Annual Report on Form 10-K contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on beliefs of our management as of the filing date of this Annual Form 10-K. These forward-looking statements include, among other things, statements related to:

- Our strategy for growth, future revenues, earnings, cash flow, uses of cash and other measures of financial performance, and market position;
- Our business strategy and investment priorities in relation to competitive offerings and evolving consumer demand trends affecting our products and markets, worldwide economic and capital market conditions, fluctuations in currency exchange rates, and current and future general regional economic conditions for fiscal year 2021 and beyond;
- The scope, nature or impact of acquisition, strategic alliance, and divestiture activities and restructuring of our organizational structure;
- Our expectations regarding the success of our strategic acquisitions, including integration of acquired operations, products, technology, internal controls, personnel and management teams;
- Our expectations regarding our effective tax rate, future tax benefits, tax settlements, the adequacy of our provisions for uncertain tax positions;
- Our expectations regarding our potential indemnification obligations, and the outcome of pending or future legal proceedings and tax audits;
- Our business and product plans and development and product innovation and their impact on future operating results and anticipated operating costs for fiscal year 2021 and beyond;
- Opportunities for growth, market opportunities and our ability to take advantage of them;
- Potential tariffs, their effects and our ability to mitigate their effects;
- Capital investments and research and development;
- Our expectations regarding our share buyback and dividend programs;
- The sufficiency of our cash and cash equivalents, cash generated from operations, and available borrowings under our bank lines of credit to fund capital expenditures and working capital needs;
- The effects of environmental and other laws and regulations in the United States and other countries in which we operate; and
- The effects of the novel coronavirus ("COVID-19") pandemic and any associated economic downturn on our business and future operating and financial performance.

Forward-looking statements also include, among others, those statements including the words "anticipate", "believe", "could", "estimate", "expect", "forecast", "intend", "may", "plan", "project", "predict", "should", "will" and similar language. These statements reflect our views and assumptions as of the date of this Annual Report on Form 10-K. All forward-looking statements involve risks and uncertainties that could cause our actual performance to differ materially from those anticipated in the forward-looking statements depending on a variety of factors. Important information as to these factors can be found in this Annual Report on Form 10-K under the headings of “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Overview”, “Critical Accounting Estimates” and “Liquidity and Capital Resources”, among others. Factors that might cause or contribute to such differences include, but are not limited to, those discussed under Item 1A, Risk Factors, as well as elsewhere in this Annual Report on Form 10-K and in our other filings with the U.S. Securities and Exchange Commission, or "SEC." You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. We undertake no obligation to publicly release any revisions to the forward-looking statements or reflect events or circumstances after the date of this document.

PART I

ITEM 1. BUSINESS

Company Overview

Logitech is a world leader in designing, manufacturing and marketing products that help connect people to digital and cloud experiences. More than 35 years ago, Logitech created products to improve experiences around the personal computer (PC) platform, and today it is a multi-brand, multi-category company designing products that enable better experiences consuming, sharing and creating digital content such as computing, gaming, video and music, whether it is on a computer, mobile device or in the cloud. Logitech's brands include Logitech, Logitech G, ASTRO Gaming, Streamlabs, Ultimate Ears, Jaybird, and Blue Microphones. Our Company's website is www.logitech.com.

Logitech was founded in Switzerland in 1981, and Logitech International S.A. has been the parent holding company of Logitech since 1988. Logitech International S.A. is a Swiss holding company with its registered office in Apples, Switzerland, which conducts its business through subsidiaries in the Americas (including North and South America), EMEA (Europe, Middle East, Africa) and Asia Pacific (including, among other countries, China, Taiwan, Japan, India and Australia). Shares of Logitech International S.A. are listed on both the SIX Swiss Exchange, under the trading symbol LOGN, and the Nasdaq Global Select Market, under the trading symbol LOGI. References in this Annual Report on Form 10-K to the "Company," "Logitech," "we," "our," and "us" refer to Logitech International S.A. and its consolidated subsidiaries.

We operate in a single operating segment: Peripherals. For more information about segments and geographic areas, please refer to Note 15 of our consolidated financial statements included in this Annual Report on Form 10-K. Our products participate in five large markets: Creativity & Productivity, Gaming, Video Collaboration, Music and Smart Home. We sell our products to a broad network of domestic and international customers, including direct sales to retailers and e-tailers and indirect sales through distributors. Our worldwide channel network includes consumer electronics distributors, retailers, mass merchandisers, specialty stores, computer and telecommunications stores, value-added resellers and online merchants.

Acquisitions

On October 31, 2019, we acquired all equity interests of General Workings, Inc. (Streamlabs) for a total consideration of $105.7 million, which included a working capital adjustment, plus additional contingent consideration of $29.0 million payable in stock only upon the achievement of certain net revenues for the period beginning on January 1, 2020 and ending on June 30, 2020 (the Streamlabs Acquisition). Streamlabs is a leading provider of software and tools for professional streamers. The Streamlabs Acquisition is complementary to our gaming portfolio.

On August 21, 2018, we acquired all equity interests in Blue Microphones Holding Corporation (Blue Microphones) for a total consideration of $134.8 million in cash, which included a working capital adjustment and repayment of debt on behalf of Blue Microphones (the Blue Microphones Acquisition). Blue Microphones is a leading audio manufacturer that designs and produces microphones, headphones, recording tools, and accessories for audio professionals, musicians and consumers. The Blue Microphones Acquisition supplements our product portfolio.

Industry Overview

Historically, Logitech's business has been driven by the same trends that drove the adoption of desktop and laptop PCs for consumers, businesses and institutional applications, including the growth in affordable processing power, communications bandwidth, the increased accessibility of digital content, and the growing and pervasive use of the Internet for productivity, communication and entertainment. More recently, the democratization of content creation, the rising trend of electronic sports (esports), the growth of streamers and creators and the expansion of video everywhere have created multiple opportunities for Logitech to drive greater interaction and engagement between people and digital content.

In the last several years, new PC shipments have stagnated and, combined with increased interest in smaller, mobile computing devices (such as smartphones and tablets), the market for PC peripherals has rapidly changed. We see opportunities within the large installed base of PCs, created by consumers' desire to refresh their current PCs with new peripherals, as well as new trends developing within the connected device ecosystems. In addition,

the refresh of operating systems and new use cases created by the growth of specific cloud-based services and applications drive new peripherals opportunities. Consumers are also enhancing their tablet experience with a range of keyboards and cases that enable them to create, consume and do more with their tablets conveniently and comfortably.

Growing adoption of cloud-based experiences in gaming, video, music and smart home has expanded our addressable market opportunities. More and more consumers today interact with cloud-based content platforms, such as Steam and Twitch for gaming or Zoom and Microsoft Teams for video collaboration. Logitech offers peripherals and accessories to enhance the use of such cloud-based content platforms.

In the gaming market, the rapid rise of esports and the growth of live streamers on platforms such as Twitch and broadcasters on platforms such as YouTube continue to drive growth. We leverage our deep research and development (R&D) capabilities in the area of PC peripherals to develop industry-leading gaming gear that enhances consumers' overall gaming experience and performance. As consumers increasingly watch various esports tournaments or other gaming broadcasts on cloud-based platforms such as Twitch, the gaming industry is becoming both a source of entertainment and participation by mainstream consumers. We sponsor and work closely with esports athletes to improve our brand and the quality and functionality of our gaming products. We also offer gaming peripherals that enhance the experience of more casual gamers.

The adoption of video everywhere - in large and small conference rooms and at home -- is a continuing trend that has accelerated during the COVID-19 pandemic. The video communication industry continues to make progress toward a vision in which people can conduct a video call from any of a variety of platforms - video-enabled rooms, PCs, laptops and mobile devices such as tablets and smartphones - to any other platform. This trend to embrace cloud video conferencing by businesses and institutions and, in particular, the growing adoption of remote work, distance learning, and telemedicine, is driving our Video Collaboration category and offers a long-term growth opportunity for Logitech. For businesses and institutions, video conferencing is increasingly substituted for travel, because of high travel costs as well as the productivity gain that can be achieved by a high-quality face-to-face meeting that does not require travel away from the office. For some schools, distance learning has become a complementary or, in some cases, an alternative way to educate students. Further, with the increased availability of high Internet bandwidth, video conferencing is becoming a key component of Unified Communications, which is the integration of communications solutions such as voicemail, e-mail, chat, presentation sharing and live video meetings. The market opportunity to provide innovative, affordable, and easy-to-use video collaboration products to the millions of small- to medium-sized meeting rooms lacking video is substantial, and we are well-positioned to take advantage of that opportunity and to expand into large-sized meeting rooms.

Cloud-based music services have enjoyed tremendous growth, fueled by the adoption of smartphones, tablets, and other connected devices. Consumers are optimizing their audio experiences on their tablets and smartphones with wireless mobile speakers that pair easily with their mobile devices and with in-ear and other headphones. Our mobile speakers and in-ear headphone products target a large market that reflects the increasing popularity of mobile devices or various voice assistants for accessing digital music, although near-term growth has slowed in some markets. Additionally, within the music market, consumers are increasingly listening with wireless earphones while they undertake activities such as sports and fitness. The innovation in truly wireless headphones has led to double-digit industry growth in revenue and average selling price, which highlights a growth opportunity for Logitech.

The home is also an important place for technological development, particularly as an increasing number of objects become connected smart home devices such as home security cameras, light bulbs, security locks, thermostats and others. Logitech’s line of universal remotes and hubs control electronic and connected devices around the home, including these and other smart devices.

Business Strategy

Logitech's foundation for future growth is built on five core capabilities that apply to all of our product categories:

- Design;
- Engineering;
- Go-to-market;
- Marketing; and
- Operations.

Design

In the past few years, Logitech has strengthened its design capabilities by building a world-class team of internal designers. Our designs have an everyday place in people's lives, connecting them to the digital experiences they care about. These products have been earning prestigious design awards - 286 design awards during the past six fiscal years - and enthusiastic reviews in the media. This is an important indication that Logitech's strategic aim to become a design company is working. During fiscal year 2020, we won 54 design awards spanning all of our product categories. As Logitech establishes itself as a design company, design thinking and culture are used as a strategic and cultural differentiator. Design also helps to reduce product costs through increased collaboration between our design, engineering and manufacturing teams. Our key design centers are in Switzerland, Ireland, the United States, and Taiwan.

Engineering

Our decades-long expertise in key engineering disciplines such as sensors, acoustics, optics, wireless, and power management is a core competitive advantage of Logitech. Furthermore, we continue to extend our engineering capabilities into more advanced technologies such as software, apps, cloud, data analytics and machine learning. Our engineering team has expertise in developing products for a broad array of platforms such as PCs, mobile and personal voice assistants (such as Amazon Alexa and Google Assistant). These engineering capabilities combined with our award-winning design team form the basis of Logitech's key innovation engine.

Go-To-Market

Over the past 30-plus years, Logitech has built an extensive global go-to-market network that can be leveraged as we introduce new products, enter new market categories and optimize the value of our existing products and product categories. We have multiple opportunities to drive growth - existing products in existing retailers, new products in existing retailers, existing products in new retailers, and new products in new retailers. Beyond traditional retail and distribution channels, we have also cultivated various non-traditional retail channels and are building our direct sales force to sell our products. As we continue to expand into new channels, there are numerous cross-selling opportunities across our broad product portfolio. We have established Logitech as a neutral technology supplier that can work with leading technology vendors and platforms as well as provide connections among their products and ecosystems.

Marketing

As Logitech expands into multiple categories with multiple brands, we are focusing on enhancing our marketing capabilities around brand strategy and execution, digital marketing, and marketing technology. Most of the marketing and creative efforts that were once outsourced to outside marketing agencies are now executed through our internal teams from concept to execution, which improves speed and cost efficiency. We are increasing our leverage of digital media channels and programs to drive consumer brand engagement and purchase. We are also increasing our focus on marketing analytics platforms to improve our understanding of marketing investments and to maximize return on investment (ROI). And we are making investments to upgrade and expand all aspects of our marketing technology infrastructure, including the re-platforming of our websites to support the global expansion of our brands across countries, languages and devices and to provide the foundation for the acceleration of our digital marketing efforts and evolution to personalized consumer communication.

Operations

Logitech's operations capability consists of a hybrid model of in-house manufacturing and third-party contract manufacturers, which allows us to effectively respond to rapidly changing demand and leverage economies of scale. Our supply chain's extensive global reach, key distribution, adoption of factory automation and strategic business relationships combined with extensive analytic modeling expertise, optimization tools and global processes provide a competitive advantage against many of our competitors.

Products Logitech designs, manufactures and markets products that allow people to connect through computing, gaming, video, music, and other digital platforms. The large majority of our revenue has historically been derived from sales of our products for use by consumers.

Creativity & Productivity

Pointing Devices: Logitech offers a variety of pointing devices. Some of our key products in this category include:

- The Logitech MX Master 3 and MX Anywhere 2S wireless mice, our flagship wireless mouse products. Enabled with Logitech Flow cross-computer control software, these products represent the new paradigm for precise, fast, comfortable cross-computer digital navigation.
- The Logitech MX Ergo, a wireless trackball that offers personalized comfort with a unique adjustable hinge, precision tracking and multi-device connectivity.
- The Logitech MX Vertical, a wireless mouse which is angled 57 degree and offers ergonomic comfort, precision tracking and multi-device connectivity.
- The Logitech Wireless Mouse M325, which offers micro-precise scrolling, 18-month battery life and comfortable design.
- The Logitech Wireless Mouse M185, a wireless mouse with nano receiver technology that is compatible with any computer.
- The Logitech Pebble Mouse, a wireless mobility mouse with dual connectivity (BT and unifying nano technology) that is compatible with any computer.

Keyboards & Combos: Logitech offers a variety of corded and cordless keyboards, living room keyboards, and combos (keyboard-and-mouse combinations). Some of our products in this category include:

- The Logitech MX Keys Wireless keyboard, a premium backlit keyboard with customizable keys to access directly menus and shortcuts within leading creativity and productivity apps.
- The Logitech Wireless Touch Keyboard K400 Plus, a compact keyboard with an integrated touchpad and 10-meter wireless range, designed for use in the living room.
- The Logitech K380 wireless minimalist keyboard with multi-switch functionality to easily navigate from one screen to another (from PC to Phone to tablets) that is compatible with any computer.
- The Logitech Wireless Combo MK270, a full-size keyboard and mouse combination with a tiny USB receiver.

PC Webcams: Our PC Webcams category comprises PC-based webcams targeted primarily at consumers. The Logitech HD Pro Webcam C920 and 1080P Pro Stream Webcam, which offer razor-sharp HD 1080p video recordings and stereo sound, were top revenue-generating webcams during fiscal year 2020.

Tablet & Other Accessories: Our Tablet & Other Accessories category includes keyboards for tablets and smartphones as well as other accessories for mobile devices. These products are mostly for iPads but are also for select Samsung and other Android tablets. Some of our products in this category include:

- The Logitech Slim Combo Backlit Keyboard Case with Smart Connector for the iPad Pro 12.9 and iPad Pro 10.5 that provides thin and light front and back protection, a detachable backlit keyboard and a multi-angle stand for optimal viewing and face-time.
- The Logitech Slim Folio Keyboard for the iPad Pro 12.9 and 11, bringing a bluetooth backlit keyboard with a folio design for optimal working and viewing angle, light front and back protection and an Apple Pencil holder. The Logitech Slim Folio Keyboard for the 7th generation iPad for a light protection folio with a bluetooth keyboard.
- The Rugged Folio for the iPad 7th Generation, bringing a more protective rugged folio, with a wipeable fabric keyboard, a rugged and protective holder and an any-angle kickstand to allow multiple viewing angles. The Rugged Folio uses Smart Connector technology to connect to the iPad seamlessly, with no need for batteries or bluetooth pairing.
- The Combo Touch for the iPad 7th Generation and iPad Air, which is our newest design offering a Smart Connected backlit full-size keyboard, any-angle kickstand for flexible viewing angles and a trackpad for gestures, clicks and navigation.
- The Logitech Keys-To-Go, an ultra-portable, stand-alone keyboard.

Gaming

Logitech G provides gamers of all levels with industry-leading keyboards, mice, headsets and simulation products such as steering wheels and flight sticks, incorporating innovative design and advanced technologies. Some of our products in this category include:

- The Logitech G915 LIGHTSPEED Wireless, RGB Mechanical Gaming Keyboard, which features high-performance low-profile mechanical switches that provide all the speed, accuracy, and performance of traditional switches, at half the height.
- The Logitech G PRO Wireless Gaming Mouse that was designed in collaboration with the world's top esports professionals, and features our LIGHTSPEED™ professional grade wireless technology, our exclusive high-performance HERO gaming sensor, a flexible ambidextrous design, and support for our POWERPLAY™ wireless charging solution, for maximum performance and comfort over long gameplay sessions.
- The Logitech G29 Driving Force Steering Wheel for PC and Sony PlayStation 4, which features a powerful dual-motor force feedback transmission, hand-stitched leather-wrapped rim, and stainless steel throttle, brake and clutch pedals for an ultra-realistic driving experience.

ASTRO Gaming is a performance gaming and lifestyle brand focused on the console gaming peripherals market with a cross-platform lineup consisting of four primary headset models and a high-performance controller for PlayStation 4 and PC:

- The A50 Wireless Headset and Base Station that targets the discerning “prosumer” consumer, featuring integrated MixAmp technology, Dolby® Digital surround sound and the ASTRO Command Center Software system.
- The A40TR and MixAmp Pro, a wired solution that targets the esport professional and live streamer, featuring Dolby® Digital surround sound, daisy-chain chat, live stream port and the ASTRO Command Center Software system.
- The A20 Wireless Headset, a stereo headset delivering the signature ASTRO comfort and audio customization via the ASTRO Command Center Software.
- The A10 wired headset, an ultra-durable robust headset delivering ASTRO signature comfort and sound quality at a more accessible price point.
- The C40 TR (Tournament Ready) wireless controller for PlayStation 4 and PC, which has modular, swappable and replaceable joysticks and d-pad, and also uses a proprietary low-latency wireless connection that supports advanced wireless audio directly to the controller.

Video Collaboration

The Video Collaboration category includes Logitech's ConferenceCams, which combine enterprise-quality audio and high definition (HD) 1080p video with affordability to bring video conferencing to businesses of any size. Our key products in this category include:

- The Logitech Rally, which offers best-in-class video conferencing with Ultra HD 4K video and professional audio that easily turns medium- to large-sized conference rooms into video-enabled collaboration rooms.
- The Logitech MeetUp, which is Logitech's premier ConferenceCam designed for huddle rooms, with a room-capturing 120° field of view (FOV), 4K optics and exceptional audio performance.
- The Logitech Tap touch-screen controller connects to any computer via USB and serves as an ideal controller for video conferencing room solutions from Google®, Microsoft®, and Zoom.
- The Logitech BRIO, which has 4K video, RightLight 3 and high dynamic range (HDR) to improve challenging lighting, and Windows Hello facial recognition support for secure login using just a user's face.

Music

Mobile Speakers: Our Mobile Speakers category comprises portable wireless Bluetooth and Wi-Fi speakers. The top revenue-generating product line in the Mobile Speakers category during fiscal year 2020 was the Ultimate Ears WONDERBOOM, our smaller sized portable bluetooth wireless speaker. In fiscal year 2020 we refreshed the product with WONDERBOOM2, which added an outdoor functionality to the immersive sound experience. Both generations of the WONDERBOOM product line remained in the channel for the full year alongside Ultimate Ears BOOM3 and MEGABOOM3 which we launched in fiscal year 2019. In March 2020, we added a new powerful party speaker, HYPERBOOM, to the portfolio of bluetooth speakers. This speaker has the loudest audio performance of the portfolio, combined with a new easy-switch audio source functionality that enables fast pairing to four different devices.

Audio & Wearables: Our Audio & Wearables category comprises PC speakers, PC headsets, in-ear headphones and premium wireless audio wearables designed to enhance the audio experience and studio-quality microphones for professionals and consumers. We offer both the Jaybird wireless audio wearables for sports and active lifestyles and our custom in-ear headphones, made by Ultimate Ears. Jaybird is a digitally native brand that pioneered the wireless in-ear headphone category and continues to be a leading brand in headphones made for athletes. Designed for sport & IPX 7 rated, Jaybird's Tarah Pro, Tarah, X4 and Run XT offer great sound with the durability that athletes demand. All Jaybird products are accompanied by software supported on both Android and iOS that offers a rich personalized listening experience.

Our Blue Microphones product line has a 25-year legacy of innovative design and premium performance across both professional and consumer markets. Blue Microphones offers a range of audio tools for recording or broadcasting applications, from YouTube and podcast production to music and gaming. Examples of products in the Blue Microphones lineup include:

- Yeti: A premium USB microphone for game streaming, podcasting, YouTube, Skype/VoIP and music. With its proprietary 3-capsule array, it delivers astounding details and presence and includes four recording patterns (cardioid, omni, bi-directional and stereo) for versatility.
- Yeti Nano: A premium USB microphone with broadcast sound quality in a more compact format. Dual capsule design enables cardioid and omni patterns.
- Yeti X: The next generation of Yeti, featuring a new proprietary 4-capsule array, fully digital architecture that is compatible with Blue Sherpa control software and Logi-G G-Hub gaming software, and Blue VO!CE, a new software application that allows the user to control and manipulate the sound of their voice through the microphone.

Smart Home

Our Smart Home category includes our Harmony line of advanced home entertainment controllers, products dedicated to controlling emerging categories of connected smart home devices such as lighting, thermostats and door locks, and home security cameras.

Research and Development

We recognize that continued investment in product research and development (including design) is critical to facilitate innovation of new and improved products, technologies and experiences. Our research and development expenses for fiscal years 2020, 2019 and 2018 were $177.6 million, $161.2 million and $143.8 million, respectively.

We expect to continue to devote significant resources to research, development and design, including devices for digital platforms, video communications, wireless technologies, power management, user interfaces and device database management to sustain our competitive position.

Sales and Distribution

Principal Markets

Sales by geographic region for fiscal years 2020, 2019 and 2018 (based on the customers' location) are as follows (in thousands):

	Year Ended March 31,		
	2020	2019	2018
Americas	$ 1,286,527	$ 1,190,216	$ 1,118,324
EMEA	941,211	861,731	820,347
Asia Pacific	748,113	736,375	628,192
Total Sales	$ 2,975,851	$ 2,788,322	$ 2,566,863

Revenues from sales to customers in Switzerland, our home domicile, represented 4%, 3% and 2% of our sales in fiscal years 2020, 2019 and 2018, respectively. In fiscal years 2020, 2019 and 2018, revenues from sales to customers in the United States represented 36%, 36% and 37% of our sales, respectively. In fiscal years 2020, 2019 and 2018, revenues from sales to customers in Germany represented 15%, 18% and 16% of our sales, respectively. Revenues from sales to customers in China represented 10% of our sales for fiscal year 2019. No other country represented more than 10% of our sales for fiscal years 2020, 2019 or 2018.

Sales and Distribution

Our sales and marketing activities are organized into three geographic regions: the Americas (North and South America), EMEA (Europe, Middle East, Africa) and Asia Pacific (China, Japan, Australia, Taiwan, India and other countries).

We sell our products primarily to a network of distributors, retailers and e-tailers. We support these channels with our direct sales force and third-party distribution centers located in North America, South America, Europe and Asia Pacific.

Major distributors in North America include Ingram Micro Inc., Tech Data Corporation, D&H Distributing Company, and Synnex Corporation. In Europe, major Pan-European distributors include Ingram Micro, Tech Data, ALSO Group and DCC PLC. We also sell to many regional distributors such as ASBISC Enterprises PLC, Littlebit Technology Partners AG in Switzerland, Copaco Dc B.V. in the Netherlands and others. In Asia, major distributors include Wincheers International Trading Co., Ltd in China, Beijing Digital China Limited in China, Daiwabo in Japan, Synnex in Australia and the Pan-Asian distributor, i.e. Ingram Micro. Our distributor customers typically resell products to retailers, value-added resellers, systems integrators and other distributors with whom Logitech does not have a direct relationship.

Logitech's products can be purchased in most major retail chains, where we typically have access to significant shelf space. In the U.S., these chains include Best Buy, Walmart, Staples, Office Depot and Target. In Europe, chains include Metro Group (Media-Saturn Group), Elkjop, FNAC, and Dixons Stores Group PLC. Logitech also sells products to non-traditional retail channels such as telcos. In addition, Logitech products can be purchased online either directly from Logitech.com or through e-tailers, such as Amazon.com, JD.com and the websites of our major retail chains noted previously, and others. Logitech products are also carried by business-to-business direct market resellers such as CDW Corp, Insight Enterprise, Inc., Zones, LLC, PC Connection, Inc., and SHI International Corp.

In fiscal years 2020, 2019 and 2018, Ingram Micro and its affiliated entities together accounted for 12%, 13% and 15% of our gross sales, respectively. In fiscal years 2020, 2019 and 2018, Amazon Inc. and its affiliated entities together accounted for 14%, 14% and 13% of our gross sales, respectively. No other customer individually accounted for more than 10% of our gross sales during fiscal years 2020, 2019 or 2018.

The material terms of our distribution agreements with Ingram Micro and its affiliated entities are summarized as follows:

- The agreements are non-exclusive in the particular territory and contain no minimum purchase requirements.
- Each agreement may be terminated for convenience at any time by either party. Most agreements provide for termination on 30 days written notice from either party, with several Ingram Micro agreements providing for termination on 60 to 90 days notice.
- We generally offer an allowance for marketing activities equal to a negotiated percentage of sales and volume rebates related to purchase volumes or sales of specific products to specified retailers. These terms vary by agreement.
- Agreements allow price protection credits to be issued for on-hand or in-transit new inventory if we, in our sole discretion, lower the price of the product.
- We grant limited stock rotation return rights in certain territories.

The material terms of our reseller agreements with Amazon and its affiliated entities are summarized as follows:

- Each agreement has a one year term followed by one-year automatic renewals.
- We generally offer an allowance for marketing activities equal to a negotiated percentage of sales through transactions and additional rebates related to sales of specific products to end users. These terms vary by agreement.
- Agreements allow price protection credits to be issued for on-hand or in-transit new inventory if we, in our sole discretion, lower the price of the product.

Through our operating subsidiaries, we maintain marketing and channel support offices in approximately 40 countries.

Backlog

In our experience, the amount of backlog at any particular fiscal period-end is not a meaningful indication of our future business prospects, as the cycle between order and shipment of our sales is generally relatively short, and also the backlog is impacted by the commercial cycle of our products.

Customer Service and Technical Support

Our customer service organization provides user technical support, support related to product inquiry, and order support. We support these customer service functions with two outsourced operations that have support centers located in China, South Korea, India, the Philippines, Mexico, Bulgaria and Northern Ireland. Our customer service and technical personnel in each of our regions provide support services to retail purchasers of products through telephone, e-mail, forums, chat, and the Logitech Support website. For some of our brands, dedicated support websites, dedicated internal support teams and channels are available. To improve our customers' experience and operate efficiently, we use technology to facilitate chatbot interactions, enable self-help and apply Artificial Intelligence to optimize support searches. Logitech provides warranties on our branded products that range from one to five years. For our Video Collaboration category, we also work with channel partners to offer bundled support services with Logitech Video Collaboration solutions.

In Korea, India, and China, there are multiple locations where consumers may obtain service for their Logitech products. These locations are managed by third-party logistics providers. Consumers who have purchased Logitech products can visit these locations for product inspection, testing and return or exchange of products. Within China, there is also a mail-in center to provide these services for more remote locations in China.

Manufacturing

Logitech's manufacturing operations consist principally of final assembly and testing. Since 1994, we have had our own manufacturing operations in Suzhou, China, which currently handles approximately half of our total production of products. We continue to focus on ensuring the efficiency of the Suzhou facilities, through the implementation of quality management, automation, process improvements, and employee involvement programs. We outsource the remaining production to contract manufacturers and original design manufacturers located in Asia. Both our in-house and outsourced manufacturing operations are managed by our worldwide operations group. The worldwide operations group also supports the business units and marketing and sales organizations through the management of distribution centers and the supply chain and the provision of technical support and other services.

New product launches, process engineering, commodities management, logistics, quality assurance, operations management and management of Logitech's contract manufacturers occur in China, Taiwan, Hong Kong, Malaysia, Vietnam and Thailand. Certain components are manufactured to Logitech's specifications by vendors in Asia, the United States, and Europe. We also use contract manufacturers to supplement internal capacity and to reduce volatility in production volumes. In addition, some products, including most keyboards, certain gaming devices and certain audio products are manufactured by contract manufacturers to Logitech's specifications.

Our hybrid model of in-house manufacturing and contract manufacturers allows us to effectively respond to rapidly changing demand and leverage economies of scale. Through our high-volume manufacturing operations located in Suzhou, China, we believe we have been able to maintain strong quality process controls and have realized significant cost efficiencies. Our Suzhou operation provides for increased production capacity, manufacturing know-how, IP protection and greater flexibility in responding to product demand. Further, by outsourcing the manufacturing of certain products, we seek to reduce volatility in production volumes as well as improve time to market.

Competition

Our product categories are characterized by large, well-financed competitors, short product life cycles, continual performance enhancements, and rapid adoption of technological and product advancements by competitors in our retail markets. We have experienced aggressive price competition and other promotional activities from our primary competitors and less-established brands, including brands owned by some retail customers known as house brands. We may also encounter more competition if any of our competitors in one or more categories decide to enter other categories in which we currently operate.

As we target opportunities in new categories and markets and as some of our product categories demonstrate growth, we are confronting new competitors, many of which may have more experience in the categories or markets and have greater marketing resources and brand name recognition than we have. In addition, because of the continuing convergence of the markets for computing devices and consumer electronics, we expect greater competition in the future from well-established consumer electronics companies in our developing categories, as well as future ones we might enter. Many of these companies have greater financial, technical, sales, marketing, and other resources than we have.

We expect continued competitive pressure in our business, including in the terms and conditions that our competitors offer customers, which may be more favorable than our terms and conditions and may require us to take actions to increase our customer incentive programs, which could impact our sales and operating margins.

Creativity and Productivity

Pointing Devices: Apple Inc., Microsoft Corporation and HP Inc. are our main competitors worldwide. We also experience competition and pricing pressure from less-established brands, including house brands and local competitors in Asian markets, such as Elecom Co., Ltd., Buffalo Inc., Shenzhen Rapoo Technology Co., Ltd., and Xiaomi Inc.

Keyboards & Combos: Microsoft and Apple are the main competitors in our PC keyboard and combo product lines. We also experience competition and pricing pressure for corded and cordless keyboard and combos from less-established brands, including house brands and local competitors in Asian markets, such as Shenzhen Rapoo, and Xiaomi.

Tablet & Other Accessories: Competitors in the tablet keyboard market are Apple, Zagg Inc., Kensington Computer Products Group, Belkin International, Inc., Targus Corporation and other less-established brands. Although we are one of the leaders in the tablet keyboard market and continue to bring innovative offerings to the market, we expect the competition may increase. Competitors in the tablet case market include Apple, Otter Products LLC, Speck Products and a large number of small brands.

PC Webcams: Our primary competitors for PC webcams are Microsoft and other manufacturers taking smaller market share such as Razer Inc.

Gaming

Competitors for our Gaming products include Razer, Corsair Components, Inc., SteelSeries, Turtle Beach Corporation and Kingston Technology Corporation, among others.

Video Collaboration

Our competitors for Video Collaboration products include Cisco Systems, Inc., Poly, Inc., GN Netcom/Jabra, and AVer Information Inc., among others.

Music

Mobile Speakers: Our competitors for Bluetooth wireless speakers include Bose Corporation, Harman International Industries, Inc (owned by Samsung Electronics Co., Ltd., Harman owns JBL and has Harman Kardon as a division), and Beats Electronics LLC (owned by Apple), among others. Harman is our largest competitor. Personal voice assistants and other devices that offer music, such as Sonos, Amazon's Echo, Google Home (owned by Alphabet, Inc.) and Apple HomePod, also compete with our products. Amazon is also a significant customer of our products.

Audio & Wearables: For PC speakers, our competitors include Bose, Cyber Acoustics, LLC, Philips Consumer Lifestyle (a division of Royal Philips), Creative Labs, Inc., Apple and Samsung, among others.

For PC headsets, our main competitors include Poly (formerly Plantronics Inc.) and GN Netcom, among others. In-ear headphones competitors include Beats, Bose, Apple, Sony, JBL and Sennheiser, among others. The platform providers (e.g., Apple and Samsung) are able to craft tighter experiences for their consumers due to their ability to control both ends of the ecosystem (the headphone and the mobile device).

Our competitors for Blue Microphones products include Rode Microphones LLC, Audio Technica Corporation, Samson Technologies Corp., Shure Incorporated, Razer Inc. and Apogee Electronics Corp., among others.

Smart Home

Direct competitors in the remote control market include pro-installer-focused Universal Remote Control Inc., and new “DIY” entrants. Indirect competition exists in the form of low-end “replacement remotes” such as Sony Corporation, RCA Corporation, and General Electric Company (GE), pure app-based solutions such as Peel Technologies, as well as device and/or subscriber-specific solutions from TV makers such as Samsung and Vizio, Inc. and multiple-system operators (MSOs) such as Comcast Corporation and DirecTV (owned by AT&T, Inc.). Competition in the home control market also exists in the form of home automation platforms such as Smart Things (owned by Samsung), Amazon with its Echo product, Google Home and Nest (owned by Alphabet Inc.), Wink and many other startups in the space. Many of these products and brands are partners with Logitech as well as via integrations with Harmony remotes.

Intellectual Property and Proprietary Rights

Intellectual property rights that apply to Logitech's products and services include patents, trademarks, copyrights, and trade secrets.

We hold various United States patents and pending applications, together with corresponding patents and pending applications from other countries. While we believe that patent protection is important, we also believe that patents are of less competitive significance than factors such as technological innovation, ease of use, and quality design. No single patent is in itself essential to Logitech as a whole. From time to time we receive claims that we may be infringing on patents or other intellectual property rights of others. As appropriate, claims are referred to legal counsel, and current claims are in various stages of evaluation and negotiation. If necessary or desirable, we may seek licenses for certain intellectual property rights. Refer also to the discussion in Item 1A, Risk Factors—"We

may be unable to protect our proprietary rights. Unauthorized use of our technology may result in the development of products that compete with our products." and "Claims by others that we infringe their proprietary technology could adversely affect our business."

To distinguish genuine Logitech products from competing products and counterfeit products, Logitech has used, registered, or applied to register certain trademarks and trade names in the United States and other countries and jurisdictions. Logitech enforces its trademark and trade name rights in the United States and other countries. In addition, the software for Logitech's products and services is entitled to copyright protection, and we generally require our customers to obtain a software license before providing them with that software. We also protect details about our products and services as trade secrets through employee training, license and non-disclosure agreements, technical measures and other reasonable efforts to preserve confidentiality.

Environmental Regulation

We are subject to laws and regulations in many jurisdictions regulating the materials used in our products and, increasingly, product-related energy consumption, and the recycling of our products, batteries, and packaging.

Europe. In Europe, we are subject to the European Union's (EU's), Restriction of Use of Certain Hazardous Substances in Electrical and Electronics Equipment Directive 2011/65/EU (RoHS Directive). This directive restricts the placement into the EU market of electrical and electronic equipment containing certain hazardous materials, including lead, mercury, cadmium, chromium, phthalates and halogenated flame-retardants. All Logitech products are covered by the directive and have been modified, if necessary, to be compliant with the RoHS Directive, we issue a declaration of conformity and mark the product with the 'CE' mark.

We are also subject to the EU's Energy-related Products Directive (ErP Directive), which aims to encourage manufacturers and importers to produce products designed to minimize overall environmental impact. Under the ErP Directive, manufacturers must ensure that their energy-related products comply with applicable requirements, issue a declaration of conformity and mark the product with the 'CE' mark.

We have assessed the applicability and implementation of the applicable measures on our relevant product lines and have taken steps to ensure that our products meet the requirements. Adoption of the ErP Directive will be aligned in all EU member states. Similar requirements exist in the four member states of the European Free Trade Association (Iceland, Norway, Liechtenstein and Switzerland). Such requirements are substantially met by compliance with the ErP Directive.

We are also subject to a number of End of Life Stewardship directives including the EU's Waste Electrical and Electronic Equipment Directive, the EU Packaging Directive and the EU Battery Directive, which require producers of electrical goods, packaging, and batteries to be financially responsible for costs of specified collection, recycling, treatment and disposal of covered products. Where applicable, we have provided for the estimated costs, which are not material, of managing and recycling historical and future waste equipment, packaging and batteries. We are also subject to the European REACH Directive (Regulation (EC) No. 1907/2006 for Registration, Evaluation, Authorization, and Restrictions of Chemicals) (REACH Directive) and we have taken steps to ensure that our relevant product lines are compliant with the applicable provision of the REACH Directive.

China. In China, we are subject to China's laws on Management Methods on the Control of Pollution Caused by Electronic Information Products (the China RoHS laws). The China RoHS laws are substantially similar to the EU RoHS Directive, and as such, our products are already compliant. The China RoHS laws require additional labeling of products that will be shipped to China and we have taken steps to ensure we comply with these requirements.

United States and Canada. In the U.S., we are subject to, among other laws, the Appliance Efficiency Regulations adopted under the U.S. Energy Independence and Security Act of 2007. The regulations set out standards for the energy consumption performance of products and such standards apply to appliances sold or offered for sale throughout the U.S. We have redesigned or changed certain of our products to ensure compliance with these regulations. We are also subject to California's Proposition 65, which requires that clear and reasonable warnings be given to consumers who are exposed to certain chemicals deemed by the state of California to be dangerous. In addition, our Electronic and Electrical Equipment (EEE) containing composite wood covered under the Toxic Substances Control Act (TSCA), Title VI and offered for sale in the United States complies with the formaldehyde substance restrictions set out in TSCA Title VI.

Logitech is also subject to the requirement as set out by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, specifically Section 1502, which addresses the use of "Conflict Minerals" in the supply chain. We have established systems which facilitate our compliance with the sourcing, traceability and reporting

obligations and the reporting requirements of this Act aligned with guidelines published by the Securities and Exchange Commission. As a member of the Responsible Business Alliance or RBA (formerly the EICC) and the Responsible Minerals Initiative, we participate in the industry-wide Conflict-Free Sourcing Initiative and its Conflict-Free Smelter Program by which these requirements are met.

In addition, the Transparency in Supply Chain Act of 2010 (S.B. 657) is effective from Logitech's fiscal year 2012. The law requires all retailers and manufacturers of tangible products who do business in California and have annual worldwide gross receipts exceeding $100 million to disclose on their company websites their efforts to combat forced labor and human trafficking in their own supply chains. Similarly, Logitech complies with the requirements of the United Kingdom Modern Slavery Act of 2015 requiring certain commercial organizations to transparently report their efforts to identify and eradicate slavery and human trafficking in their supply chain. Further information is provided in our annual Sustainability Report and Logitech's disclosure posted on our website, www.logitech.com.

We are subject to laws in various Canadian provinces and U.S. states that impose fees to cover the cost of end-of-life responsible disposal and recycling of packaging, product, and batteries. These laws require producers of electrical goods, packaging, and batteries to be financially responsible for costs of specified collection, recycling, treatment and disposal of covered products. Where applicable, we have provided for the estimated costs, which are not material, of managing and recycling historical and future waste equipment, packaging, and batteries.

India. In India, we are subject to Schedule – I of the India E-Waste Management Rules, 2016 on Electronic and Electrical Equipment (EEE) being offered for sale to comply with the substance restrictions defined in sub rule (1) of Chapter V, Section 16 of said rules. Our RoHS Management Program was established in 2002 to ensure compliance with EU RoHS initially and this program along with our hazardous substance management capabilities assures Logitech of compliance to these requirements for all applicable products worldwide.

Australia and New Zealand. In Australia and New Zealand, we are subject to the Minimum Energy Performance Standards regulations (MEPS). These regulations set out standards for the energy consumption performance of products within the scope of the regulations, which includes some of our products. We have taken steps to modify products to ensure they are in compliance with MEPS.

We expect further laws governing product and packaging recycling to be introduced in other jurisdictions, many or most of which could impose fees to cover recycling costs, the cumulative impact of which could be significant. If such legislation is enacted in other countries, Logitech intends to develop compliance programs as necessary. However, until that time, we are not able to estimate any possible impact.

The effects on Logitech's business of complying with other government regulations are limited to the cost of agency fees and testing, as well as the time required to obtain agency approvals. There are also stewardship costs associated with the end-of-life collection, recycling and recovery of Logitech products, packaging and batteries where Logitech is recognized as the steward and participates in relevant programs. The costs and schedule requirements are industry requirements and therefore do not represent an undue burden relative to Logitech's competitive position. As regulations change, we will modify our products or processes to address those changes.

In addition to monitoring and managing compliance with environmental regulations, we also monitor and align with international good practice standards for environmental, social and sustainability performance. We joined the RBA (formerly EICC) in 2007 to collaborate with industry peers to drive international good practice across the electronics sector. Since 2007, we have fully adopted the RBA Code of Conduct, and we publish an annual Sustainability Report in alignment with the good practice standards of the Global Reporting Initiative. For more information on our approach to sustainability management, RBA Code of Conduct compliance and international good practice, refer to our annual Sustainability Report, which is available from the sustainability page on www.logitech.com.

Seasonality

Our product sales are typically seasonal. Sales are generally highest during our third fiscal quarter (October to December) primarily due to the increased consumer demand for our products during the year-end holiday buying season and year-end spending by enterprises. Cash flow is correspondingly lower as we typically build inventories in advance for the third quarter and we pay an annual dividend following our Annual General Meeting, which is typically in September. Due to the timing of our new product introductions, which could occur at any point during the fiscal year, we believe that year-over-year comparisons are more indicative of variability in our results of operations than the current quarter to prior quarter comparisons.

Materials

We purchase certain products and key components used in our products from a limited number of sources. If the supply of these products or key components, such as micro-controllers and optical sensors, were to be delayed or constrained, or if one or more of our single-source suppliers go out of business, we might be unable to find a new supplier on acceptable terms, or at all, and our shipments to our customers could be delayed, potentially resulting in lost revenue, market presence and market share. In addition, lead times for materials, components, and products ordered by us or by our contract manufacturers can vary significantly and depend on factors such as contract terms, demand for a component, our ability to forecast product demand, and supplier capacity. From time to time, we have experienced component shortages and extended lead times on semiconductors, such as micro-controllers and optical sensors, and base metals used in our products. Shortages or interruptions in the supply of components or subcontracted products, or our inability to procure these components or products from alternate sources at acceptable prices in a timely manner, could delay shipment of our products or increase our production costs.

Employees

As of March 31, 2020, we employed approximately 6,600 regular employees, of which approximately 3,000 employees are in our Suzhou manufacturing facilities, and from the remaining 3,600 regular employees, approximately 800 are dedicated to research and development. None of Logitech's U.S. employees are represented by a labor union or are subject to a collective bargaining agreement. Certain other countries, such as China, provide by law for employee rights, which include requirements similar to collective bargaining agreements. We believe that our employee relations are good.

Executive Officers of the Registrant

The following sets forth certain information regarding our executive officers as of May 27, 2020: *

Name	Age	Nationality	Position
Bracken Darrell	57	U.S.	President and Chief Executive Officer
Nate Olmstead **	48	U.S.	Chief Financial Officer
Prakash Arunkundrum*	45	U.S.	Head of Global Operations

* On May 27, 2020, Logitech designated Mr. Arunkundrum as an Executive Officer and a member of its Group Management Team.

** Effective as of June 1, 2019, Logitech appointed Mr. Olmstead as interim Chief Financial Officer. On July 22, 2019, Logitech appointed Mr. Olmstead as full-time Chief Financial Officer.

Bracken Darrell joined Logitech as President in April 2012 and became Chief Executive Officer in January 2013. Prior to joining Logitech, Mr. Darrell served as President of Whirlpool EMEA and Executive Vice President of Whirlpool Corporation, a home appliance manufacturer and marketing company, from January 2009 to March 2012. Previously, Mr. Darrell had been Senior Vice President, Operations of Whirlpool EMEA from May 2008 to January 2009. From 2002 to May 2008, Mr. Darrell was with the Procter & Gamble Company (P&G), a consumer brand company, most recently as the President of its Braun GmbH subsidiary. Prior to rejoining P&G in 2002, Mr. Darrell served in various executive and managerial positions with General Electric Company from 1997 to 2002, with P&G from 1991 to 1997, and with PepsiCo Inc. from 1987 to 1989. Mr. Darrell holds a BA degree from Hendrix College and an MBA from Harvard University.

Nate Olmstead joined Logitech in April 2019 as Vice President of Business Finance and was appointed interim Chief Financial Officer as of June 2019 and Chief Financial Officer as of July 2019. Prior to joining Logitech, Mr. Olmstead served in various financial management roles at Hewlett-Packard Company and Hewlett-Packard Enterprise, a multinational information technology company, most recently as the Vice President of Finance for Global Operations at Hewlett-Packard Enterprise from June 2017 to March 2019. He also served as Vice President of Finance, EG Global Supply Chain and Quality from February 2015 to June 2017, Vice President of Finance, HP Storage and HP Converged Systems from 2009 to February 2015, and Director, HP Investor Relations from 2006 to 2009. Mr. Olmstead holds a BA degree from Stanford University and an MBA from Harvard University.

Prakash Arunkundrum is Logitech’s Head of Global Operations, a position he has held since May 2018. He joined Logitech in 2015 and held operations positions as Vice President New Product Introductions & Strategic Initiatives from August 2015 to July 2016 and Vice President Global Sourcing and New Product Introductions from July 2016 to May 2018. Prior to joining Logitech, Mr. Arunkundrum was a Principal at A.T. Kearney, a global

management consulting firm, from July 2014 to August 2015. He also served as Director, Management Consulting at PricewaterhouseCoopers, a multinational professional services network of firms, from September 2011 to July 2014 and Principal at PRTM Management Consultants LLC, a management consulting firm acquired by PricewaterhouseCoopers, from March 2010 to September 2011. Prior to his management consulting roles, Mr. Arunkundrum held several management positions at i2 Technologies, a supply chain management company acquired by JDA Software, from March 2007 to February 2010. Early in his career, he held product management positions at supply chain startups and i2 Technologies. Mr. Arunkundrum holds a BTech degree in Chemical Engineering from Central ElectroChemical Research Institute (CECRI) in Karaikudi, India and a Master of Science in Materials Engineering from University of Maryland at College Park.

Available Information

Our Investor Relations website is located at https://ir.logitech.com. We post and maintain an archive of our earnings and other press releases, current reports, annual and quarterly reports, earnings release schedule, information regarding annual general meetings, further information on corporate governance, and other information regarding the Company on the Investor Relations website. The information we post includes filings we make with the SEC, including reports on Forms 10-K, 10-Q, 8-K, and our proxy statement related to our annual shareholders' meeting and any amendments to those reports or statements filed or furnished pursuant to U.S. securities laws or Swiss laws. All such filings and information are available free of charge on the website, and we make them available on the website as soon as reasonably possible after we file or furnish them with the SEC. The contents of these websites are not intended to be incorporated by reference into this report or in any other report or document we file and our references to these websites are intended to be inactive textual references only.

In addition, Logitech publishes press releases upon the occurrence of significant events within Logitech. Shareholders and members of the public may elect to receive e-mails when Logitech issues press releases upon the occurrence of significant events within Logitech or other press releases by subscribing through
http://ir.logitech.com/alerts.cfm.

As a Swiss company traded on the SIX Swiss Exchange, and as a company subject to the provisions of Section 16 of the Securities Exchange Act of 1934, as amended, we file reports on transactions in Logitech securities by members of Logitech's Board of Directors and executive officers. The reports that we file with the Securities and Exchange Commission on Forms 3, 4 and 5, along with our other SEC filings, may be accessed on our website or on the Securities and Exchange Commission's website at http://www.sec.gov, and the reports we file that are published by the SIX Swiss Exchange may be accessed at http://www.six-exchange-regulation.com/obligations/management_transactions_en.html.

ITEM 1A. RISK FACTORS

Our operating results are difficult to predict and fluctuations in results may cause volatility in the price of our shares.

Our revenues and profitability are difficult to predict due to the nature of the markets in which we compete, fluctuating user demand, the uncertainty of current and future global economic conditions, and for many other reasons, including the following:

- Our operating results are highly dependent on the volume and timing of orders received during the quarter, which are difficult to forecast. Customers generally order on an as-needed basis and we typically do not obtain firm, long-term purchase commitments from our customers. As a result, our revenues in any quarter depend primarily on orders booked and shipped in that quarter.

- A significant portion of our quarterly retail sales typically occurs in the last weeks of each quarter, further increasing the difficulty in predicting quarterly revenues and profitability.

- Our sales are impacted by consumer demand and current and future global economic and political conditions, including trade restrictions and tariffs, and can, therefore, fluctuate abruptly and significantly during periods of uncertain economic conditions or geographic distress, as well as from shifts in distributor inventory practices and consumer buying patterns.

- We must incur a large portion of our costs in advance of sales orders because we must plan research and production, order components, buy tooling equipment, and enter into development, sales and marketing, and other operating commitments prior to obtaining firm commitments from our customers. This makes it difficult for us to rapidly adjust our costs during the quarter in response to a revenue shortfall, which could adversely affect our operating results.

- Changes in supply, operations and demand and uncertainty due to the COVID-19 pandemic.

- We engage in acquisitions and divestitures, and such activity varies from period to period. Such variance may affect our growth, our previous outlook and expectations, and comparisons of our operating results and financial statements between periods.

- We have attempted to simplify our organization, to reduce operating costs through expense reduction and global workforce reductions, to reduce the complexity of our product portfolio, and to better align costs with our current business as we expand from PC accessories to growth opportunities in accessories and other products for music, gaming, video collaboration, digital home, mobile devices and other product categories. We may not achieve the cost savings or other anticipated benefits from these efforts, and the success or failure of such efforts may cause our operating results to fluctuate and to be difficult to predict.

- Fluctuations in currency exchange rates can impact our revenues, expenses and profitability because we report our financial statements in U.S. Dollars, whereas a significant portion of our revenues and expenses are in other currencies. We attempt to adjust product prices over time to offset the impact of currency movements. However, over short periods of time, during periods of weakness in consumer spending or given high levels of competition in many product categories, our ability to change local currency prices to offset the impact of currency fluctuations is limited.

Because our operating results are difficult to predict, our results may be below the expectations of financial analysts and investors, which could cause the price of our shares to decline.

If we fail to innovate and develop new products in a timely and cost-effective manner for our new and existing product categories, our business and operating results could be adversely affected.

Our product categories are characterized by short product life cycles, intense competition, frequent new product introductions, rapidly changing technology, dynamic consumer demand and evolving industry standards. As a result, we must continually innovate in our new and existing product categories, introduce new products and technologies, and enhance existing products in order to remain competitive.

The success of our product portfolio depends on several factors, including our ability to:

- Identify new features, functionality and opportunities;
- Anticipate technology, market trends and consumer preferences;
- Develop innovative, high-quality, and reliable new products and enhancements in a cost-effective and timely manner;
- Distinguish our products from those of our competitors; and
- Offer our products at prices and on terms that are attractive to our customers and consumers.

If we do not execute on these factors successfully, products that we introduce or technologies or standards that we adopt may not gain widespread commercial acceptance, and our business and operating results could suffer. In addition, if we do not continue to differentiate our products through distinctive, technologically advanced features, designs, and services that are appealing to our customers and consumers, as well as continue to build and strengthen our brand recognition and our access to distribution channels, our business could be adversely affected.

The development of new products and services can be very difficult and requires high levels of innovation. The development process also can be lengthy and costly. There are significant initial expenditures for research and development, tooling, manufacturing processes, inventory and marketing, and we may not be able to recover those investments. If we fail to accurately anticipate technological trends or our users' needs or preferences, are unable to complete the development of products and services in a cost-effective and timely fashion or are unable to appropriately increase production to fulfill customer demand, we will be unable to successfully introduce new products and services into the market or compete with other providers. Even if we complete the development of our new products and services in a cost-effective and timely manner, they may not be competitive with products developed by others, they may not achieve acceptance in the market at anticipated levels or at all, they may not be profitable or, even if they are profitable, they may not achieve margins as high as our expectations or as high as the margins we have achieved historically.

As we introduce new or enhanced products, integrate new technology into new or existing products, or reduce the overall number of products offered, we face risks including, among other things, disruption in customers' ordering patterns, excessive levels of new and existing product inventories, revenue deterioration in our existing product lines, insufficient supplies of new products to meet customers' demand, possible product and technology defects, and a potentially different sales and support environment. Premature announcements or leaks of new products, features or technologies may exacerbate some of these risks by reducing the effectiveness of our product launches, reducing sales volumes of current products due to anticipated future products, making it more difficult to compete, shortening the period of differentiation based on our product innovation, straining relationships with our partners or increasing market expectations for the results of our new products before we have had an opportunity to demonstrate the market viability of the products. Our failure to manage the transition to new products or the integration of new technology into new or existing products could adversely affect our business, results of operations, operating cash flows and financial condition.

Our future growth will depend on our diversified product growth opportunities, and if we do not successfully execute on our growth opportunities, or if our growth opportunities are more limited than we expect, our operating results could be adversely affected.

We have historically targeted peripherals for the PC platform. Consumer demand for PCs, especially in our traditional, mature markets such as North America, Western and Nordic Europe, Japan and Australia, has been declining or flat for several years, and such trends may continue in the future. This has put pressure on consumer demand for PC peripherals in many of our markets and may cause sales growth of our PC peripherals to slow and, in some cases, decline. We expect this trend may continue.

Our sales of PC peripherals might be less than we expect due to a decline in business or economic conditions in one or more of the countries or regions, a greater decline than we expect in demand for our products, our inability to successfully execute our sales and marketing plans, or for other reasons. Global economic concerns, such as the COVID-19 pandemic, the varying pace of global economic recovery, political uncertainties created by policy changes such as Brexit, tariffs and policies that inhibit trade, the impact of sovereign debt issues in Europe, the

impact of oil prices on Russia and other countries, conflicts with either local or global financial implications and economic slowdown in China, create unpredictability and add risk to our future outlook.

As a result, we are attempting to diversify our product category portfolio and focusing more of our attention, which may include personnel, financial resources and management attention, on product innovations and growth opportunities, including products for gaming, products for video collaboration, products for the consumption of digital music, products for the digital home, and on other potential growth opportunities in addition to our PC peripherals product categories. Our investments may not result in the growth we expect, or when we expect it, for a variety of reasons including those described below.

Creativity & Productivity. Despite slowing or declines in sales of PCs, our pointing devices, keyboards, webcams and other PC peripherals have continued to see some growth as a result of consumers refreshing their existing PCs, product innovation and new consumer trends, such as social content creation. If these trends and other growth drivers do not continue, or result in erratic periods of growth, our results of operations could be more susceptible to the trends in PCs and our business and our results could be adversely affected.

Gaming. We are building a diverse business that features a variety of gaming peripherals. The rapidly evolving and changing market and increasing competition increase the risk that we do not allocate our resources in line with the market and our business and our results of operations could be adversely affected.

Video Collaboration. While we view the small and medium-sized user groups opportunity to be large and relatively unaddressed, this is a new and evolving market segment that we and our competitors are developing. If the market opportunity proves to be sustainable, we expect increased competition from established competitors in the video conferencing market as well as from new entrants who are gaining traction as the industry comes to accept new technology and new solutions. In order to continue to grow in this opportunity, we may need to further build and scale our own enterprise sales force, a capability that several of our competitors in this category already have.

Music. We make and sell products for the consumption of digital music in targeted segments of that market. Competition in the mobile speaker and headphone categories is intense, and we expect it to increase. Moreover, the market for mobile speakers appears to be maturing with slower growth or even declining. If we are not able to grow our existing and acquired product lines and introduce differentiated products and marketing strategies to separate our products and brands from competitors' products and brands, our mobile speaker and audio headphone efforts will not be successful, and our business and results of operations could be adversely affected.

Smart Home. While we are a leader in programmable, performance remote controls for home entertainment, the smart home market is still in its early stages and it is not yet clear when the category will produce dynamic growth or which products will succeed and be able to take advantage of market growth or to help define and grow the market. Despite its early stages, the smart home market already is experiencing increasing competition from strong competitors.

In addition to our current growth opportunities, our future growth may be reliant on our ability to identify and develop potential new growth opportunities. This process is inherently risky and will result in investments in time and resources for which we do not achieve any return or value.

Each of these growth categories and many of the growth opportunities that we may pursue are subject to constant and rapidly changing and evolving technologies and evolving industry standards and may be replaced by new technology concepts or platforms. Some of these growth categories and opportunities are also characterized by short product cycles, frequent new product introductions and enhancements and rapidly changing and evolving consumer preferences with respect to design and features that require calculated risk-taking and fast responsiveness and result in short opportunities to establish a market presence. In addition, some of these growth categories and opportunities are characterized by price competition, erosion of premium-priced segments and average selling prices, commoditization, and sensitivity to general economic conditions and cyclical downturns. The growth opportunities and strength and number of competitors that we face in all of our product categories mean that we are at risk of new competitors coming to market with more innovative products that are more attractive to customers than ours or priced more competitively. If we do not develop innovative and reliable peripherals and enhancements in a cost-effective and timely manner that are attractive to consumers in these markets, if we are otherwise unsuccessful entering and competing in these growth categories or responding to our many competitors and to the rapidly changing conditions in these growth categories, if the growth categories in which we invest our

limited resources do not emerge as the opportunities or do not produce the growth or profitability we expect, or when we expect it, or if we do not correctly anticipate changes and evolutions in technology and platforms, our business and results of operations could be adversely affected.

If we are not able to maintain and enhance our brands, or if our brands or reputation are damaged, our reputation, business and operating results could be adversely affected.

We have developed long-term value in our brands and have invested significantly in design and in our existing and new brands over the past several years. We believe that our design and brands have significantly contributed to the success of our business and that maintaining and enhancing our brands is very important to our future growth and success. Maintaining and enhancing our brands will require significant investments and will depend largely on our future design, products and marketing, which may not be successful and may damage our brands. Our brands and reputation are also dependent on third parties, such as suppliers, manufacturers, distributors, retailers, product reviewers and the media as well as online consumer product reviews, consumer recommendations and referrals. It can take significant time, resources and expense to overcome negative publicity, reviews or perception. Any negative effect on our brands, regardless of whether it is in our control, could adversely affect our reputation, business and results of operations.

If we do not compete effectively, demand for our products could decline and our business and operating results could be adversely affected.

The peripherals industry is intensely competitive. Most of our product categories are characterized by large, well-financed competitors with strong brand names and highly effective research and development, marketing and sales capabilities, short product life cycles, continual performance enhancements, and rapid adoption of technological and product advancements by competitors in our retail markets. Many of our competitors have broad product portfolios across several of our product categories and are able to use the strength of their brands to move into adjacent categories. Our competitors have the ability to bring new products to market quickly and at competitive prices. We experience aggressive price competition and other promotional activities from our primary competitors and from less-established brands, including brands owned by retail customers known as house brands. In addition, our competitors may offer customers terms and conditions that may be more favorable than our terms and conditions and may require us to take actions to increase our customer incentive programs, which could impact our revenues and operating margins.

In recent years, we have expanded the categories of products we sell and entered new markets. We remain alert to opportunities in new categories and markets. As we do so, we are confronting new competitors, many of which have more experience in the categories or markets and have greater marketing resources and brand name recognition than we have. In addition, because of the continuing convergence of the markets for computing devices and consumer electronics, we expect greater competition in the future from well-established consumer electronics companies in our developing categories as well as in future categories we might enter. Many of these companies, such as Microsoft, Apple, Google, Cisco, Sony Corporation, Samsung and others, have greater financial, technical, sales, marketing and other resources than we have.

Microsoft, Apple, Google and Amazon are leading producers of operating systems, hardware, platforms and applications with which our mice, keyboards, wireless speakers and other products are designed to operate. In addition, Microsoft, Apple, Google and Amazon each has significantly greater financial, technical, sales, marketing and other resources than Logitech, as well as greater name recognition and a larger customer base. As a result, Microsoft, Apple, Google and Amazon each may be able to improve the functionality of its products, if any, or may choose to show preference to our competitors' products, to correspond with ongoing enhancements to its operating systems, hardware and software applications before we are able to make such improvements. This ability could provide Microsoft, Apple, Google, Amazon or other competitors with significant lead-time advantages. In addition, Microsoft, Apple, Google, Amazon or other competitors may be able to control distribution channels or offer pricing advantages on bundled hardware and software products that we may not be able to offer, and maybe financially positioned to exert significant downward pressure on product prices and upward pressure on promotional incentives in order to gain market share.

Creativity & Productivity

Pointing Devices. Apple, Microsoft and HP are our main competitors worldwide. We also experience competition and pricing pressure from less-established brands, including house brands and local competitors in Asian markets such as Elecom, Buffalo, Shenzhen Rapoo and Xiaomi.

Keyboards & Combo. Microsoft and Apple are our main competitors in our PC keyboard and combo product lines. We also experience competition and pricing pressure for keyboard and combos from less-established brands, including house brands and local competitors in Asian markets such as Shenzhen Rapoo and Xiaomi.

Tablet & Other Accessories. Competitors in the tablet keyboard market are Apple, Zagg, Kensington, Belkin, Targus and other less-established brands. Although we are one of the leaders in the tablet keyboard market and continue to bring innovative offerings to the market, we expect the competition may increase. Competitors in the tablet case market include Apple, Otter, Speck and a large number of small brands.

PC Webcams. Our primary competitors for PC webcams are Microsoft and other manufacturers taking smaller market share such as Razer.

Gaming

Competitors for our Gaming products include Razer, Corsair Components, SteelSeries, Turtle Beach and Kingston, among others.

Video Collaboration

Our competitors for Video Collaboration products are numerous across various categories with many new entrants. Competitors include Cisco Systems, Poly, GN Netcom/Jabra (which recently acquired Altia systems), and AVer Information, among others.

Music

Mobile Speakers. Our competitors for Bluetooth wireless speakers include Bose, Harman (owned by Samsung) and Beats (owned by Apple) among others. Harman is our largest competitor. Apple's ownership of Beats may impact our access to shelf space in Apple retail stores and adversely impact our ability to succeed in this important growth market. Personal voice assistants and other devices that offer music, such as Sonos, Amazon's Echo, Google Home and Apple HomePod also compete with our products. Amazon is also a significant customer of our products.

Audio & Wearables. For PC speakers, our competitors include Bose, Cyber Acoustics, Phillips, Creative Labs, Apple and Samsung, among others. For PC headset, we face numerous competitors, including Plantronics and GN Netcom, among others. In-ear headphones competitors include Beats, Bose, Apple, Sony, JBL and Sennheiser, among others. Our competitors for Blue Microphones products include Rode, Audio-Technica, Samson, Shure, Razer and Apogee, among others.

Smart Home

Direct competitors in the remote control market include pro-installer-focused Universal Remote Control and new “DIY” entrants. Indirect competition exists in the form of low-end “replacement remotes” such as Sony, RCA, GE, pure app-based solutions such as Peel, as well as device and/or subscriber-specific solutions from TV makers such as Samsung and Vizio and multisystem operators, or MSOs, such as Comcast and DirecTV.

Competition in the home control market also exists in form of home automation platforms such as Smart Things (owned by Samsung), Amazon with their Echo product, Google Home and Nest (owned by Alphabet), Wink and many other startups. Many of these companies also integrate their products with Logitech's smart home and Harmony remote products.

The full effect of the COVID-19 pandemic is uncertain and cannot be predicted, and the Company’s business, results of operations and financial condition could be adversely affected by the COVID-19 pandemic.

COVID-19 has spread rapidly throughout the world, causing significant volatility and disruption in financial markets, curtailing global economic activity, raising the prospect of an extended global recession, and prompting governments and businesses to take unprecedented measures in response. Such measures have included restrictions on travel and business operations, indefinite business closures, and quarantines and shelter-at-home orders. The full effects of the COVID-19 pandemic cannot be predicted as a result of uncertainties, including the extent and rate of the spread, the possibility and timing of any vaccine, treatment or cure or stop to the spread, and the potential for additional peaks in infection rates.

The COVID-19 pandemic and the measures taken by many countries in response have contributed to a general slowdown in the global economy and adversely affected, and could in the future adversely affect, our business and operations, our customers and our partners. Starting with the initial outbreak of the virus in China and as it has spread globally, we have experienced disruptions and higher costs in our manufacturing, supply chain and logistics operations and outsourced services, and in some cases increased sell-through, resulting in shortages of our products in our distribution channels. In order to renew manufacturing at our own facility, we have quarantined employees and re-engineered our manufacturing operations with diminished capacity. Sales of our products have also been impeded by closures of retail stores and disruptions in other channel partner points of sale.

At the same time, as a result of government orders and concern for the well-being of our employees and their families, we have required substantially all of our employees in non-manufacturing facilities to work remotely. This has led to inefficiencies and operational, cybersecurity and other risks and costs which could have an adverse impact to our results of operations. We cannot reasonably predict when our employees will be able to return to our offices or the further precautionary measures and costs we may need to incur to ensure the health of our employees and to mitigate the spread and impact of the virus. Additionally, our management team and employees had to focus on planning for and mitigating operational changes and risks of the COVID-19 pandemic, shifting some of their attention from focusing on and adversely affecting our normal business, strategic plans and other initiatives. We have also incurred additional costs related to business continuity.

During the three months ended March 31, 2020, the COVID-19 pandemic had mixed effects on our results of operations, and it may continue to have mixed or adverse effects. It also may have the effect of heightening many of the other risks described in under this heading “Risk Factors”. We continue to monitor the situation and attempt to take appropriate actions in accordance with the recommendations and requirements of relevant authorities. The full extent of the impact of the COVID-19 pandemic on our business and on our operational and financial performance and condition is currently uncertain and will depend on many factors outside our control, including but not limited to the timing, extent, duration and effects of the virus and any of its mutations, the development and availability of effective treatments an vaccines, the imposition of effective public safety and other protective measures, the impact of COVID-19 on the global economy and demand for our products and services, and the impact of the virus on the business, operations and financial condition of our partners. Should the COVID-19 situation not improve or worsen, or if our attempts to mitigate its impact on our operations and costs are not successful, our business, results of operations, financial condition and prospects may be adversely affected.

Our business depends in part on access to third-party platforms or technologies, and if the access is withdrawn, denied, or is not available on terms acceptable to us, or if the platforms or technologies change without notice to us, our business and operating results could be adversely affected.

Our peripherals business has historically been built largely around the PC platform, which over time became relatively open, and its inputs and operating system standardized. With the growth of mobile, tablet, gaming and other computer devices, digital music and personal voice assistants, the number of platforms has grown, and with it the complexity and increased need for us to have business and contractual relationships with the platform owners in order to produce products compatible with these platforms. Our product portfolio includes current and future products designed for use with third-party platforms or software, such as the Apple iPad, iPod, iPhone and Siri, Android phones and tablets, Google Assistant and Amazon Alexa. Our business in these categories relies on our access to the platforms of third parties, some of whom are our competitors. Platform owners that are competitors have a competitive advantage in designing products for their platforms and may produce peripherals or other products that work better, or are perceived to work better, than our products in connection with those platforms. As we expand the number of platforms and software applications with which our products are compatible, we may not be successful in launching products for those platforms or software applications, we may not be successful in establishing strong relationships with the new platform or software owners, or we may negatively impact our ability to develop and produce high-quality products on a timely basis for those platforms and software applications or we may otherwise adversely affect our relationships with existing platform or software owners.

Our access to third-party platforms may require paying a royalty, which lowers our product margins or may otherwise be on terms that are not acceptable to us. In addition, the third-party platforms or technologies used to interact with our product portfolio can be delayed in production or can change without prior notice to us, which can result in our having excess inventory or lower margins.

If we are unable to access third-party platforms or technologies, or if our access is withdrawn, denied, or is not available on terms acceptable to us, or if the platforms or technologies are delayed or change without notice to us, our business and operating results could be adversely affected.

If we do not accurately forecast market demand for our products, our business and operating results could be adversely affected.

We use our forecasts of product demand to make decisions regarding investments of our resources and production levels of our products. Although we receive forecasts from our customers, many are not obligated to purchase the forecasted demand. Also, actual sales volumes for individual products in our retail distribution channel can be volatile due to changes in consumer preferences and other reasons. In addition, our products have short product life cycles, so a failure to accurately predict high demand for a product can result in lost sales that we may not recover in subsequent periods, or higher product costs if we meet demand by paying higher costs for materials, production and delivery. We could also frustrate our customers and lose shelf space. Our failure to predict low demand for a product can result in excess inventory, lower cash flows and lower margins if we are required to reduce product prices in order to reduce inventories.

If our sales channel partners have excess inventory of our products or decide to decrease their inventories for any reason, they may decrease the amount of products they acquire in subsequent periods, causing disruption in our business and adversely affecting our forecasts and sales.

Over the past few years, we have expanded the types of products we sell and the geographic markets in which we sell them. The changes in our product portfolio and the expansion of our sales markets have increased the difficulty of accurately forecasting product demand.

In addition, starting in fiscal year 2016, we increased the number of our products that we manufacture in our own facilities. This increases the inventory that we purchase and maintain to support such manufacturing. We are also utilizing sea shipments more extensively than air delivery, which will cause us to build and ship products to our distribution centers earlier and will also result in increases in inventory. These operational shifts increase the risk that we have excess or obsolete inventory if we do not accurately forecast product demand.

Other events or circumstances, including those not in our control, such as the current COVID-19 pandemic, may result in rapid and significant increases or decreases of demand for our products that may result in excess inventory or product unavailability, increases in operational logistics and other costs, and damaged relationships with suppliers or customers.

We have experienced large differences between our forecasts and actual demand for our products. We expect other differences between forecasts and actual demand to arise in the future. If we do not accurately predict product demand, our business and operating results could be adversely affected.

Our success largely depends on our ability to hire, retain, integrate and motivate sufficient numbers of qualified personnel, including senior management. Our strategy and our ability to innovate, design and produce new products, sell products, maintain operating margins and control expenses depend on key personnel that may be difficult to replace.

Our success depends on our ability to attract and retain highly skilled personnel, including senior management and international personnel. From time to time, we experience turnover in some of our senior management positions.

We compensate our employees through a combination of salary, bonuses, benefits and equity compensation. Recruiting and retaining skilled personnel, including software and hardware engineers, is highly competitive. If we fail to provide competitive compensation to our employees, it will be difficult to retain, hire and integrate qualified employees and contractors, and we may not be able to maintain and expand our business. If we do not retain or maintain the continuity of our senior managers or other key employees for any reason, including voluntary or

involuntary departure, death or permanent or temporary disability (the risk of which has been underscored during the COVID-19 pandemic), we risk losing institutional knowledge, experience, expertise and other benefits of continuity as well as the ability to attract and retain other key employees. In addition, we must carefully balance the size of our employee base with our current infrastructure, management resources and anticipated operating cash flows. If we are unable to manage the size of our employee base, particularly engineers, we may fail to develop and introduce new products successfully and in a cost-effective and timely manner. If our revenue growth or employee levels vary significantly, our operating cash flows and financial condition could be adversely affected. Volatility or lack of positive performance in our stock price, including declines in our stock prices in the past year, may also affect our ability to retain key employees, many of whom have been granted equity incentives. Logitech's practice has been to provide equity incentives to its employees, but the number of shares available for equity grants is limited. We may find it difficult to provide competitive equity incentives, and our ability to hire, retain and motivate key personnel may suffer.

Recently and in past years, we have initiated reductions in our workforce to align our employee base with our business strategy, our anticipated revenue base or with our areas of focus. We have also experienced turnover in our workforce. These reductions and turnover have resulted in reallocations of duties, which could result in employee uncertainty and discontent. Reductions in our workforce could make it difficult to attract, motivate and retain employees, which could adversely affect our business.

Our gross margins can vary significantly depending on multiple factors, which can result in unanticipated fluctuations in our operating results.

Our gross margins can vary due to consumer demand, competition, product pricing, product lifecycle, product mix, new product introductions, unit volumes, acquisitions and divestitures, commodity, supply chain and logistics costs, capacity utilization, geographic sales mix, currency exchange rates, trade policy and tariffs, and the complexity and functionality of new product innovations and other factors. In particular, if we are not able to introduce new products in a timely manner at the product cost we expect, or if consumer demand for our products is less than we anticipate, or if there are product pricing, marketing and other initiatives by our competitors to which we need to react or that are initiated by us to drive sales that lower our margins, then our overall gross margin will be less than we project.

In addition, our gross margins may vary significantly by product line, sales geography and customer type, as well as within product lines. When the mix of products sold shifts from higher margin product lines to lower margin product lines, to lower margin sales geographies, or to lower margin products within product lines, our overall gross margins and our profitability may be adversely affected.

As we expand within and into new product categories, our products in those categories may have lower gross margins than in our traditional product categories. Consumer demand in these product categories, based on style, color and other factors, tends to be less predictable and tends to vary more across geographic markets. As a result, we may face higher up-front investments, inventory costs associated with attempting to anticipate consumer preferences, and increased inventory write-offs. If we are unable to offset these potentially lower margins by enhancing the margins in our more traditional product categories, our profitability may be adversely affected.

Changes in trade policy, including tariffs and the tariffs focused on China in particular, and currency exchange rates also have adverse impacts on our gross margins. The COVID-19 pandemic is putting pressure on our gross margins as well as we face uncertain product demand and incur increased air freight and other costs to fulfill sell through demand, replenish channel inventory, and maintain shelf presence and market share.

The impact of these factors on gross margins can create unanticipated fluctuations in our operating results, which may cause volatility in the price of our shares.

As we continue our efforts to lower our costs and improve our operating leverage, we may or may not fully realize our goals.

Our strategy over the past several years has been based in part on simplifying the organization, reducing operating costs through global workforce reductions and a reduction in the complexity of our product portfolio, with the goal of better aligning costs with our current business. We restructured our business in fiscal years 2014 through 2016, and we may continue to divest or discontinue non-strategic product categories. During the third quarter of fiscal year 2016, we divested our Lifesize video conferencing business and completed our exit from the OEM business. During the first quarter of fiscal year 2019, we implemented a restructuring plan to streamline and realign our overall organization structure and reallocate resources to support long-term growth opportunities. We substantially completed this restructuring during the three months ended June 30, 2019.

Our ability to achieve the desired and anticipated cost savings and other benefits from these simplification, cost-cutting and restructuring activities, and within our desired and expected timeframes, are subject to many estimates and assumptions, and the actual savings and timing for those savings may vary materially based on factors such as local labor regulations, negotiations with third parties, and operational requirements. These estimates and assumptions are also subject to significant economic, competitive and other uncertainties, some of which are beyond our control. There can be no assurance that we will fully realize the desired and anticipated benefits from these activities. To the extent that we are unable to improve our financial performance, further restructuring measures may be required in the future. Furthermore, we are expecting to be able to use the anticipated cost savings from these activities to fund and support our current growth opportunities and incremental investments for future growth. If the cost-savings do not materialize as anticipated, or within our expected timeframes, our ability to invest in growth may be limited and our business and operating results may be adversely affected. As we grow, explore new opportunities and markets, hire new management and other personnel, and fund research and development, marketing, brand development, sales, operations, investments in intellectual property and acquisitions to support this growth and our new opportunities, some or all of which may not succeed, we expect to experience continued pressure on our cost structure and expenses.

As part of the restructuring plans, we reduced the size of our product portfolio and the assortment of similar products at similar price points within each product category over the past several fiscal years. While we are constantly replacing products and are dependent on the success of our new products, this product portfolio simplification has made us even more dependent on the success of the new products that we are introducing.

As we focus on growth opportunities, we are divesting or discontinuing non-strategic product categories and pursuing strategic acquisitions and investments, which could have an adverse impact on our business.

We continue to review our product portfolio and update our non-strategic product categories and products. During the third quarter of fiscal year 2016, we divested our Lifesize video conferencing business and completed our exit from the OEM business. If we are unable to effect sales on favorable terms or if realignment is more costly or distracting than we expect or has a negative effect on our organization, employees and retention, then our business and operating results may be adversely affected. Discontinuing products with service components may also cause us to continue to incur expenses to maintain services within the product life cycle or to adversely affect our customer and consumer relationships and brand. Divestitures may also involve warranties, indemnification or covenants that could restrict our business or result in litigation, additional expenses or liabilities. In addition, discontinuing product categories, even categories that we consider non-strategic, reduces the size and diversification of our business and causes us to be more dependent on a smaller number of product categories.

As we attempt to grow our business in strategic product categories and emerging market geographies, we will consider growth through acquisition or investment. We will evaluate acquisition opportunities that could provide us with additional product or service offerings or with additional industry expertise, assets and capabilities. For example, we acquired ASTRO Gaming to expand into the console gaming market, we acquired Jaybird to expand into the wireless audio wearables market, we acquired Saitek to expand into the gaming simulation and controller markets, we acquired Blue Microphones to expand into the microphones market, and we acquired Streamlabs to expand our software and service capabilities and tools for the streaming market. Acquisitions could result in difficulties integrating acquired operations, products, technology, internal controls, personnel and management teams and result in the diversion of capital and management's attention away from other business issues and opportunities. If we fail to successfully integrate acquisitions, our business could be harmed. Acquisitions could also result in the assumption of known and unknown liabilities, product, regulatory and other compliance issues, dilutive issuances of our equity securities, the incurrence of debt, disputes over earn-outs or other litigation, and adverse

effects on relationships with our and our target's employees, customers and suppliers. Moreover, our acquisitions may not be successful in achieving our desired strategy, product, financial or other objectives or expectations, which would also cause our business to suffer. Acquisitions can also lead to large non-cash charges that can have an adverse effect on our results of operations as a result of write-offs for items such as future impairments of intangible assets and goodwill or the recording of share-based compensation. Several of our past acquisitions have not been successful and have led to impairment charges, including a $122.7 million non-cash goodwill impairment charge in fiscal year 2015 related to our Lifesize video conferencing business which is reported in discontinued operations. Acquisitions and divestitures may also cause our operating results to fluctuate and make it difficult for investors to compare operating results and financial statements between periods. In addition, from time to time we make strategic venture investments in other companies that provide products and services that are complementary to ours. If these investments are unsuccessful, this could have an adverse impact on our results of operations, operating cash flows and financial condition.

We rely on third parties to sell and distribute our products, and we rely on their information to manage our business. Disruption of our relationship with these channel partners, changes in or issues with their business practices, their failure to provide timely and accurate information, changes in distribution partners, practices or models, conflicts among our channels of distribution, or failure to build and scale our own sales force for certain product categories and enterprise channel partners could adversely affect our business, results of operations, operating cash flows and financial condition.

We primarily sell our products to a network of distributors, retailers and e-tailers (together with our direct sales channel partners). We are dependent on those direct sales channel partners to distribute and sell our products to indirect sales channel partners and ultimately to consumers. The sales and business practices of all such sales channel partners, their compliance with laws and regulations, and their reputations - of which we may or may not be aware - may affect our business and our reputation.

While our overall distribution relationships are diffuse, over a quarter of our gross sales are concentrated with two customers - Amazon Inc. and Ingram Micro - and their affiliated entities. If online sales grow as a percentage of overall sales, we expect that we will become even more reliant on Amazon. While we believe that we have good relationships with Amazon and Ingram Micro, any adverse change in either of those relationships could have an adverse impact on our results of operations and financial condition.

The impact of economic conditions, labor issues, natural disasters, regional or global pandemics, evolving consumer preferences, and purchasing patterns on our distribution partners, or competition between our sales channels, could result in sales channel disruption. For example, if sales at large retail stores are displaced as a result of bankruptcy, competition from Internet sales channels or otherwise, our product sales could be adversely affected and our product mix could change, which could adversely affect our operating costs and gross margins. The closure of brick-and-mortar stores around the world during the COVID-19 pandemic has exacerbated an already declining Bluetooth speaker market. COVID-19 has also underscored the risk of disruption in our sales channel at distribution partners such as Amazon. Any loss of a major partner or distribution channel or other channel disruption could make us more dependent on alternate channels, increase pricing and promotional pressures from other partners and distribution channels, increase our marketing costs, or adversely impact buying and inventory patterns, payment terms or other contractual terms, sell-through or delivery of our products to consumers, our reputation and brand equity, or our market share.

Our sales channel partners also sell products offered by our competitors and, in the case of retailer house brands, may also be our competitors. If product competitors offer our sales channel partners more favorable terms, have more products available to meet their needs, or utilize the leverage of broader product lines sold through the channel, or if our sales channel partners show preference for their own house brands, our sales channel partners may de-emphasize or decline to carry our products. In addition, certain of our sales channel partners could decide to de-emphasize the product categories that we offer in exchange for other product categories that they believe provide them with higher returns. If we are unable to maintain successful relationships with these sales channel partners or to maintain our distribution channels, our business will suffer.

As we expand into new product categories and markets in pursuit of growth, we will have to build relationships with new channel partners and adapt to new distribution and marketing models. These new partners, practices and models may require significant management attention and operational resources and may affect our accounting, including revenue recognition, gross margins, and the ability to make comparisons from period to period. Entrenched and more experienced competitors will make these transitions difficult. Certain product categories, such

as Video Collaboration, may also require that we further build and scale our own enterprise sales force. Several of our competitors already have large enterprise sale forces and experience and success with that sales model. If we are unable to build successful distribution channels, build and scale our own enterprise sales force, or successfully market our products in these new product categories, we may not be able to take advantage of the growth opportunities, and our business and our ability to grow our business could be adversely affected.

We reserve for cooperative marketing arrangements, incentive programs and pricing programs with our sales channel partners. These reserves are based on judgments and estimates, using historical experience rates, inventory levels in distribution, current trends and other factors. There could be significant differences between the actual costs of such arrangements and programs and our estimates.

We use sell-through data, which represents sales of our products by our direct retailer and e-tailer customers to consumers, and by our distributor customers to their customers, along with other metrics, to assess consumer demand for our products. Sell-through data is subject to limitations due to collection methods and the third-party nature of the data and thus may not be an accurate indicator of actual consumer demand for our products. In addition, the customers supplying sell-through data vary by geographic region and from period to period, but typically represent a majority of our retail sales. In addition, we rely on channel inventory data from our sales channel partners. If we do not receive this information on a timely and accurate basis, or if we do not properly interpret this information, our results of operations and financial condition may be adversely affected.

Our principal manufacturing operations and third-party contract manufacturers are located in China and Southeast Asia, which exposes us to risks associated with doing business in that geographic area as well as potential tariffs, adverse tax consequences and pressure to move or diversify our manufacturing locations.

We produce approximately half of our products at the facilities we own in China. The majority of our other production is performed by third-party contract manufacturers, including original design manufacturers, in China, Taiwan, Hong Kong, Malaysia, Vietnam, and Thailand.

Our manufacturing operations in China could be adversely affected by changes in the interpretation and enforcement of legal standards, strains on China’s available labor pool, changes in labor costs and other employment dynamics, high turnover among Chinese employees, infrastructure issues, import-export issues, currency transfer restrictions, natural disasters, regional or global pandemics, conflicts or disagreements between China and Taiwan or China and the United States, labor unrest, and other trade customs and practices that are dissimilar to those in the United States and Europe. Interpretation and enforcement of China’s laws and regulations continue to evolve and we expect differences in interpretation and enforcement to continue in the foreseeable future.

Our manufacturing operations at third-party contractors could be adversely affected by contractual disagreements, by labor unrest, by natural disasters, by regional or global pandemics, by strains on local communications, trade, and other infrastructures, by competition for the available labor pool or manufacturing capacity, by increasing labor and other costs, and by other trade customs and practices that are dissimilar to those in the United States and Europe.

Further, we may be exposed to fluctuations in the value of the local currency in the countries in which manufacturing occurs. Future appreciation of these local currencies could increase our component and other raw material costs. In addition, our labor costs could continue to rise as wage rates increase and the available labor pool declines. These conditions could adversely affect our financial results.

If we do not successfully coordinate the worldwide manufacturing and distribution of our products, we could lose sales.

Our business requires us to coordinate the manufacture and distribution of our products over much of the world. We rely on third parties to manufacture many of our products, manage centralized distribution centers, and transport our products. If we do not successfully coordinate the timely manufacturing and distribution of our products, if our manufacturers, distribution logistics providers or transport providers are not able to successfully and timely process our business or if we do not receive timely and accurate information from such providers, and especially if we expand into new product categories or our business grows in volume, we may have an insufficient

supply of products to meet customer demand, we could lose sales, we may experience a build-up in inventory, we may incur additional costs, and our financial performance and reporting may be adversely affected.

By locating our manufacturing in China and Southeast Asia, we are reliant on third parties to get our products to distributors around the world. Transportation costs, fuel costs, labor unrest, natural disasters, regional or global pandemics, and other adverse effects on our ability, timing and cost of delivering products can increase our inventory, decrease our margins, adversely affect our relationships with distributors and other customers and otherwise adversely affect our results of operations and financial condition.

A significant portion of our quarterly retail orders and product deliveries generally occur in the last weeks of the fiscal quarter. This places pressure on our supply chain and could adversely affect our revenues and profitability if we are unable to successfully fulfill customer orders in the quarter.

We purchase key components and products from a limited number of sources, and our business and operating results could be adversely affected if supply were delayed or constrained or if there were shortages of required components.

We purchase certain products and key components from a limited number of sources. If the supply of these products or key components, such as micro-controllers and optical sensors, were to be delayed or constrained, or if one or more of our single-source suppliers experience disruptions or go out of business as a result of adverse global economic conditions, natural disasters or regional or global pandemics, we might be unable to find a new supplier on acceptable terms, or at all, and our product shipments to our customers could be delayed, which could adversely affect our business, financial condition and operating results.

Lead times for materials, components and products ordered by us or by our contract manufacturers can vary significantly and depend on factors such as contract terms, demand for a component, and supplier capacity. From time to time, we have experienced component shortages and extended lead times on semiconductors, such as micro-controllers and optical sensors, and base metals used in our products. Shortages or interruptions in the supply of components or subcontracted products, or our inability to procure these components or products from alternate sources at acceptable prices in a timely manner, could delay shipment of our products or increase our production costs, which could adversely affect our business and operating results.

The moral and regulatory imperatives to avoid purchasing conflict minerals are causing us to incur additional expenses, could limit the supply and increase the cost of certain metals used in manufacturing our products and could adversely affect the distribution and sales of our products.

As part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC adopted disclosure requirements regarding the use of certain minerals, known as conflict minerals, which are mined from the Democratic Republic of Congo and adjoining countries, as well as procedures regarding a manufacturer’s efforts to identify and prevent the sourcing of such minerals and metals produced from those minerals. Additional reporting obligations are being considered by the European Union. The implementation of the existing U.S. requirements and any additional requirements in Europe could affect sourcing at competitive prices and availability in sufficient quantities of certain minerals used in the manufacture of our products. The number of suppliers who provide conflict-free minerals may be limited, and the implementation of these requirements may decrease the number of suppliers capable of supplying our needs for certain metals. In addition, there may be material costs associated with complying with the disclosure requirements, such as costs related to the due diligence process of determining the source of certain minerals used in our products, as well as costs of possible changes to products, processes, or sources of supply as a consequence of such verification activities. As our supply chain is complex and we use contract manufacturers for some of our products, we may not be able to sufficiently verify the origins of the relevant minerals used in our products through the due diligence procedures that we implement, which may adversely affect our reputation. We may also encounter challenges to satisfy those customers who require that all of the components of our products be certified as conflict-free, which could, if we are unable to satisfy their requirements or pass through any increased costs associated with meeting their requirements place us at a competitive disadvantage, adversely affect our business and operating results, or both. We filed our report for the calendar year 2018 with the SEC on May 31, 2019.

We conduct operations in a number of countries and have invested significantly in growing our sales and marketing activities in China, and the effect of business, legal and political risks associated with international operations could adversely affect us.

We conduct operations in a number of countries and have invested significantly in growing our personnel and sales and marketing activities in China and, to a lesser extent, other emerging markets. We may also increase our investments to grow sales in other emerging markets, such as Latin America, Eastern Europe, the Middle East and Africa. There are risks inherent in doing business in international markets, including:

- Difficulties in staffing and managing international operations;
- Compliance with laws and regulations, including environmental, tax, import/export and anti-corruption laws, which vary from country to country and over time, increasing the costs of compliance and potential risks of non-compliance;
- Varying laws, regulations and other legal protections, uncertain and varying enforcement of those laws and regulations, dependence on local authorities, and the importance of local networks and relationships
- Varying accounting, auditing and financial reporting standards, accountability and protections, including risks related to the lack of access by the Public Company Accounting Oversight Board (United States) (PCAOB) to inspect PCAOB-registered accounting firms in emerging market countries such as China;
- Exposure to political and financial instability, especially with the uncertainty associated with the ongoing sovereign debt crisis in certain Euro zone countries and the stability of the European Union, which may lead to reduced sales, currency exchange losses and collection difficulties or other losses;
- Political and economic uncertainty around the world;
- Import or export restrictions or licensing requirements that could affect some of our products, including those with encryption technology;
- Trade protection measures, custom duties, tariffs, import or export duties, and other trade barriers, restrictions and regulations, including recent and ongoing United States - China tariffs and trade restrictions;
- Lack of infrastructure or services necessary or appropriate to support our products and services;
- Effects of the COVID-19 pandemic that may be more concentrated where we operate internationally;
- Exposure to fluctuations in the value of local currencies;
- Difficulties and increased costs in establishing sales and distribution channels in unfamiliar markets, with their own market characteristics and competition, including entrenched local competition;
- Weak protection of our intellectual property rights;
- Higher credit risks;
- Changes in VAT (value-added tax) or VAT reimbursement;
- Imposition of currency exchange controls;
- Delays from customs brokers or government agencies; and
- A broad range of customs, consumer trends, and more.

Any of these risks could adversely affect our business, financial condition and operating results.

Sales growth in key markets, including China, is an important part of our expectations for our business. As a result, if economic, political or business conditions deteriorate in these markets, or if one or more of the risks described above materialize in these markets, our overall business and results of operations will be adversely affected.

Changes in trade policy in the United States and other countries, including changes in trade agreements and the imposition of tariffs and the resulting consequences, may have adverse impacts on our business, results of operations and financial condition.

The U.S. government has indicated and demonstrated its intent to alter its approach to international trade policy through the renegotiation, and potential termination, of certain existing bilateral or multilateral trade agreements and treaties with, and the imposition of tariffs on a wide range of products and other goods from, China, countries in EMEA and other countries. As noted previously, we have invested significantly in manufacturing facilities in China and Southeast Asia. Given our manufacturing in those countries, and our lack of manufacturing elsewhere, policy changes in the United States or other countries, such as the tariffs already proposed, implemented and threatened in 2018 and 2019, present particular risks for us. Tariffs already announced and implemented are having an adverse effect on certain of our products, tariffs announced but not yet implemented may have an adverse effect on many of our products, and threatened tariffs could adversely affect more or all of our products. There are also risks associated with retaliatory tariffs and resulting trade wars. We cannot predict future trade policy, the terms of any renegotiated trade agreements or treaties, or tariffs and their impact on our business. A trade war could have a significant adverse effect on world trade and the world economy. To the extent that trade tariffs and other restrictions imposed by the United States or other countries increase the price of, or limit the amount of, our products or components or materials used in our products imported into the United States or other countries, or create adverse tax consequences, the sales, cost or gross margin of our products may be adversely affected and the demand from our customers for products and services may be diminished. Uncertainty surrounding international trade policy and disputes and protectionist measures could also have an adverse effect on consumer confidence and spending. If we deem it necessary to alter all or a portion of our activities or operations in response to such policies, agreements or tariffs, our capital and operating costs may increase. Our ongoing efforts to address these risks may not be effective and may have long-term adverse effects on our operations and operating results that we may not be able to reverse. Such efforts may also take time to implement or to have an effect, and may result in adverse quarterly financial results or fluctuations in our quarterly financial results. As a result, changes in international trade policy, changes in trade agreements and tariffs could adversely affect our business, results of operations and financial condition.

Our financial performance is subject to risks associated with fluctuations in currency exchange rates.

A significant portion of our business is conducted in currencies other than the U.S. Dollar. Therefore, we face exposure to movements in currency exchange rates.

Our primary exposure to movements in currency exchange rates relates to non-U.S. Dollar-denominated sales and operating expenses worldwide. For fiscal year 2020, approximately 50% of our revenue was in non-U.S. denominated currencies. The weakening of currencies relative to the U.S. Dollar adversely affects the U.S. Dollar value of our non-U.S. Dollar-denominated sales and earnings. If we raise international pricing to compensate, it could potentially reduce demand for our products, adversely affecting our sales and potentially having an adverse impact on our market share. Margins on sales of our products in non-U.S. Dollar-denominated countries and on sales of products that include components obtained from suppliers in non-U.S. Dollar-denominated countries could be adversely affected by currency exchange rate fluctuations. In some circumstances, for competitive or other reasons, we may decide not to raise local prices to fully offset the U.S. Dollar’s strengthening, which would adversely affect the U.S. Dollar value of our non-U.S. Dollar-denominated sales and earnings. Competitive conditions in the markets in which we operate may also limit our ability to increase prices in the event of fluctuations in currency exchange rates. Conversely, strengthening of currency rates may also increase our product component costs and other expenses denominated in those currencies, adversely affecting operating results. We further note that a larger portion of our sales than of our expenses are denominated in non-U.S. denominated currencies.

We use derivative instruments to hedge certain exposures to fluctuations in currency exchange rates. The use of such hedging activities may not offset any, or more than a portion, of the adverse financial effects of unfavorable movements in currency exchange rates over the limited time the hedges are in place and do not protect us from long term shifts in currency exchange rates.

As a result, fluctuations in currency exchange rates could adversely affect our business, operating results and financial condition. Moreover, these exposures may change over time.

As a company operating in many markets and jurisdictions, expanding into new growth categories, and engaging in acquisitions, and as a Swiss, dual-listed company, we are subject to risks associated with new, existing and potential future laws and regulations.

Based on our current business model and as we expand into new markets and product categories and acquire companies, businesses and assets, we must comply with a wide variety of laws, standards and other requirements governing, among other things, health and safety, hazardous materials usage, product-related energy consumption, packaging, recycling and environmental matters. Our products may be required to obtain regulatory approvals and satisfy other regulatory concerns in the various jurisdictions where they are manufactured, sold or both. Companies, businesses and assets that we acquire may not be in compliance with regulations in all jurisdictions. These requirements create procurement and design challenges, which, among other things, require us to incur additional costs identifying suppliers and contract manufacturers who can provide or obtain compliant materials, parts and end products. Failure to comply with such requirements can subject us to liability, additional costs, and reputational harm and, in severe cases, force us to recall products or prevent us from selling our products in certain jurisdictions.

As a Swiss company with shares listed on both the SIX Swiss Exchange and the Nasdaq Global Select Market, we are also subject to both Swiss and United States corporate governance and securities laws and regulations. In addition to the extra costs and regulatory burdens of our dual regulatory obligations, the two regulatory regimes may not always be compatible and may impose disclosure obligations, operating restrictions or tax effects on our business to which our competitors and other companies are not subject. For example, on January 1, 2014, subject to certain transitional provisions, the Swiss Federal Council Ordinance Against Excessive Compensation at Public Companies (the Ordinance) became effective in connection with the Minder initiative approved by Swiss voters during 2013. The Ordinance, among other things, (a) requires a binding shareholder “say on pay” vote with respect to the compensation of members of our executive management and Board of Directors, (b) generally prohibits the making of severance, advance, transaction premiums and similar payments to members of our executive management and Board of Directors, (c) imposes other restrictive compensation practices, and (d) requires that our articles of incorporation specify various compensation-related matters. In addition, during 2013, Swiss voters considered an initiative to limit pay for a chief executive officer to a multiple of no more than twelve times the salary of the lowest-paid employee. Although voters rejected that initiative, it did receive substantial voter support. The Ordinance, potential future initiatives relating to corporate governance or executive compensation, and Swiss voter sentiment in favor of such regulations may increase our non-operating costs and adversely affect our ability to attract and retain executive management and members of our Board of Directors.

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the U.S. (U.S. GAAP) which are subject to interpretation or changes by the FASB, the SEC and other various bodies formed to promulgate and interpret appropriate accounting principles. New accounting pronouncements and changes in accounting principles have occurred in the past and are expected to occur in the future which may have a significant effect on our financial results or our compliance with regulations.

As a result of changes in tax laws, treaties, rulings, regulations or agreements, or their interpretation, of Switzerland or any other country in which we operate, the loss of a major tax dispute or a successful challenge to our operating structure, intercompany pricing policies or the taxable presence of our key subsidiaries in certain countries, or other factors, our effective income tax rates may increase, which could adversely affect our net income and cash flows.

We are incorporated in the canton of Vaud in Switzerland, and our effective income tax rate benefited from a longstanding ruling from the canton of Vaud through December 31, 2019. On May 19, 2019, the voters in Switzerland approved the Federal Act on Tax Reform and AHV Financing ("TRAF"), a major reform in response to certain guidance and demands from both the European Union and the Organization for Economic Co-operation and Development. TRAF mandates reforms in the cantonal tax law that were enacted by the canton of Vaud on March 10, 2020 and took effect as of January 1, 2020. As a result of the reform, Logitech will incur cash income taxes that will increase over time as the deferred income tax benefit established in connection with the reform diminishes. See "Note 7 - Income Taxes" for more information. The canton’s tax authority is primarily delegated by the Swiss federal government and its implementation of TRAF in general or with respect to Logitech is subject to Swiss federal review and challenge. Implementation of any material change in tax laws or policies or the adoption of new interpretations of existing tax laws and rulings, or termination or replacement of our tax arrangements with the canton of Vaud, by

Switzerland or the canton of Vaud could result in a higher effective income tax rate, or a decreased tax asset, a charge to earnings and an accelerated pace of increase in our effective income tax rate, or a combination of such impacts, on our worldwide earnings and any such change will adversely affect our net income. Changes in our effective income tax rate may also make it more difficult to compare our net income and earnings per share between periods.

We operate in multiple jurisdictions and our profits are taxed pursuant to the tax laws of these jurisdictions. Our effective income tax rate may be affected by changes in or interpretations of tax laws, treaties, rulings, regulations or agreements in any given jurisdiction, utilization of net operating loss and tax credit carryforwards, changes in geographical allocation of income and expense, and changes in management's assessment of matters such as the realizability of deferred tax assets. In the past, we have experienced fluctuations in our effective income tax rate. Our effective income tax rate in a given fiscal year reflects a variety of factors that may not be present in the succeeding fiscal year or years. There is no assurance that our effective income tax rate will not change in future periods.

We file Swiss and foreign tax returns. We are frequently subject to tax audits, examinations and assessments in various jurisdictions. If any tax authority successfully challenges our operational structure, intercompany pricing policies or the taxable presence of our key subsidiaries in certain countries, if the terms of certain income tax treaties are interpreted in a manner that is adverse to our structure, or if we lose a material tax dispute in any country, our effective income tax rate could increase. For example, policy changes in the United States or China predicated on our presence in those countries could adversely affect where we recognize profit and our effective income tax rate. A material assessment by a governing tax authority could adversely affect our profitability. If our effective income tax rate increases in future periods, our net income and cash flows could be adversely affected.

Claims by others that we infringe their proprietary technology could adversely affect our business.

We have been expanding the categories of products we sell, such as entering new markets and introducing products for tablets, other mobile devices, digital music, and video collaboration. We expect to continue to enter new categories and markets. As we do so, we face an increased risk that claims alleging we infringe the patent or other intellectual property rights of others, regardless of the merit of the claims, may increase in number and significance. Infringement claims against us may also increase as the functionality of video, voice, data and conferencing products begin to overlap. This risk is heightened by the increase in lawsuits brought by holders of patents that do not have an operating business or are attempting to license broad patent portfolios and by the increasing attempts by companies in the technology industries to enjoin their competitors from selling products that they claim infringe their intellectual property rights. Intellectual property lawsuits are subject to inherent uncertainties due to the complexity of the technical issues involved, and we cannot be certain that we will be successful in defending ourselves against intellectual property claims. A successful claimant could secure a judgment that requires us to pay substantial damages or prevents us from distributing certain products or performing certain services. We might also be required to seek a license for the use of such intellectual property, which may not be available on commercially acceptable terms or at all. Alternatively, we may be required to develop non-infringing technology, which could require significant effort and expense and may ultimately not be successful. Any claims or proceedings against us, whether meritorious or not, could be time consuming, result in costly litigation or the diversion of significant operational resources, or require us to enter into royalty or licensing agreements, any of which could materially and adversely affect our business and results of operations.

We may be unable to protect our proprietary rights. Unauthorized use of our technology may result in the development of products that compete with our products.

Our future success depends in part on our proprietary technology, technical know-how and other intellectual property. We rely on a combination of patent, trade secret, copyright, trademark and other intellectual property laws, and confidentiality procedures and contractual provisions such as nondisclosure terms and licenses, to protect our intellectual property.

We hold various United States patents and pending applications, together with corresponding patents and pending applications from other countries. It is possible that any patent owned by us will be invalidated, deemed unenforceable, circumvented or challenged, that the patent rights granted will not provide competitive advantages to us, or that any of our pending or future patent applications will not be granted. In addition, other intellectual property laws or our confidentiality procedures and contractual provisions may not adequately protect our intellectual property. Also, others may independently develop similar technology, duplicate our products, or design

around our patents or other intellectual property rights. Unauthorized parties have copied and may in the future attempt to copy aspects of our products or to obtain and use information that we regard as proprietary. Any of these events could adversely affect our business, financial condition and operating results.

Product quality issues could adversely affect our reputation, business and our operating results.

The market for our products is characterized by rapidly changing technology and evolving industry standards. To remain competitive, we must continually introduce new products and technologies. The products that we sell could contain defects in design or manufacture. Defects could also occur in the products or components that are supplied to us. There can be no assurance we will be able to detect and remedy all defects in the hardware and software we sell. Failure to do so could result in product recalls, product liability claims and litigation, product redesign efforts, lost revenue, loss of reputation, and significant warranty and other expenses to remedy.

While we maintain reserves for reasonably estimable liabilities and purchase liability insurance, our reserves may not be adequate to cover such claims and liabilities and our insurance is subject to deductibles and may not be adequate to cover such claims and liabilities. Furthermore, our contracts with distributors and retailers may contain warranty, indemnification and other provisions related to product quality issues, and claims under those provisions may adversely affect our business and operating results.

Significant disruptions in, or breaches in security of, our websites or information technology systems could adversely affect our business.

As a consumer electronics company, our websites are an important presentation of our company, identity and brands and an important means of interaction with and source of information for consumers of our products. We also rely on our centralized information technology systems for product-related information and to store intellectual property, forecast our business, maintain financial records, manage operations and inventory, and operate other critical functions. We allocate significant resources to maintain our information technology systems and deploy network security, data encryption, training and other measures to protect against unauthorized access or misuse. Nevertheless, our websites and information technology systems are susceptible to damage, disruptions or shutdowns due to power outages, hardware failures, structural or operational failures, computer viruses, attacks by computer hackers, other data security issues, telecommunication failures, user error, malfeasance, catastrophes, system or software upgrades, integration or migration, or other foreseeable and unforeseen events. From time to time, we and our suppliers have identified vulnerabilities or other issues that we believe have been addressed, and we expect such issues to continue to arise. Moreover, due to the COVID-19 pandemic, there is an increased risk that we may experience security breach related incidents as a result of our employees, service providers, and third parties working remotely on less secure systems. Breaches or disruptions of our websites or information technology systems, breaches of confidential information, data corruption or other data security issues could adversely affect our brands, reputation, relationships with customers or business partners, or consumer or investor perception of our company, business or products or result in disruptions of our operations, loss of intellectual property or our customers' or our business partners' data, reduced value of our investments in our brands, design, research and development or engineering, or costs to address regulatory inquiries or actions or private litigation, to respond to customers or partners or to rebuild or restore our websites or information technology systems.

The collection, storage, transmission, use and distribution of user data could give rise to liabilities and additional costs of operation as a result of laws, governmental regulation and risks of security breaches.

In connection with certain of our products, we collect data related to our consumers. This information is increasingly subject to legislation and regulations in numerous jurisdictions around the world, and especially in Europe. For example, the European Union adopted the General Data Protection Regulation (GDPR), which is applicable to us and to all companies processing data of European Union residents, became effective in May 2018 and imposes significant fines and sanctions for violation of the Regulation. Government actions are typically intended to protect the privacy and security of personal information and its collection, storage, transmission, use and distribution in or from the governing jurisdiction. In addition, because various jurisdictions have different laws and regulations concerning the use, storage and transmission of such information, we may face requirements that pose compliance challenges in existing markets as well as new international markets that we seek to enter. The collection of user data heightens the risk of security breaches and other data security issues related to our IT systems and the systems of third-party data storage and other service and IT providers. Such laws and regulations, and the variation between jurisdictions, as well as additional security measures and risk, could subject us to costs, allocation of additional resources, liabilities or negative publicity that could adversely affect our business.

In previous periods, we identified material weaknesses in our internal control over financial reporting and, if we are unable to satisfy regulatory requirements relating to internal controls or if our internal control over financial reporting is not effective, our business and stock price could be adversely affected.

In connection with Section 404 of the Sarbanes-Oxley Act and as recently as our audited financial statements for the fiscal year ended March 31, 2017, we have identified in the past and may, from time-to-time in the future, identify issues with our internal controls and deficiencies in our internal control over financial reporting. Certain of those material weaknesses resulted in late filings of and an amendment to our periodic reports and in restatements of our financial results. A material weakness indicates a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. If additional material weaknesses or significant deficiencies in our internal controls are discovered or occur in the future, our consolidated financial statements may contain material misstatements and we could be required to restate our financial results, we could be subject to litigation which, whether meritorious or not, remediation efforts could be time consuming, costly and/or divert significant operational resources, we could lose investor confidence in the accuracy and completeness of our financial reports, and our reputation, business, results of operations and stock price could be adversely affected.

We cannot ensure that our current share repurchase program will be fully utilized or that it will enhance long-term shareholder value. Share repurchases may also increase the volatility of the trading price of our shares. We similarly cannot ensure that we will continue to increase our dividend payments or to pay dividends at all. Share repurchases and dividends diminish our cash reserves.

In May 2020, our Board of Directors authorized a three-year $250.0 million repurchase program of our registered shares. We have also paid cash dividends and increased the size of our dividend, each year since fiscal year 2013. Our share repurchase program and dividend policy may be affected by many factors, including general business and economic conditions, our financial condition and operating results, our views on potential future capital requirements, restrictions imposed in any future debt agreements, the emergence of alternative investment or acquisition opportunities, changes in our business strategy, legal requirements, changes in tax laws, and other factors. Our share repurchase program does not obligate us to repurchase all or any of the dollar value of shares authorized for repurchase. The program could also increase the volatility of the trading price of our shares. Similarly, we are not obligated to pay dividends on our registered shares. Under Swiss law, we may only pay dividends upon the approval of a majority of our shareholders, which is under the discretion of and generally follows a recommendation by our Board of Directors that such a dividend is in the best interests of our shareholders. There can be no assurance that our Board of Directors will continue to recommend, or that our shareholders will approve, dividend increases or any dividend at all. If we do not pay a regular dividend, we may lose the interest of investors that focus their investments on dividend-paying companies, which could create downward pressure on our share price. Any announcement of termination or suspension of our share repurchase program or dividend may result in a decrease in our share price. The share repurchase program and payment of cash dividends could also diminish our cash reserves that may be needed for investments in our business, acquisitions or other purposes. Without dividends, the trading price of our shares must appreciate for investors to realize a gain on their investment.

Goodwill impairment charges could have an adverse effect on the results of our operations.

Goodwill associated with a number of previous acquisitions could result in impairment charges. The slowdown in the overall video conferencing industry together with the competitive environment in fiscal year 2013 resulted in a $214.5 million non-cash goodwill impairment charge in fiscal year 2013, which substantially impacted results of discontinued operations. We recorded an additional impairment charge of goodwill of $122.7 million related to our Lifesize video conferencing discontinued operations in fiscal year 2015, reducing its goodwill to zero, which substantially impacted results of discontinued operations again. If we divest or discontinue product categories or products that we previously acquired, or if the value of those parts of our business become impaired, we may need to evaluate the carrying value of our goodwill. Additional impairment charges could adversely affect our results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our headquarters is located in Lausanne, Switzerland, where we occupy approximately 50,500 square feet under a lease that expires in July 2020. Our principal corporate and administrative offices, which includes our headquarters in Lausanne, Switzerland, and corporate offices in Newark, California and Hsinchu, Taiwan, together make up approximately 286,000 square feet of leased space. Both our Lausanne, Switzerland and Newark, California locations serve our research and development, product marketing, sales management, technical support and administrative functions. Our Hsinchu, Taiwan location serves our mechanical engineering, process engineering, manufacturing support, quality assurance, design, research and development, and administrative functions. We maintain marketing and channel support offices in approximately 77 locations and 40 countries, with lease expiration dates from 2020 to 2031.

As of March 31, 2020, the majority of our properties are leased; however, we also own some of the manufacturing units and employee dormitories in Suzhou, China, from which we occupy approximately 722,000 square feet. We anticipate no difficulty in extending the leases of our facilities or obtaining comparable facilities in suitable locations. We also contract with various third-party distribution centers in North America, South America, Europe and Asia Pacific for additional warehouses in which we store inventory. We believe that our manufacturing and distribution facilities are adequate for our ongoing needs and we continue to evaluate the need for facilities to meet current and anticipated future requirements.

ITEM 3. LEGAL PROCEEDINGS

From time-to-time, we are involved in claims and legal proceedings that arise in the ordinary course of our business. We are currently subject to several such claims and a small number of legal proceedings. We believe that these matters lack merit and we intend to vigorously defend against them. Based on the currently available information, we do not believe that resolution of pending matters will have a material adverse effect on our financial condition, cash flows or results of operations. However, litigation is subject to inherent uncertainties, and there can be no assurances that our defenses will be successful or that any such lawsuit or claim would not have a material adverse impact on our business, financial condition, cash flows and results of operations in a particular period. Any claims or proceedings against us, whether meritorious or not, can have an adverse impact because of defense costs, diversion of management and operational resources, negative publicity and other factors. Any failure to obtain a necessary license or other rights, or litigation arising out of intellectual property claims, could adversely affect our business.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Logitech's shares are listed and traded on both the SIX Swiss Exchange, where the share price is denominated in Swiss francs and on the Nasdaq Global Select Market, where the share price is denominated in U.S. Dollars. The trading symbol for Logitech shares is LOGN on the SIX Swiss Exchange and LOGI on the Nasdaq Global Select Market. As of May 18, 2020, there were 173,106,620 shares issued (including 5,289,052 shares held as treasury stock) held by 17,146 holders of record, and the closing price of our shares was CHF 53.00 ($54.55 based on exchange rates on such date) per share on the SIX Swiss Exchange and $54.64 per share as reported by the Nasdaq Global Select Market.

Dividends

Under Swiss law, a corporation may only pay dividends upon a vote of its shareholders. This vote typically follows the recommendation of the corporation's Board of Directors. In May 2020, the Board of Directors recommended that the Company increase the cash dividend for fiscal year 2020 by approximately 10% to CHF 134.0 million ($138.7 million based on the exchange rate on March 31, 2020). On September 4, 2019, Logitech's shareholders approved a cash dividend payment of CHF 121.8 million out of retained earnings to Logitech's shareholders who owed shares on September 19, 2019. Eligible shareholders were paid CHF 0.73 per share ($0.74 per share in U.S. Dollars), totaling $124.2 million in U.S. Dollars on September 20, 2019. On September 5, 2018, Logitech's shareholders approved a cash dividend payment of CHF 110.7 million out of retained earnings to Logitech shareholders who owned shares on September 18, 2018. Eligible shareholders were paid CHF 0.67 per share ($0.69 per share in U.S. Dollars), totaling $114.0 million in U.S. Dollars on September 21, 2018.

Dividends paid and similar cash or in-kind distributions made by Logitech to a holder of Logitech shares (including dividends or liquidation proceeds and stock dividends), other than distributions of qualifying additional paid-in-capital if it is available under the current Swiss tax regime, are subject to a Swiss federal anticipatory tax at a rate of 35%. The anticipatory tax must be withheld by Logitech from the gross distribution and paid to the Swiss Federal Tax Administration.

A Swiss resident holder and beneficial owner of Logitech shares may qualify for a full refund of the Swiss anticipatory tax withheld from such dividends. A holder and beneficial owner of Logitech shares who is a non-resident of Switzerland, but a resident of a country that maintains a double tax treaty with Switzerland, may qualify for a full or partial refund of the Swiss anticipatory tax withheld from such dividends by virtue of the provisions of the applicable treaty between Switzerland and the country of residence of the holder and beneficial owner of the Logitech shares.

In accordance with the tax convention between the United States and the Swiss Confederation (Treaty), a mechanism is provided whereby a U.S. resident (as determined under the Treaty), and U.S. corporations, other than U.S. corporations having a "permanent establishment" or a fixed base, as defined in the Treaty, in Switzerland, generally can obtain a refund of the Swiss anticipatory tax withheld from dividends in respect of Logitech shares, to the extent that 15% of the gross dividend is withheld as final withholding tax (i.e. 20% of the gross dividend may generally be refunded). In specific cases, U.S. companies not having a "permanent establishment" or a fixed base in Switzerland owning at least 10% of Logitech registered shares may receive a refund of the Swiss anticipatory tax withheld from dividends to the extent it exceeds 5% of the gross dividend (i.e., 30% of the gross dividend may be refunded). To get the benefit of a refund, holders must beneficially own Logitech shares at the time such dividend becomes due.

Share Repurchases

In fiscal year 2020, the following approved share buyback program was in place (in thousands):

Share Buyback Program	Approved Shares (1)	Approved Amounts
March 2017	17,311	$ 250,000

(1) The approval of our share buyback programs by the Swiss Takeover Board limits the number of shares that we may repurchase to no more than 10% of our authorized share capital and voting rights.

The following table presents certain information related to purchases made by Logitech of its equity securities under its publicly announced share buyback programs (in thousands, except per share amounts):

During Fiscal Year Ended	Shares Repurchased	Weighted Average Price Per Share		Remaining Amount that May Yet Be Repurchased under the Program
		CHF (LOGN)	USD (LOGI)	
March 31, 2018	863	34.53	—	$ 219,893
March 31, 2019	808	39.58	—	$ 187,433
March 31, 2020	1,251	38.91	—	$ 137,386

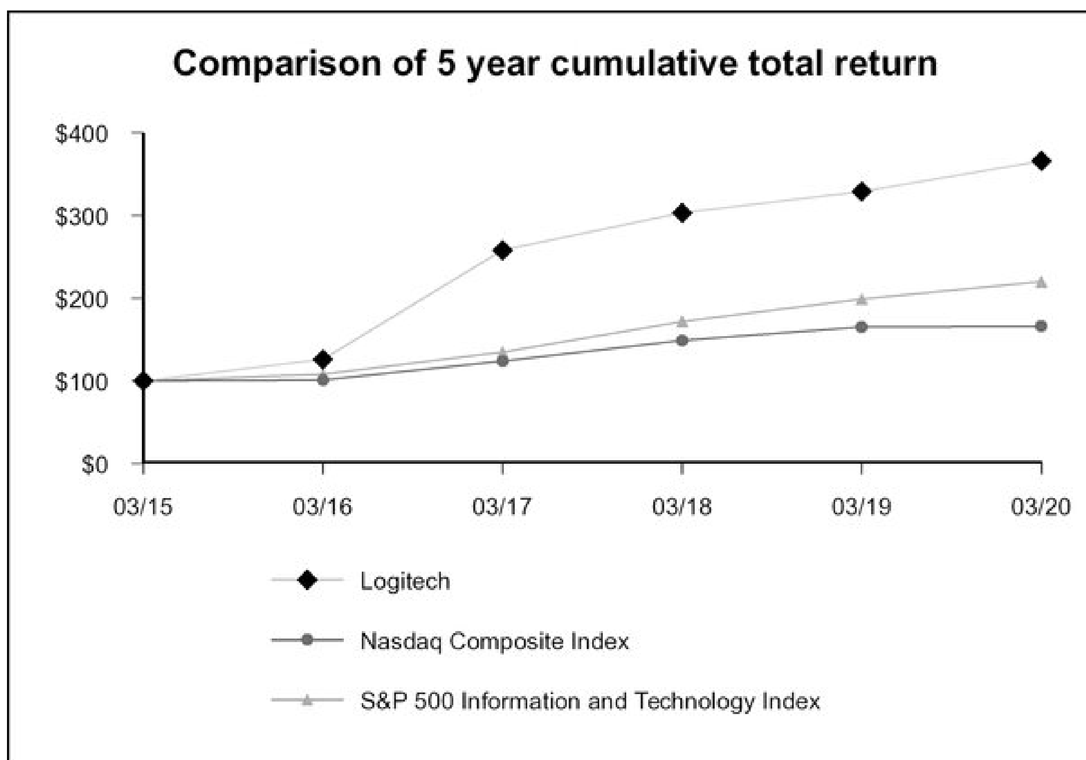
During the three months ended March 31, 2020	Total Number of Shares Repurchased	Weighted Average Price Paid Per Share		Remaining Amount that May Yet Be Repurchased under the Program
		CHF (LOGN)	USD (LOGI)	
Month 1				
December 28, 2019 to January 24, 2020	—	—	—	$ 172,409
Month 2				
January 26, 2020 to February 21, 2020	228	43.03	—	162,432
Month 3				
February 23, 2020 to March 31, 2020	634	37.32	—	137,386
	862	38.83	—	$ 137,386

The 2017 share buyback program expired in April 2020.

Performance Graph

The information contained in the Performance Graph shall not be deemed to be "soliciting material" or "filed" with the SEC or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act of 1933, as amended (the Securities Act), or the Exchange Act.

The following graph compares the cumulative total stockholder return on our shares, the Nasdaq Composite Index, and the S&P 500 Information and Technology Index. The graph assumes that $100 was invested in our LOGI shares, the Nasdaq Composite Index and the S&P 500 Information and Technology Index on March 31, 2015, and calculates the annual return through March 31, 2020. The stock price performance on the following graph is not necessarily indicative of future stock price performance.



*$100 invested on March 31, 2015, in stock or index, including reinvestment of dividends.
Copyright© 2020 Standard & Poor's, a division of S&P Global. All rights reserved.

	March 31,					
	2015	2016	2017	2018	2019	2020
Logitech	$ 100	$ 126	$ 258	$ 303	$ 329	$ 366
Nasdaq Composite Index	$ 100	$ 101	$ 124	$ 149	$ 165	$ 166
S&P 500 Information and Technology Index	$ 100	$ 108	$ 135	$ 172	$ 199	$ 220

ITEM 6. Selected Financial Data

This financial data should be read in conjunction with Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations. These historical results are not necessarily indicative of the results to be expected in the future.

	Years ended March 31,				
	2020[1]	2019	2018	2017	2016
	(in thousands, except for per share amounts)				
Consolidated statement of operations and cash flow data					
Net sales	$ 2,975,851	$ 2,788,322	$ 2,566,863	$ 2,221,427	$ 2,018,100
Operating income	$ 276,495	$ 263,194	$ 229,733	$ 211,860	$ 129,058
Net income from continuing operations[1]	$ 449,723	$ 257,573	$ 208,542	$ 205,876	$ 128,362
Loss from discontinued operations [2]	$ —	$ —	$ —	$ —	$ (9,045)
Net income	$ 449,723	$ 257,573	$ 208,542	$ 205,876	$ 119,317
Net income (loss) per share - basic:					
Continuing operations	$ 2.70	$ 1.56	$ 1.27	$ 1.27	$ 0.79
Discontinued operations	$ —	$ —	$ —	$ —	$ (0.06)
Net income per share - basic	$ 2.70	$ 1.56	$ 1.27	$ 1.27	$ 0.73
Net Income (loss) per share - diluted:					
Continuing operations	$ 2.66	$ 1.52	$ 1.23	$ 1.24	$ 0.77
Discontinued operations	$ —	$ —	$ —	$ —	$ (0.05)
Net income per share - diluted	$ 2.66	$ 1.52	$ 1.23	$ 1.24	$ 0.72
Cash dividend per share	$ 0.74	$ 0.69	$ 0.63	$ 0.57	$ 0.53
Net cash provided by operating activities	$ 425,000	$ 305,181	$ 346,261	$ 288,389	$ 185,195
Net cash used in investing activities [3]	$ (130,234)	$ (173,345)	$ (128,704)	$ (99,679)	$ (59,975)

	March 31,				
	2020	2019	2018	2017	2016[4]
Consolidated balance sheet data					
Cash and cash equivalents	$ 715,566	$ 604,516	$ 641,947	$ 547,533	$ 519,195
Total assets	$ 2,363,474	$ 2,024,124	$ 1,743,157	$ 1,498,677	$ 1,324,147
Total shareholders' equity	$ 1,489,268	$ 1,176,339	$ 1,050,557	$ 856,111	$ 759,948

(1) On March 10, 2020, TRAF was enacted in the canton of Vaud in Switzerland to take effect as of January 1, 2020. TRAF specifies mandatory and voluntary provisions that are implemented through the modification of the cantonal tax law. Major mandatory federal tax provisions include abolishment of preferential cantonal tax regimes, introduction of patent box regime and tax-free step-up of intangible assets, including goodwill created under a privileged tax regime. We have benefited from a longstanding tax ruling from the canton of Vaud through December 31, 2019. We reached an agreement with the Vaud Tax Administration that would allow for a tax step-up of goodwill to be amortized over ten years beginning on January 1, 2020 as a transition measure. We recorded an income tax benefit of $151.7 million, net of unrecognized tax benefits to account for the book and tax basis difference of the step-up upon enactment.

(2) On December 28, 2015, we divested our Lifesize video conferencing business and, as a result, we have reflected the Lifesize video conferencing business as discontinued operations in our consolidated statements of operations data above for all periods noted. Historical cash flows from discontinued operations were not material and are included in the cash flow data above.

(3) The line item previously called "change in restricted cash" has been eliminated from the statements of cash flows and instead restricted cash has been included in the cash, cash equivalents and restricted cash line items to conform to the consolidated statements of cash flows for fiscal year 2019 and fiscal year 2020 due to the adoption of ASU 2016-18. The impact was not material.

(4) The above consolidated cash and cash equivalents exclude Lifesize video conferencing business.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these statements as a result of certain factors, including those set forth above in Item 1A, Risk Factors, and below in Item 7A, Quantitative and Qualitative Disclosures about Market Risk. Please read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and related notes included under Item 8 of this Annual Report on Form 10-K.

Overview of Our Company

Logitech is a world leader in designing, manufacturing and marketing products that help connect people to digital and cloud experiences. More than 35 years ago, Logitech created products to improve experiences around the personal computer (PC) platform, and today it is a multi-brand, multi-category company designing products that enable better experiences consuming, sharing and creating digital content such as computing, gaming, video and music, whether it is on a computer, mobile device or in the cloud. Logitech's brands include Logitech, Logitech G, ASTRO Gaming, Streamlabs, Ultimate Ears, Jaybird, and Blue Microphones. Our Company's website is www.logitech.com.

Our products participate in five large market opportunities: Creativity & Productivity, Gaming, Video Collaboration, Music and Smart Home. We sell our products to a broad network of domestic and international customers, including direct sales to retailers and e-tailers, and indirect sales through distributors. Our worldwide channel network includes consumer electronics distributors, retailers, mass merchandisers, specialty stores, computer and telecommunications stores, value-added resellers and online merchants.

From time to time, we may seek to partner with or acquire when appropriate companies that have products, personnel, and technologies that complement our strategic direction. We continually review our product offerings and our strategic direction in light of our profitability targets, competitive conditions, changing consumer trends and the evolving nature of the interface between the consumer and the digital world.

On October 31, 2019, the Company acquired all equity interests in General Workings, Inc. (Streamlabs) for a total consideration of $105.7 million, which included a working capital adjustment, plus additional contingent consideration of $29.0 million payable in stock only upon the achievement of certain net revenues for the period beginning on January 1, 2020 and ending on June 30, 2020 (the Streamlabs Acquisition). Streamlabs is a leading provider of software and tools for professional streamers. The Streamlabs Acquisition is complementary to the Company's gaming portfolio.

On August 21, 2018, we acquired all equity interests in Blue Microphones Holding Corporation (Blue Microphones) for a total consideration of $134.8 million in cash, which included a working capital adjustment and repayment of debt on behalf of Blue Microphones (the Blue Microphones Acquisition). Blue Microphones is a leading audio manufacturer that designs and produces microphones, headphones, recording tools, and accessories for audio professionals, musicians and consumers. The Blue Microphones Acquisition supplements our product portfolio.

Impacts of COVID-19 to Our Business

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continues to spread throughout the world. The spread of COVID-19 has caused public health officials to recommend precautions to mitigate the spread of the virus and, in certain markets in which we operate, government authorities have issued orders that require the closure of non-essential businesses and people to be quarantined or to shelter-at-home. The COVID-19 pandemic has significantly curtailed global economic activity, caused significant volatility and disruption in global financial and commercial markets, and is likely to lead to recessionary conditions for an indeterminate amount of time. We are conducting our business with substantial modifications, such as employee work locations and virtualization among other changes. We are continuing to actively monitor the situation and may take further actions that alter our business operations as may be required by federal, state or local authorities in the countries in which we operate, or that we determine are in the best interest of our employees, customers, partners, suppliers or shareholders. It is not clear what the potential effects of COVID-19 or any such modifications or alterations may have on our business, results of operations, financial operations, financial condition and stock price.

During February 2020, following the initial outbreak of COVID-19 in China, we experienced disruptions to our manufacturing, supply chain and logistics services, resulting in temporary inventory declines and an increase in logistics costs. We expect the increased logistics costs and adverse effects on our gross margins from COVID-19 to continue at least during the first half of fiscal year 2021. However, due to the ongoing shelter-at-home requirements or recommendations in many countries, there was high demand and consumption of our products. It is difficult to predict the progression, the duration and all of the effects of COVID-19, when business closure and shelter at home guidelines may be eased or lifted, and how consumer demand, inventory and logistical effects and costs may evolve over time, or the impact on our future sales and results of operations. Some of this impact will undoubtedly occur over multiple financial periods and may have a lag effect between periods, such as what we are able to manufacture in one period affecting sales, channel inventory or logistics costs in subsequent periods. The full extent of the impact of COVID-19 on our business and our operational and financial performance is currently uncertain and will depend on many factors outside our control. For additional information, see "*Liquidity and Capital resources*" below and "*Item IA: Risk Factors*", including under the caption "*The full effect of the COVID-19 pandemic is uncertain and cannot be predicted, and the Company's business, results of operations and financial condition could be adversely affected by the COVID-19 pandemic.*"

Summary of Financial Results

Our total sales for fiscal year 2020 increased 7% in comparison to fiscal year 2019. The growth was broad-based across our regions and across most of our product categories. The results of operations for Streamlabs have been included in our consolidated statements of operations from the acquisition date.

Sales for fiscal year 2020 increased 8%, 9% and 2% in the Americas, EMEA and Asia Pacific, respectively, in comparison to fiscal year 2019.

Gross margin increased by 50 basis points to 37.7% during fiscal year 2020, compared to fiscal year 2019. The increase in gross margin was primarily driven by favorable product mix and benefits from cost savings and operational efficiencies, partially offset by unfavorable currency exchange rates, an increase in U.S.-China tariffs and COVID-19 related costs primarily due to disruptions and higher costs in our manufacturing, supply chain and logistics operations and outsourced services.

Operating expenses for fiscal year 2020 were $845.9 million, or 28.4% of sales, compared to $773.8 million, or 27.8% of sales, for fiscal year 2019. The increase in operating expenses was primarily driven by $39.0 million higher personnel-related costs due to additional headcount from business acquisitions as well as from S&M and R&D departments to support business growth, $13.9 million higher third-party costs primarily in S&M and R&D to support our long-term growth opportunities, $3.3 million higher amortization of intangible assets from the business acquisitions, and a $23.2 million change in fair value of contingent consideration from the Streamlabs Acquisition, partially offset by a decrease of $11.2 million in restructuring charges as we substantially completed our restructuring plan in the first quarter of fiscal year 2020.

Income tax benefit for fiscal year 2020 was impacted by $153.2 million from the measurement of deferred tax assets and liabilities, net of assessment of uncertain tax positions in Switzerland as a result of the enactment of TRAF in the canton of Vaud in Switzerland during the fourth quarter of fiscal year 2020.

Net income for fiscal year 2020 was $449.7 million, compared to $257.6 million for fiscal year 2019.

Trends in Our Business

Our products participate in five large multi-category market opportunities, including Creativity & Productivity, Gaming, Video Collaboration, Music and Smart Home. We see opportunities to deliver growth with products in all these markets. The following discussion represents key trends specific to our market opportunities.

Trends Specific to Our Five Market Opportunities

Creativity & Productivity: New PC shipments remain lackluster but the installed base of PC users remains large. We believe that innovative PC peripherals, such as our mice and keyboards, can renew the PC usage experience, thus providing growth opportunities. Increasing adoption of various cloud-based applications has led to multiple unique consumer use cases, which we are addressing with our innovative product portfolio and a deep understanding of our customer base. The increasing popularity of streaming and broadcasting, as well as the rising work-from-home trend, provides additional growth opportunities for our webcam products, as well as other products in our portfolio. Smaller mobile computing devices, such as tablets, have created new markets and usage models for peripherals and accessories. We offer a number of products to enhance the use of mobile devices, including a

combo backlit keyboard case for the iPad Pro and keyboard folios for other iPad models. In fiscal year 2020, we achieved our third consecutive year of growth in our Tablet & Other Accessories category.

Gaming: The PC gaming and console gaming platforms continue to show strong structural growth opportunities as online gaming, multi-platform experiences, and esports gain greater popularity and gaming content becomes increasingly more demanding and social. In fiscal year 2020, the gaming headset market has declined due to challenging comparisons against the launch of the game Fortnite in fiscal year 2019, which boosted gaming product market demand in fiscal year 2019. The new console refresh cycle during the holiday season of 2020 is expected to drive subsequent growth opportunities for our ASTRO family of headsets and controllers. We believe Logitech is well positioned to benefit from the overall gaming market growth. With ASTRO Gaming, we also strengthened our portfolio in adjacent categories, such as the console controller market. Our recent acquisition of Streamlabs provides a solid platform to deliver recurring services and subscriptions to gamers.

Video Collaboration: The near and long-term structural growth opportunities in the video collaboration market have never been more relevant than in today's environment, as commercial and consumer adoption of video has seen explosive growth in recent months. Video meetings are on the rise, and companies increasingly want lower-cost, cloud-based solutions that can provide their employees with the ability to work from anywhere. We are continuing our efforts to create and sell innovative products to accommodate the increasing demand from medium and large-sized meeting rooms to small-sized rooms such as huddle rooms. We will continue to invest in select business-specific products (both hardware and software), targeted product marketing and sales channel development.

Music: The mobile speaker market has remained weak, although the consumption of music continues to grow. The integration of personal voice assistants has become increasingly competitive in the speaker categories, but the market for third-party, voice-enabled speakers has not yet gained traction. Moreover, the market for mobile speakers appears to be maturing, which led to a decline in Ultimate Ears sales in the past two years. In fiscal year 2020, the wireless headphone industry continued to flourish with strong revenue growth. The largest growth was in true wireless headphones where the market tripled year-over-year while traditional wireless headphones have declined significantly. Continued growth in the wireless headphone market is expected for the next several years as consumers increasingly adopt wireless headphones over wired headphones. With Blue Microphones, we strengthened our portfolio in adjacent categories, such as the microphones market.

Smart Home: Our remote business declined substantially in fiscal year 2020, offset by growth in our Circle 2 family of security cameras. In general, the space is under pressure as the way people consume content is changing. We will continue to explore other innovative experiences for the Smart Home category.

Business Seasonality, Product Introductions and Business Acquisitions

We have historically experienced higher sales in our third fiscal quarter ending December 31, compared to other fiscal quarters in our fiscal year, primarily due to the increased consumer demand for our products during the year-end holiday buying season and year-end spending by enterprises. Additionally, new product introductions and business acquisitions can significantly impact sales, product costs and operating expenses. Product introductions can also impact our sales to distribution channels as these channels are filled with new product inventory following a product introduction, and often channel inventory of an earlier model product declines as the next related major product launch approaches. Sales can also be affected when consumers and distributors anticipate a product introduction or changes in business circumstances. However, neither historical seasonal patterns nor historical patterns of product introductions should be considered reliable indicators of our future pattern of product introductions, future sales or financial performance. Furthermore, cash flow is correspondingly lower as we typically build inventories in advance for the third quarter and we pay an annual dividend following our Annual General Meeting, which is typically in September.

Swiss Federal Tax Reform

As we described above, the canton of Vaud in Switzerland enacted TRAF on March 10, 2020 which took effect as of January 1, 2020. Our cash tax payments have increased in Switzerland beginning in fiscal year 2020 as a result of our transition out of our longstanding tax ruling from the canton of Vaud.

Critical Accounting Estimates

The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires us to make judgments, estimates, and assumptions that affect reported amounts of assets, liabilities, sales and expenses, and the disclosure of contingent assets and liabilities.

We consider an accounting estimate critical if it: (i) requires management to make judgments and estimates about matters that are inherently uncertain; and (ii) is important to an understanding of our financial condition and operating results.

We base our estimates on historical experience and on various other assumptions we believe to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions that may impact us in the future, actual results could differ from those estimates. Management has discussed the development, selection and disclosure of these critical accounting estimates with the Audit Committee of the Board of Directors.

We believe the following accounting estimates are most critical to our business operations and to an understanding of our financial condition and results of operations and reflect the more significant judgments and estimates used in the preparation of our consolidated financial statements.

Accruals for Customer Programs and Product Returns

We record accruals for cooperative marketing, customer incentive, pricing programs (Customer Programs) and product returns. The estimated cost of these programs is usually recorded as a reduction of revenue. Significant management judgments and estimates must be used to determine the cost of these programs in any accounting period. Certain Customer Programs require management to estimate the percentage of those programs that will not be claimed or will not be earned by customers based on historical experience and on the specific terms and conditions of particular programs. The percentage of these customer programs that will not be claimed or earned is commonly referred to as "breakage". If we receive a separately identifiable benefit from a customer and can reasonably estimate the fair value of that benefit, the cost of the Customer Programs is recognized in operating expenses.

Cooperative Marketing Arrangements. We enter into customer marketing programs with many of our customers, and with certain indirect partners, allowing customers to receive a credit equal to a set percentage of their purchases of our products, or a fixed dollar credit for various marketing programs. The objective of these arrangements is to encourage advertising and promotional events by our customers to increase sales of our products.

Customer Incentive Programs. Customer incentive programs include performance-based incentives and consumer rebates. We offer performance-based incentives to our customers and indirect partners based on pre-determined performance criteria. Consumer rebates are offered from time to time at our discretion for the primary benefit of end-users.

Cooperative marketing arrangements and customer incentive programs are considered variable consideration, which we estimate and record as a reduction to revenue at the time of sale based on negotiated terms, historical experiences, forecasted incentives, the anticipated volume of future purchases, and inventory levels in the channel.

Pricing Programs. We have agreements with certain customers that contain terms allowing price protection credits to be issued in the event of a subsequent price reduction. At our discretion, we also offer special pricing discounts to certain customers. Special pricing discounts are usually offered only for limited time periods or for sales of selected products to specific indirect partners. Our decision to make price reductions is influenced by product life cycle stage, market acceptance of products, the competitive environment, new product introductions and other factors. Accruals for estimated expected future pricing actions are recognized at the time of sale based on analysis of historical pricing actions by customer and by product, inventories owned by and located at distributors and retailers, current customer demand, current operating conditions, and other relevant customer and product information, such as stage of product life-cycle.

Product Returns. We grant limited rights to return products. Return rights vary by customer and range from just the right to return the defective product to stock rotation rights limited to a percentage of sales approved by management. Estimates of expected future product returns are recognized at the time of sale based on analyses of historical return trends by the customer and by product, inventories owned by and located at customers, current customer demand, current operating conditions, and other relevant customer and product information. Upon recognition, we reduce sales and cost of goods sold for the estimated return. Return trends are influenced by product life cycle status, new product introductions, market acceptance of products, sales levels, product sell-through, the type of customer, seasonality, product quality issues, competitive pressures, operational policies and procedures, and other factors. Return rates can fluctuate over time but are sufficiently predictable to allow us to estimate expected future product returns.

We apply a breakage rate to reduce our accruals of Customer Programs based on the estimated percentage of these customer programs that will not be claimed or earned. The breakage rate is applied at the time of sale. Significant management judgments and estimates are used to determine the breakage of the programs in any accounting period.

We regularly evaluate the adequacy of our accruals for Customer Programs and product returns. Future market conditions and product transitions may require us to take action to increase such programs. In addition, when the variables used to estimate these costs change, or if actual costs differ significantly from the estimates, we would be required to record incremental increases or reductions to revenue or operating expenses.

Inventory Valuation

We must order components for our products and build inventory in advance of customer orders. Further, our industry is characterized by rapid technological change, short-term customer commitments and rapid changes in demand.

We record inventories at the lower of cost and net realizable value and record write-downs of inventories that are obsolete or in excess of anticipated demand or net realizable value. A review of inventory is performed each fiscal quarter that considers factors including the marketability and product lifecycle stage, product development plans, component cost trends, historical sales, and demand forecasts that consider the assumptions about future demand and market conditions. Inventory on hand that is not expected to be sold or utilized is considered excess, and we recognize the write-down in the cost of goods sold at the time of such determination. The write-down is determined by the excess of cost over net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. At the time of loss recognition, new cost basis per unit and the lower-cost basis for that inventory are established and subsequent changes in facts and circumstances would not result in an increase in the cost basis. If there is an abrupt and substantial decline in demand for Logitech's products or an unanticipated change in technological or customer requirements, we may be required to record additional write-downs that could adversely affect gross margins in the period when the write-downs are recorded.

Share-Based Compensation Expense

The grant date fair value for stock options and stock purchase rights is estimated using the Black-Scholes-Merton option-pricing valuation model. The grant date fair value of restricted stock units (RSUs) that vest upon meeting certain market conditions is estimated using the Monte-Carlo simulation method. The grant date fair value of time-based RSUs and RSUs with performance conditions is calculated based on the closing market price on the date of grant, adjusted by estimated dividends yield prior to vesting.

Our estimates of share-based compensation expense require a number of complex and subjective assumptions including our stock price volatility, the probability of achievement of the set performance conditions, dividend yield, related tax effects, and the selection of an appropriate fair value model. We estimate expected share price volatility based on historical volatility using daily prices over the term of options, RSUs or purchase offerings, as we consider historical share price volatility as most representative of future volatility. The dividend yield assumption is based on our history and expectations of future dividend payouts.

The assumptions used in calculating the fair value of share-based compensation expense and related tax effects represent our best estimates, but these estimates involve inherent uncertainties and the application of management judgments. As a result, if factors change and we use different assumptions, or if we decide to use a different valuation model, our share-based compensation expense could be materially different in the future from what we have recorded in the current period, which could materially affect our results of operations.

Accounting for Income Taxes

We operate in multiple jurisdictions and our profits are taxed pursuant to the tax laws of these jurisdictions. Our effective income tax rate may be affected by the changes in or interpretations of tax laws and tax agreements in any given jurisdiction, utilization of net operating loss and tax credit carryforwards, changes in geographical mix of income and expense, and changes in our assessment of matters such as the ability to realize deferred tax assets. As a result of these considerations, we must estimate income taxes in each of the jurisdictions in which we operate. This process involves estimating current tax exposure together with assessing temporary differences resulting from the different treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in the consolidated balance sheet.

We assess the likelihood that our deferred tax assets will be recovered from future taxable income, considering all available evidence such as historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing prudent and feasible tax strategies. When we determine that it is not more likely than not that we will realize all or part of our deferred tax assets, an adjustment is charged to earnings in the period when such determination is made. Likewise, if we later determine that it is more likely than not that all or a part of our deferred tax assets would be realized, the previously provided valuation allowance would be reversed.

We make certain estimates and judgments about the application of tax laws, the expected resolution of uncertain tax positions and other matters surrounding the recognition and measurement of uncertain tax benefits. In the event that uncertain tax positions are resolved for amounts different than our estimates, or the related statutes of limitations expire without the assessment of additional income taxes, we will be required to adjust the amounts of the related assets and liabilities in the period in which such events occur. Such adjustments may have a material impact on our income tax provision and our results of operations.

Goodwill Impairment Analysis

We conduct a goodwill impairment analysis annually at December 31 or more frequently if indicators of impairment exist or if a decision is made to sell or exit a business. Refer to Note 11 to the consolidated financial statements included in this Annual Report on Form 10-K for the disclosures. Significant judgments are involved in determining if an indicator of impairment has occurred. Such indicators may include deterioration in general economic conditions, negative developments in equity and credit markets, adverse changes in the markets in which an entity operates, increases in input costs that have a negative effect on earnings and cash flows, a trend of negative or declining cash flows, a decline in actual or planned revenue or earnings compared with actual and projected results of relevant prior periods, or other relevant entity-specific events such as changes in management, key personnel, strategy or customers, contemplation of bankruptcy, or litigation. The fair value that could be realized in an actual transaction may differ from that used to evaluate the impairment of goodwill.

In reviewing goodwill for impairment, we have the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not (greater than 50%) that the estimated fair value of a reporting unit is less than its carrying amount. For the year ended March 31, 2020, we elected to perform a qualitative assessment and determined that impairment was not more likely than not and no further analysis was required. We also may elect not to perform the qualitative assessment and, instead, proceed directly to the quantitative impairment test. The ultimate outcome of the goodwill impairment review for a reporting unit should be the same whether an entity chooses to perform the qualitative assessment or proceeds directly to the quantitative impairment test. Goodwill is allocated among and evaluated for impairment at the reporting unit level, which is defined as an operating segment or one level below an operating segment. We currently have only one reporting unit.

Product Warranty Accrual

We estimate the cost of product warranties at the time the related revenue is recognized based on historical and projected warranty claim rates, historical and projected costs, and knowledge of specific product failures that are outside of our typical experience. Each fiscal quarter, we reevaluate estimates to assess the adequacy of recorded warranty liabilities. When we experience changes in warranty claim activity or costs associated with fulfilling those claims, the warranty liability is adjusted accordingly. If actual product failure rates or repair costs differ from estimates, revisions to the estimated warranty liabilities would be required and could materially affect our results of operations.

Business Acquisitions

Accounting for business acquisitions requires us to make significant estimates and assumptions, especially at the acquisition date with respect to tangible and intangible assets acquired and liabilities assumed and pre-acquisition contingencies. We use our best estimates and assumptions to accurately assign fair value to the tangible and intangible assets acquired and liabilities assumed at the acquisition date.

Examples of critical estimates in valuing certain intangible assets and goodwill we have acquired and liabilities we have assumed include but are not limited to:

- assumptions regarding royalty rate range and forecasted revenue growth rate;
- assumptions regarding the estimated useful life of the acquired intangibles;

- discount rates;
- projected risk-based net revenues forecast; and
- asset volatility.

Unanticipated events and circumstances may occur that may affect the accuracy or validity of such assumptions, estimates or actual results.

The economic useful life of the developed technology from the business acquisitions was determined based on the technology cycle related to developed technology of existing products, as well as the cash flows over the forecasted periods.

The economic useful life of the customer relationships from the business acquisitions was determined based on historical customer turnover rates and the industry benchmarks.

The economic useful life of the trademarks and trade names from the business acquisitions was determined based on the expected life of the trade names and the cash flows anticipated over the forecasted periods.

Adoption of New Accounting Pronouncements

Refer to Note 2 to the consolidated financial statements included in this Annual Report on Form 10-K for recent accounting pronouncements adopted and to be adopted.

Constant Currency

We refer to our net sales growth rates excluding the impact of currency exchange rate fluctuations as "constant currency" sales growth rates. Percentage of constant currency sales growth 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.

Given our global sales presence and the reporting of our financial results in U.S. Dollars, our financial results could be affected by significant shifts in currency exchange rates. See “Results of Operations” for information on the effect of currency exchange results on our sales. If the U.S. Dollar appreciates or depreciates in comparison to other currencies in future periods, this will affect our results of operations in future periods as well.

Reference to Sales

The term “sales” means net sales, except as otherwise specified and the sales growth discussion and sales growth rate percentages are in U.S. Dollars, except as otherwise specified.

Results of Operations

Net Sales

During fiscal year 2020, sales increased 7% in comparison to fiscal year 2019. If currency exchange rates had been constant in 2020 and 2019, our constant currency sales growth rate would have been 9%. We grew across most of our product categories, with double-digit growth in our Video Collaboration product category and strong growth in Keyboards & Combos, PC Webcams, and Gaming. Sales declined for Mobile Speakers and Smart Home product categories.

During fiscal year 2019, sales increased 9% in comparison to fiscal year 2018. If currency exchange rates had been constant in 2019 and 2018, our constant currency sales growth rate would have been 10%. We grew across most of our product categories, with double digits growth in our Gaming, Video Collaboration and Tablet & Other Accessories product categories and strong growth in Keyboards and Combos. Sales declined for Mobile Speakers and Smart Home product categories. Blue Microphones contributed approximately 2 percentage points to the net sales growth. The adoption of Topic 606 increased our sales for fiscal year 2019 by $3.7 million.

Sales Denominated in Other Currencies

Although our financial results are reported in U.S. Dollars, a portion of our sales was generated in currencies other than the U.S. Dollar, such as the Euro, Chinese Yuan, Japanese Yen, Canadian Dollar, Taiwan Dollar, British Pound and Australian Dollar. For each of the fiscal years 2020, 2019 and 2018, 50% of our sales were denominated in currencies other than the U.S. Dollar.

Sales by Region

The following table presents the change in sales by region for fiscal year 2020 compared with fiscal year 2019, and fiscal year 2019 compared with fiscal year 2018:

	2020 vs. 2019		2019 vs. 2018	
	Sales Growth Rate	Sales Growth Rate in Constant Currency	Sales Growth Rate	Sales Growth Rate in Constant Currency
Americas	8%	8%	6%	7%
EMEA	9	13	5	7
Asia Pacific	2	4	17	19

Americas

The increase in sales in fiscal year 2020 of 8% compared with fiscal year 2019 was driven by growth in Video Collaboration, Keyboards and Combos, Tablet & Other Accessories, Audio PC & Wearables, Gaming, Pointing Devices, and PC Webcams, partially offset by sales declines in Mobile Speakers and Smart Home.

The increase in sales in fiscal year 2019 of 6% compared with fiscal year 2018 was driven by growth in Gaming, Video Collaboration, Audio PC & Wearables, Keyboards and Combos, Tablet & Other Accessories and PC Webcams, partially offset by sales declines in Mobile Speakers, Smart Home and Pointing Devices.

EMEA

The increase in sales in fiscal year 2020 of 9% compared with fiscal year 2019 was driven by several of our product categories, with strength in Video Collaboration, Gaming, Mobile Speakers, and PC Webcams, partially offset by sales declines in Smart Home and Audio PC & Wearables.

The increase in sales in fiscal year 2019 of 5% compared with fiscal year 2018 was driven by several of our product categories, with strength in Video Collaboration, Gaming, Pointing Devices and Tablet & Other Accessories, partially offset by sales declines in Mobile Speakers and Smart Home.

Asia Pacific

The increase in sales in fiscal year 2020 of 2% compared with fiscal year 2019 was primarily driven by sales increases in Video Collaboration, Gaming, Keyboards and Combos and PC Webcams, partially offset by sales declines in Mobile Speakers, Audio PC & Wearables and Tablet and Other Accessories.

The increase in sales in fiscal year 2019 of 17% compared with fiscal year 2018 was primarily driven by sales increases in Video Collaboration, Keyboard & Combos and Pointing Devices, offset by sales declines in Mobile Speakers.

Sales by Product Categories

Sales by product categories for fiscal years 2020, 2019 and 2018 were as follows (Dollars in thousands):

	Years Ended March 31,			Change	
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
Pointing Devices	$ 544,519	$ 536,890	$ 516,637	1 %	4 %
Keyboards & Combos	571,720	536,619	498,472	7	8
PC Webcams	129,193	121,282	112,147	7	8
Tablet & Other Accessories	135,309	128,315	107,942	5	19
Video Collaboration	365,616	259,521	182,717	41	42
Mobile Speakers	221,791	230,378	314,817	(4)	(27)
Audio & Wearables	273,752	277,429	252,330	(1)	10
Gaming	690,174	648,130	491,995	6	32
Smart Home	43,404	49,344	89,373	(12)	(45)
Other [(1)]	373	414	433	(10)	(4)
Total Sales	$ 2,975,851	$ 2,788,322	$ 2,566,863	7	9

(1) Other category includes products which we currently intend to phase out, or have already phased out, because they are no longer strategic to our business.

Sales by Product Categories:

Creativity & Productivity market:

Pointing Devices

Our Pointing Devices category comprises PC- and Mac-related mice including trackballs touchpads and presenters.

During fiscal year 2020, Pointing Devices sales increased 1%, compared to fiscal year 2019. The increase was primarily driven by the increases in sales of cordless mice, partially offset by a decline in sales of our corded mice and presentation tools.

During fiscal year 2019, Pointing Devices sales increased 4%, compared to fiscal year 2018. The increase was primarily driven by the increases in sales of cordless mice and presentation tools. The increase in cordless mice was led by strong contribution from MX family of premium cordless mice, including the Vertical Wireless Mouse introduced in the second quarter of fiscal year 2019 as well as continued performance for MX Master 2S Wireless Mouse and B220 Silent Mouse.

Keyboards & Combos

Our Keyboards & Combos category comprises PC keyboards, living room keyboards and keyboard/mice combo products.

During fiscal year 2020, Keyboards & Combos sales increased 7%, compared to fiscal year 2019. The increase was primarily driven by an increase in sales of our cordless and corded keyboards and wireless keyboard/mice combos, partially offset by a decline in sales of our living room keyboard products.

During fiscal year 2019, Keyboards & Combos sales increased 8%, compared to fiscal year 2018. The increase was primarily driven by an increase in sales of wireless keyboard/mice combos, mainly from increased sales of our MK 540, MK270 and MK110 wireless combo, and an increase in sales of wireless PC keyboards.

PC Webcams

Our PC Webcams category comprises PC-based webcams targeted primarily at consumers.

During fiscal year 2020, PC Webcams sales increased 7%, compared to fiscal year 2019. The increase was primarily driven by an increase in sales of our Webcam C260, Logitech StreamCam launched in AMR and EMEA in the fourth quarter of fiscal year 2020, and C270i iPTV CAM, partially offset by a decline in sales of our Webcam C170.

During fiscal year 2019, PC Webcams sales increased 8%, compared to fiscal year 2018. The increase was primarily driven by the increases in sales of our HD Pro Webcam C920 and 1080 Pro Stream Webcam.

Tablet & Other Accessories

Our Tablet & Other Accessories category primarily comprises keyboards for tablets.

During fiscal year 2020, Tablet & Other Accessories sales increased 5%, compared to fiscal year 2019. The increase was primarily driven by the introduction of our Slim Folio Pro for the 11" and 12.9" iPad Pro introduced in the first quarter of fiscal year 2020 and sales of our Rugged Combo and Slim Folio for a newer generation of iPads introduced in the third quarter of fiscal year 2020, partially offset by a decline in sales of our Slim Folio for the 2017/2018 iPad and Slim Combos Keyboard cases for 10.5" iPad.

During fiscal year 2019, Tablet & Other Accessories sales increased 19%, compared to fiscal year 2018. The increase was primarily driven by the introduction of our Slim Folio keyboard cases, education-based Rugged Combo 2, Slim Combo keyboard cases, Crayon (a digital pencil) and POWERED (a wireless charging dock for iPhone) during fiscal year 2019.

Gaming market:

Gaming

Our Gaming category comprises gaming mice, keyboards, headsets, gamepads, steering wheels, simulation controllers, console gaming headsets, console gaming controllers, and Streamlabs services.

During fiscal year 2020, Gaming sales increased 6%, compared to fiscal year 2019. The increase was primarily driven by an increase in sales of our gaming mice, gaming keyboards, console gaming controllers, and gaming steering wheels, and sales from Streamlabs services as a result of our business combination (see Note 3 to the consolidated financial statements). The growth was partially offset by a decline in sales of our gaming headsets and console gaming headsets.

During fiscal year 2019, Gaming sales increased 32%, compared to fiscal year 2018. The increase was primarily driven by an increase in sales of our core PC gaming products, and ASTRO console gaming headsets, which benefited from the growing gaming market, growth in eSports, expansions in new channels and regions, and expansion in product portfolios. The increase for fiscal year 2019 was also driven by the fact that the acquisition of ASTRO closed on August 11, 2017, in the middle of our fiscal year 2018 second quarter, resulting in a partial comparative period impact. The growth was partially offset by a slight decline in our simulation products.

Video Collaboration market:

Video Collaboration

Our Video Collaboration category includes Logitech’s ConferenceCams, which combine affordable enterprise-quality audio and high definition (HD) 1080p video to bring video conferencing to businesses of any size.

During fiscal year 2020, Video Collaboration sales increased 41%, compared to fiscal year 2019. The increase was primarily due to increases in sales of our Rally Ultra-HD PTZ Conference Camera, our Tap Touch Controller introduced in the first quarter of fiscal year 2020 and our MeetUp video conference camera, partially offset by a decrease in sales of older generation products.

During fiscal year 2019, Video Collaboration sales increased 42%, compared to fiscal year 2018. The increase was primarily due to an increase in sales for our MeetUp and PTZ Pro 2 video conference cameras, our BRIO Pro Webcam, our C925E Webcam, and the introductions of our Rally and Rally Ultra-HD PTZ Conference Camera in the third quarter of fiscal year 2019.

Music market:

Mobile Speakers

Our Mobile Speakers category is made up entirely of Bluetooth wireless speakers.

During fiscal year 2020, Mobile Speakers sales decreased 4%, compared to fiscal year 2019. The decrease was primarily due to a decline in sales of our WONDERBOOM, BOOM 2, and MEGABLAST, partially offset by sales from the introduction of our WONDERBOOM 2 in the first quarter of fiscal year 2020 and an increase in sales of our BOOM 3.

During fiscal year 2019, Mobile Speakers sales decreased 27%, compared to fiscal year 2018. The decrease was primarily driven by declines in sales of our existing Ultimate Ears speakers. The decrease was partially offset by sales from the introductions of our Ultimate Ears MEGABOOM 3 and BOOM 3 mobile speakers in the second quarter of fiscal year 2019.

Audio & Wearables

Our Audio & Wearables category comprises PC speakers, PC headsets, in-ear headphones, premium wireless audio wearables and studio-quality microphones for professionals and consumers.

During fiscal year 2020, Audio & Wearables sales decreased 1%, compared to fiscal year 2019. The decrease was primarily driven by declines in sales of our PC Speakers and Jaybird traditional wireless products, partially offset by the growth in sales of our Blue Microphones products, as a result of our business combination in the second quarter of fiscal year 2019, and Jaybird True wireless products.

During fiscal year 2019, Audio & Wearables sales increased 10%, compared to fiscal year 2018. The increase was primarily driven by an increase in sales of our corded headsets and sales from Blue Microphones products as a result of our business combination (see Note 3 to the consolidated financial statements), partially offset by a decrease in sales of our PC speakers and Jaybird wireless in-ear headphones.

Smart Home market:

Smart Home

Our Smart Home category mainly comprises our Harmony line of advanced home entertainment controllers and home security cameras.

During fiscal year 2020, Smart Home sales decreased 12%, compared to fiscal year 2019. The decrease was primarily driven by an overall decline in sales in our Harmony remote products, partially offset by an increase in sales of our home security products.

During fiscal year 2019, Smart Home sales decreased 45%, compared to fiscal year 2018. The decrease was primarily due to a decline in sales of our Harmony remotes and home security cameras.

Gross Profit

Gross profit for fiscal years 2020, 2019 and 2018 was as follows (Dollars in thousands):

	Years Ended March 31,		
	2020	**2019**	**2018**
Net sales	$ 2,975,851	$ 2,788,322	$ 2,566,863
Gross profit	$ 1,122,381	$ 1,037,011	$ 909,241
Gross margin	37.7%	37.2%	35.4%

Gross profit consists of sales, less cost of goods sold (which includes materials, direct labor and related overhead costs, costs of manufacturing facilities, royalties, costs of purchasing components from outside suppliers, distribution costs, warranty costs, customer support costs, shipping and handling costs, outside processing costs and write-down of inventories), amortization of intangible assets and purchase accounting effect on inventory.

Gross margin increased by 50 basis points to 37.7% during fiscal year 2020, compared to fiscal year 2019. The increase in gross margin was primarily driven by favorable product mix and benefits from cost savings and operational efficiencies, partially offset by unfavorable currency exchange rates, an increase in U.S.-China tariffs and COVID-19 related costs primarily due to disruptions and higher costs in our manufacturing, supply chain and logistics operations and outsourced services.

Gross margin increased by 180 basis points to 37.2% during fiscal year 2019, compared to fiscal year 2018. The increase in gross margin was primarily driven by favorable product mix and cost reductions. In addition, extra costs incurred due to the transition of the distribution center in North America in the third quarter of fiscal year 2018 negatively affected the gross margin in fiscal year 2018.

Operating Expenses

Operating expenses for fiscal years 2020, 2019 and 2018 were as follows (Dollars in thousands):

	Years Ended March 31,		
	2020	2019	2018
Marketing and selling	$ 533,324	$ 488,263	$ 435,489
% of sales	17.9%	17.5%	17.0 %
Research and development	177,593	161,230	143,760
% of sales	6.0%	5.8%	5.6 %
General and administrative	94,015	98,732	96,353
% of sales	3.2%	3.5%	3.8 %
Amortization of intangible assets and acquisition-related costs	17,563	14,290	8,930
% of sales	0.6%	0.5%	0.3 %
Change in fair value of contingent consideration for business acquisition	23,247	—	(4,908)
% of sales	0.8%	—%	(0.2)%
Restructuring charges (credits), net	144	11,302	(116)
% of sales	—%	0.4%	— %
Total operating expenses	$ 845,886	$ 773,817	$ 679,508
% of sales	28.4%	27.8%	26.5 %

The increase in total operating expenses during fiscal year 2020, compared to fiscal year 2019, was due to increases in marketing and selling expenses, research and development expenses, fair value of contingent consideration recorded, and amortization of intangible assets from the business acquisitions, offset by decreases in restructuring charges and general and administrative expenses.

The increase in total operating expenses during fiscal year 2019, compared to fiscal year 2018, was due to increases in marketing and selling expenses, research and development expenses, restructuring charges, amortization of intangible assets from the business acquisitions, and a credit from the change in fair value of contingent consideration recorded in fiscal year 2018 for a business acquisition completed in fiscal year 2017.

Marketing and Selling

Marketing and selling expenses consist of personnel and related overhead costs, corporate and product marketing, promotions, advertising, trade shows, technical support for customer experiences and facilities costs.

During fiscal year 2020, marketing and selling expenses increased $45.1 million, compared to fiscal year 2019. The increase was primarily driven by an increase of $36.6 million in personnel-related costs due to increased headcount, partially resulting from the Blue Microphones and Streamlabs acquisitions and increased performance-based variable compensation and an increase of $7.2 million in third-party costs.

During fiscal year 2019, marketing and selling expenses increased $52.8 million, compared to fiscal year 2018. The increase was primarily driven by an increase of $25.4 million in third-party costs including advertising and marketing expenses to support our new products and an increase of $23.9 million in personnel-related costs due to increased headcount, partly due to the Blue Microphones Acquisition and increased performance-based variable compensation.

Research and Development

Research and development expenses consist of personnel and related overhead costs for contractors and outside consultants, supplies and materials, equipment depreciation and facilities costs, all associated with the design and development of new products and enhancements of existing products.

During fiscal year 2020, research and development expenses increased $16.4 million, compared to fiscal year 2019. The increases were primarily driven by an increase of $11.1 million in personnel-related costs due to

increased headcount, partially resulting from the Blue Microphones and Streamlabs acquisitions and an increase of $5.3 million in third-party costs.

During fiscal year 2019, research and development expenses increased $17.5 million, compared to fiscal year 2018. The increase was primarily due to an increase of $9.6 million in personnel-related costs for the development of new products and increased headcount, partially resulting from the Blue Microphones Acquisition, and an increase of $5.8 million in third-party costs.

General and Administrative

General and administrative expenses consist primarily of personnel and related overhead, information technology, and facilities costs for the infrastructure functions such as finance, information systems, executives, human resources and legal.

During fiscal year 2020, general and administrative expenses decreased $4.7 million, compared to fiscal year 2019. The decrease was primarily driven by a decrease of $8.8 million in personnel-related costs, partially offset by an increase of $2.4 million in infrastructure costs.

During fiscal year 2019, general and administrative expenses increased $2.4 million, compared to fiscal year 2018. The increase was primarily due to an increase of $2.8 million in personnel-related costs and an increase of $1.4 million in third-party costs including consulting costs, partially offset by a decrease of $1.9 million in infrastructure costs.

Amortization of Intangibles and Acquisition-Related Costs

Amortization of intangibles included in operating expense and acquisition-related costs during fiscal years 2020, 2019 and 2018 were as follows (in thousands):

	Years Ended March 31,		
	2020	2019	2018
Amortization of intangible assets	$ 16,073	$ 12,594	$ 7,518
Acquisition-related costs	1,490	1,696	1,412
Total	$ 17,563	$ 14,290	$ 8,930

Amortization of intangible assets consists of amortization of acquired intangible assets, including customer relationships and trademarks and trade names. Acquisition-related costs include legal expense, due diligence costs, and other professional costs incurred for business acquisitions.

The increase in amortization of intangible assets and acquisition-related costs from fiscal year 2019 to 2020 was primarily driven by the intangible assets acquired through the Blue Microphones acquisition in the second quarter of fiscal year 2019 and the Streamlabs Acquisition in the third quarter of fiscal year 2020. The increase in amortization of intangible assets from fiscal year 2018 to 2019 was primarily due to the Blue Microphones Acquisition in fiscal year 2019 and the ASTRO Acquisition in fiscal year 2018.

Change in Fair Value of Contingent Consideration for Business Acquisition

The change in fair value of contingent consideration resulted from the growth in Streamlabs' net sales since our acquisition and revised projected net sales in the remaining earn-out period.

The change in fair value of contingent consideration for business acquisition during fiscal year 2018 was primarily due to lower-than-expected sales of Jaybird products, and revised projected sales of Jaybird products during the remaining Jaybird Acquisition earn-out period, primarily driven by supply constraints, an evolving product portfolio and changes in the competitive target market.

In October 2017, Logitech and the sellers of Jaybird entered into an agreement fully, irrevocably and unconditionally releasing Logitech from the earn-out rights and payments in exchange for $5.0 million in cash.

Restructuring Charges (Credits)

The following table summarizes restructuring-related activities during fiscal years 2020, 2019 and 2018 from continuing operations (in thousands):

	Restructuring - Continuing Operations		
	Termination Benefits	Lease Exit Costs	Total
Accrual balance at March 31, 2017	$ 735	$ —	$ 735
Credits, net	(116)	—	(116)
Cash payments	(619)	—	(619)
Accrual balance at March 31, 2018	—	—	—
Charges, net	11,302	—	11,302
Cash payments	(6,913)	—	(6,913)
Accrual balance at March 31, 2019	4,389	—	4,389
Charges, net	144	—	144
Cash payments	(3,852)	—	(3,852)
Accrual balance at March 31, 2020	$ 681	$ —	$ 681

During the first quarter of fiscal year 2019, we implemented a restructuring plan to streamline and realign our overall organizational structure and reallocate resources to support long-term growth opportunities. In July 2018, the Board of Directors approved additional costs under this restructuring plan, totaling pre-tax charges of approximately $10.0 million to $15.0 million, of which 11.4 million has been recognized cumulatively as of March 31, 2020. The total charges consisted of cash severance and other personnel costs and are presented as restructuring charges (credits), net in the Consolidated Statements of Operations. As of June 30, 2019, the Company had substantially completed this restructuring plan.

The restructuring-related activities for the year ended March 31, 2018 include activities from our restructuring plan implemented in fiscal year 2016.

Interest Income

Interest income for fiscal years 2020, 2019 and 2018 was as follows (in thousands):

	Years Ended March 31,		
	2020	2019	2018
Interest Income	$ 9,619	$ 8,375	$ 4,969

We invest in highly liquid instruments with an original maturity of three months or less at the date of purchase, which are classified as cash equivalents. The increases in interest income for fiscal years 2020 and 2019 compared to the prior periods were both due to higher yield earned on those investments.

Other Income (Expense), Net

Other income and expense for fiscal years 2020, 2019 and 2018 was as follows (in thousands):

	Years Ended March 31,		
	2020	2019	2018
Investment income (loss) related to the deferred compensation plan	$ (831)	$ 664	$ 1,386
Currency exchange loss, net	(909)	(3,608)	(4,613)
Gain on investment, net	39,011	816	669
Other	941	1,692	121
Total	$ 38,212	$ (436)	$ (2,437)

Investment income (loss) related to the deferred compensation plan for fiscal years 2020, 2019 and 2018 represents earnings, gains, and losses on trading investments related to a deferred compensation plan offered by one of our subsidiaries.

Currency exchange loss, net relates to balances denominated in currencies other than the functional currency in our subsidiaries, as well as to the sale of currencies, and to gains or losses recognized on currency exchange forward contracts. We do not speculate in currency positions, but we are alert to opportunities to maximize currency exchange gains and minimize currency exchange losses.

Gain on investments, net, represents the realized gain on sales of investment, and unrealized gain (loss) from the fair value change on the available-for-sale securities and equity-method investments during the periods presented. On March 2, 2020, we sold our $5.5 million investment in a privately held company for a total proceeds of $45.3 million consisting of (i) $3.0 million in cash, of which $0.8 million is held in escrow, (ii) a 6% subordinated note with a principal amount of $8.4 million due in 5 years together with the interest, at a fair value of $7.4 million, and (iii) 33.9 million Series A preferred units and 33.9 million Series B common units in Marlin-SL Topco, LP ("Marlin"), representing an ownership interest of approximately 11.8%, with a face value of $33.9 million and fair value of $35.0 million, respectively. As a result, we recognized a gain of $39.8 million in the fourth quarter of fiscal year 2020.

The components of net periodic benefit cost other than the service cost component for the years ended March 31, 2020 and 2019 are included in the line “Other” above as a result of adopting ASU 2017-07 effective April 1, 2018. The impact to the comparative period was immaterial and therefore the prior period statements of operations were not revised.

Provision for (Benefit from) Income Taxes

The provision for (benefit from) income taxes and the effective income tax rate for fiscal years 2020, 2019 and 2018 were as follows (Dollars in thousands):

	Years Ended March 31,		
	2020	2019	2018
Provision for (benefit from) income taxes	$ (125,397)	$ 13,560	$ 23,723
Effective income tax rate	(38.7)%	5.0%	10.2%

The change in the effective income tax rate between fiscal years 2020 and 2019 was primarily due to the mix of income and losses in the various tax jurisdictions in which we operate and the income tax accounting impact from the enactment of TRAF in the canton of Vaud in Switzerland on March 10, 2020 to take effect as of January 1, 2020. We have benefited from a longstanding tax ruling from the canton of Vaud through December 31, 2019. We reached an agreement with the Vaud Tax Administration that would allow for a tax step-up of goodwill to be amortized over ten years beginning on January 1, 2020 as a transition measure. We recorded an income tax benefit of $151.7 million, net of unrecognized tax benefits to account for the book and tax basis difference of the step-up upon enactment. The deferred income tax benefit from other temporary differences resulting from the Swiss tax reform, net of three-month amortization of the tax step-up amounted to $1.5 million. The aggregate deferred income tax impact in fiscal year 2020 as a result of the enactment of TRAF was $153.2 million.

In addition, we recognized excess tax benefits from share-based payments, net of shortfalls of $6.4 million and $10.1 million in the United States and recognized income tax benefit from the reversal of uncertain tax positions from the expiration of statutes of limitations in the amount of $4.0 million and $2.9 million in fiscal years 2020 and 2019, respectively.

The change in the effective income tax rate between fiscal years 2019 and 2018 was primarily due to the mix of income and losses in the various tax jurisdictions in which we operate and provisional income tax accounting impact from the enactment of H.R.1, also known as the "Tax Cuts and Jobs Act" (the Tax Act) in the United States on December 22, 2017. The Tax Act reduced the corporate income tax rate in the United States from 35% to 21%. We recorded a provisional income tax charge of $21.7 million, net of valuation allowance against tax credits, in fiscal year 2018 to remeasure the deferred tax effects at 21%. Furthermore, we recognized $10.1 million and $13.4 million of excess tax benefits from share-based payments, net of shortfalls, in fiscal years 2019 and 2018, respectively. In the same periods, there were tax benefits of $2.9 million and $8.3 million, respectively, from the reversal of uncertain tax positions from the expiration of statutes of limitations.

As of March 31, 2020 and 2019, the total amounts of unrecognized tax benefits due to uncertain tax positions were $140.8 million and $76.5 million, respectively, all of which would affect the effective income tax rates if recognized.

As of March 31, 2020 and 2019, we had $40.8 million and $36.4 million, respectively, in non-current income taxes payable, including interest and penalties, related to our income tax liability for uncertain tax positions. We recognized $2.0 million, $0.6 million and $0.6 million in interest and penalties related to unrecognized tax positions in income tax expense during fiscal years 2020, 2019 and 2018, respectively. As of March 31, 2020 and 2019, we had $4.5 million and $2.5 million, respectively, of accrued interest and penalties related to uncertain tax positions.

We file Swiss and foreign tax returns. We received final tax assessments in Switzerland through fiscal year 2017. For other foreign jurisdictions such as the United States, we are generally not subject to tax examinations for years prior to fiscal year 2017. We are under examination and have received assessment notices in foreign tax jurisdictions. If the examinations are resolved unfavorably, there is a possibility that they may have a material negative impact on our results of operations.

Liquidity and Capital Resources

Cash Balances, Available Borrowings, and Capital Resources

As of March 31, 2020, we had cash and cash equivalents of $715.6 million, compared with $604.5 million as of March 31, 2019. Our cash and cash equivalents consist of bank demand deposits and short-term time deposits, of which 75% is held in Switzerland and 11% is held in China (including Hong Kong). We do not expect to incur any material adverse tax impact, except for what has been recognized, or be significantly inhibited by any country in which we do business from the repatriation of funds to Switzerland, our home domicile.

As of March 31, 2020, our working capital was $700.3 million, compared with working capital of $632.6 million as of March 31, 2019. The increase in working capital over fiscal year 2019 was primarily due to higher balances of cash and cash equivalents, higher accounts receivable, net, and lower balance of accounts payable, partially offset by lower inventories and higher accrued and other liabilities.

We had several uncommitted, unsecured bank lines of credit aggregating to $81.4 million as of March 31, 2020. There are no financial covenants under these lines of credit with which we must comply. As of March 31, 2020, we had outstanding bank guarantees of $20.7 million under these lines of credit.

The following table presents selected financial information and statistics as of March 31, 2020, 2019 and 2018 (Dollars in thousands):

	March 31,		
	2020	2019	2018
Accounts receivable, net	$ 394,743	$ 383,309	$ 214,885
Accounts payable	$ 259,120	$ 283,922	$ 293,988
Inventories	$ 229,249	$ 293,495	$ 259,906
Days sales in accounts receivable (DSO)(Days)[1]	50	55	33
Days accounts payable outstanding (DPO) (Days)[2]	54	65	70
Inventory turnover (ITO)(x)[3]	7.5	5.3	5.9

(1) DSO is determined using ending accounts receivable, net as of the most recent quarter-end and sales for the most recent quarter.
(2) DPO is determined using ending accounts payable as of the most recent quarter-end and cost of goods sold for the most recent quarter.
(3) ITO is determined using ending inventories and the annualized cost of goods sold (based on cost of goods sold for the most recent quarter).

DSO as of March 31, 2020 decreased by 5 days to 50 days, as compared to 55 days as of March 31, 2019, primarily due to timing of customer payments and sales linearity. DSO as of March 31, 2019 increased by 22 days to 55 days, as compared to 33 days as of March 31, 2018. The adoption of Topic 606 negatively impacted our DSO for the year ended March 31, 2019 by 18 days, mainly as a result of changes in the balance sheet presentation of certain reserve balances previously shown net within accounts receivable which are now presented as accrued and other current liabilities. The adoption of Topic 606 did not have an impact over the total cash flows from operating, investing or financing activities. Timing of sales also increased DSO by four days as of March 31, 2019 relative to the corresponding prior year period.

DPO as of March 31, 2020 decreased 11 days, compared to March 31, 2019, primarily due to less inventory replenishment during the fourth quarter of fiscal year 2020 due to COVID-19 impact and an increase in cost of goods sold due to higher sales growth. DPO as of March 31, 2019 decreased five days, compared to March 31, 2018, primarily due to the timing of purchases.

ITO as of March 31, 2020 was higher compared to March 31, 2019, primarily due to higher sales growth and lower replenishment in the fourth quarter of fiscal year 2020 due to COVID-19 impact. ITO as of March 31, 2019 was lower compared to March 31, 2018, due to higher inventory related to new product introductions and inventory from the Blue Microphones Acquisition.

If we are not successful in launching and phasing in our new products launched during the current fiscal year, or we are not able to sell the new products at the prices planned, it could have a material impact on our revenue, gross profit margin, operating results including operating cash flow, and inventory turnover in the future.

During fiscal year 2020, we generated $425.0 million in cash from operating activities. Our main sources of operating cash flows were from net income, after deducting the gain on sale of investment in a privately held company, adding back non-cash expenses of depreciation, amortization, share-based compensation expense, change in fair value of contingent considerations, and from changes in operating assets and liabilities. The increase in accounts receivable, net was primarily driven by growth and timing of sales. The decrease in accounts payable was primarily driven by the timing of purchases and inventory supply constraint in the fourth quarter of fiscal year 2020. The decrease in inventories was primarily driven by sales growth and less inventory purchases during the fourth quarter of fiscal year 2020. The increase in accrued and other liabilities was primarily due to higher accrued personnel expenses.

Net cash used in investing activities was $130.2 million, primarily due to $91.6 million of the purchase price (net of cash acquired) for business acquisitions and $39.5 million of purchases of property, plant, and equipment.

Net cash used in financing activities was $176.7 million, primarily due to $124.2 million of cash dividends paid during the year, $50.4 million of repurchases of our registered shares and $24.3 million of tax withholdings related

to net share settlements of restricted stock units, partially offset by $22.2 million in proceeds received from the sale of shares upon exercise of stock options and purchase rights.

Our expenditures for property, plant and equipment during fiscal year 2020 were primarily for tooling and equipment, and computer hardware and software. Our expenditures for property, plant and equipment during fiscal years 2019 and 2018 were primarily for tooling and equipment, computer hardware and software and leasehold improvements. Our expenditures for property, plant and equipment increased during fiscal year 2020, compared to fiscal year 2019, primarily due to higher computer and software and leasehold improvements. Our expenditures for property, plant and equipment decreased during fiscal year 2019, compared to fiscal year 2018, primarily due to a lower amount of tooling purchases.

Our payments for acquisitions, net of cash acquired, during fiscal year 2020 were primarily for the Streamlabs Acquisition. Our payments for acquisitions, net of cash acquired, during fiscal year 2019 were primarily for the Blue Microphones Acquisition (refer to "Note 3 - Business Acquisitions" to the consolidated financial statements). Our payments for acquisitions, net of cash acquired, during fiscal year 2018, were primarily for the ASTRO Acquisition.

The purchases and sales of trading investments during fiscal years 2020, 2019 and 2018 represent mutual fund activity directed by participants in a deferred compensation plan offered by one of our subsidiaries. The mutual funds are held by a Rabbi Trust.

During fiscal year 2020, there was a $7.1 million loss from effect of currency exchange rate changes on cash and cash equivalents, compared to a loss of $10.1 million from effect of currency exchange rate changes during fiscal year 2019, and a $4.7 million gain of currency translation exchange rate effect during fiscal year 2018. The loss from effect of currency rate changes during fiscal year 2020 were primarily due to the weakening of the Euro, Brazilian real and Australian dollar versus the U.S. Dollar by 3%, 25%, and 14%, respectively. The loss from the effect of currency exchange rate changes during fiscal year 2019 were primarily due to the weakening of Euro and Chinese Renminbi versus the U.S. Dollar by 9% and 7%, respectively.

Cash Outlook

Our principal sources of liquidity are our cash and cash equivalents, cash flow generated from operations and, to a much lesser extent, capital markets and borrowings. Our future working capital requirements and capital expenditures may increase to support investments in product innovations and growth opportunities or to acquire or invest in complementary businesses, products, services, and technologies. The future impact of COVID-19 cannot be predicted with certainty and may increase our costs of capital and otherwise adversely affect our business, results of operations, financial conditions and liquidity.

In May 2020, the Board of Directors recommended that we pay cash dividends for fiscal year 2020 of CHF 134.0 million ($138.7 million based on the exchange rate on March 31, 2020). In fiscal year 2020, we paid a cash dividend of CHF 121.8 million (U.S. Dollar amount of $124.2 million) out of fiscal year 2019 retained earnings. In fiscal year 2019, we paid a cash dividend of CHF 110.7 million (U.S. Dollar amount of $114.0 million) out of fiscal year 2018 retained earnings. In fiscal year 2018, we paid a cash dividend of CHF 100.0 million (U.S. Dollar amount of $104.2 million) out of fiscal year 2017 retained earnings.

In May 2020, our Board of Directors approved a new share buyback program, which authorizes us to invest up to $250.0 million to purchase our own shares, following the expiration date of the 2017 share buyback program. Although we enter into trading plans for systematic repurchases (e.g. 10b5-1 trading plans) from time to time, our share buyback program provides us with the opportunity to make opportunistic repurchases during periods of favorable market conditions and is expected to remain in effect for a period of three years. Shares may be repurchased from time to time on the open market, through block trades or otherwise. Opportunistic purchases may be started or stopped at any time without prior notice depending on market conditions and other factors.

In March 2017, our Board of Directors approved the 2017 share buyback program, which authorized us to invest up to $250.0 million to purchase our own shares. As of March 31, 2020, the remaining amount that may be repurchased under the program is $137.4 million. This program expired at the end of April 2020, and there was no share buyback subsequent to March 31, 2020.

For over ten years, we have generated positive cash flows from our operating activities, including cash from operations of $425.0 million, $305.2 million and $346.3 million during fiscal years 2020, 2019, and 2018, respectively. If we do not generate sufficient operating cash flows to support our operations and future planned cash requirements, our operations could be harmed and our access to credit facilities could be restricted or eliminated.

However, we believe that the trend of our historical cash flow generation, our projections of future operations and our available cash balances will provide sufficient liquidity to fund our operations for at least the next 12 months.

Our other contractual obligations and commitments that require cash are described in the following sections.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations and commitments as of March 31, 2020 (in thousands):

		Payments Due by Period			
	March 31, 2020	<1 year	1-3 years	3-5 years	>5 years
Inventory purchase commitments	$ 296,539	$ 296,539	$ —	$ —	$ —
Capital purchase commitments	15,064	15,064	—	—	—
Expected contribution to employee benefit plans	5,760	5,760	*	*	*
Operating leases obligations	32,367	11,701	15,298	2,507	2,861
Total	$ 349,730	$ 329,064	$ 15,298	$ 2,507	$ 2,861

* Expected contribution to employee benefit plans: Commitments under the retirement plans relate to expected contributions to be made to our defined benefit plans for the next year only. We fund our pension plans so that we meet at least the minimum contribution requirements, as established by local government, funding and taxing authorities. Expected contributions and payments to our defined benefit pension plans and non-retirement post-employment benefit plans beyond one year are excluded from the contractual obligations table because they are dependent on numerous factors that may result in a wide range of outcomes and thus are impractical to estimate. For more information on our defined benefit pension plans and non-retirement post-employment benefit plans, see Note 5 to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

Purchase Commitments

As of March 31, 2020, we have non-cancelable purchase commitments of $296.5 million for inventory purchases made in the normal course of business from original design manufacturers, contract manufacturers and other suppliers, the majority of which are expected to be fulfilled during the first two quarters of fiscal year 2021. We recorded a liability for firm, non-cancelable, and unhedged inventory purchase commitments in excess of anticipated demand or net realizable value consistent with our valuation of excess and obsolete inventory. As of March 31, 2020, the liability for these purchase commitments was $9.6 million and is recorded in accrued and other current liabilities and is not included in the preceding table. We have firm purchase commitments of $15.1 million for capital expenditures, primarily related to commitments for tooling, computer hardware and leasehold improvements. We expect to continue making capital expenditures in the future to support product development activities and ongoing and expanded operations. Although open purchase commitments are considered enforceable and legally binding, the terms generally allow us the option to reschedule and adjust our requirements based on business needs prior to delivery of goods.

Operating Leases Obligation

We lease facilities under operating leases, certain of which require us to pay property taxes, insurance and maintenance costs. Operating leases for facilities are generally renewable at our option and usually include escalation clauses linked to inflation. The remaining terms of our non-cancelable operating leases expire in various years through 2031. See "Note 17 - Leases" to the consolidated financial statements included in this report for more information on leases.

Income Taxes Payable

As of March 31, 2020, we had $40.8 million in non-current income taxes payable, including interest and penalties, related to our income tax liability for uncertain tax positions. At this time, we are unable to make a reasonably reliable estimate of the timing of payments in individual years in connection with these tax liabilities; therefore, such amounts are not included in the contractual obligation table above.

Indemnifications

We indemnify certain of our suppliers and customers for losses arising from matters such as intellectual property disputes and product safety defects, subject to certain restrictions. The scope of these indemnities varies, but in some instances includes indemnification for damages and expenses, including reasonable attorneys' fees. As of March 31, 2020, no amounts have been accrued for indemnification provisions. We do not believe, based on historical experience and information currently available, that it is probable that any material amounts will be required to be paid under our indemnification arrangements.

We also indemnify our current and former directors and certain of our current and former officers. Certain costs incurred for providing such indemnification may be recoverable under various insurance policies. We are unable to reasonably estimate the maximum amount that could be payable under these arrangements because these exposures are not capped, the obligations are conditional in nature, and the facts and circumstances involved in any situation that might arise are variable.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

Market risk represents the potential for loss due to adverse changes in the fair value of financial instruments. As a global concern, we face exposure to adverse movements in currency exchange rates and interest rates. These exposures may change over time as business practices evolve and could have a material adverse impact on our financial results.

Currency Exchange Rates

We report our results in U.S. Dollars. Changes in currency exchange rates compared to the U.S. Dollar can have a material impact on our results when the financial statements of our non-U.S. subsidiaries are translated into U.S. Dollars. The functional currency of our operations is primarily the U.S. Dollar. Certain operations use the Swiss Franc or the local currency of the country as their functional currencies. Accordingly, unrealized currency gains or losses resulting from the translation of net assets or liabilities denominated in other currencies to the U.S. Dollar are accumulated in the cumulative translation adjustment component of other comprehensive income (loss) in shareholders' equity.

We are exposed to currency exchange rate risk as we transact business in multiple currencies, including exposure related to anticipated sales, anticipated purchases and assets and liabilities denominated in currencies other than the U.S. Dollar. We transact business in over 30 currencies worldwide, of which the most significant to operations are the Euro, Chinese Renminbi, Australian Dollar, Taiwanese Dollar, British Pound, Brazilian Real, Canadian Dollar, Japanese Yen and Mexican Peso. For the year ended March 31, 2020, approximately 50% of our sales were in non-U.S. denominated currencies, with 26% of our sales denominated in Euro. The mix of our cost of goods sold and operating expenses by currency are significantly different from the mix of our sales, with a larger portion denominated in U.S. Dollar and less denominated in Euro and other currencies. A strengthening U.S. Dollar has a more unfavorable impact on our sales than the favorable impact on our operating expenses, resulting in an adverse impact on our operating results.

We enter into currency forward and swap contracts to reduce the short-term effects of currency fluctuations on certain receivables or payables denominated in currencies other than the functional currencies of our subsidiaries. These forward contracts generally mature within one month. The gains or losses on these contracts are recognized in earnings based on the changes in fair value.

If an adverse 10% foreign currency exchange rate change had been applied to total monetary assets and liabilities denominated in currencies other than the functional currencies at the balance sheet dates, it would have resulted in an adverse effect on income before income taxes of approximately $11.8 million and $7.8 million as of March 31, 2020 and 2019, respectively. The adverse effect as of March 31, 2020 and 2019 is after consideration of the offsetting effect of approximately $5.2 million and $4.2 million, respectively, from open foreign exchange contracts in place as of March 31, 2020 and 2019.

We enter into cash flow hedge contracts to protect against exchange rate exposure of forecasted inventory purchases. These hedging contracts mature within four months. Gains and losses in the fair value of the effective portion of the hedges are deferred as a component of accumulated other comprehensive loss until the hedged inventory purchases are sold, at which time the gains or losses are reclassified to cost of goods sold.

If the U.S. dollar had weakened by 10% as of March 31, 2020, the amount recorded in accumulated other comprehensive income (AOCI) related to our foreign exchange contracts before tax effect would have been approximately $4.8 million and $4.1 million lower as of March 31, 2020 and 2019, respectively. The change in the fair value recorded in AOCI would be expected to offset a corresponding foreign currency change in cost of goods sold when the hedged inventory purchases are sold.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Logitech's financial statements and supplementary data required by this item are set forth as a separate section of this Annual Report on Form 10-K. See Item 15(a) for a listing of financial statements and supplementary data provided in the section titled "Financial Statements and Supplementary Data."

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company’s Chief Executive Officer (CEO) and Chief Financial Officer (CFO), has conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this Annual Report on Form 10-K (this Annual Report) required by Exchange Act Rules 13a-15(b) or 15d-15(b). Disclosure controls and procedures are designed to reasonably assure that information required to be disclosed in our reports filed or submitted under the Exchange Act, such as this Annual Report on Form 10-K, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures are also designed to reasonably assure that this information is accumulated and communicated to our management, including the CEO and CFO, to allow timely decisions regarding required disclosure. Based on this evaluation, the CEO and CFO concluded that, as of the end of the period covered by this Annual Report, the Company’s disclosure controls and procedures were effective at a reasonable assurance level.

The Company acquired Streamlabs on October 31, 2019. Management excluded from its evaluation of the effectiveness of its internal control over financial reporting as of March 31, 2020 the acquired entity’s internal control over financial reporting associated with 4% of total assets and less than 1% of total sales included in the consolidated financial statements as of and for the year ended March 31, 2020.

Attached as exhibits to this Annual Report are certifications of the CEO and CFO, which are required in accordance with Rule 13a-14 of the Exchange Act. This Controls and Procedures section includes the information concerning the controls evaluation referred to in the certifications, and it should be read in conjunction with the certifications for a more complete understanding of the topics presented.

(b) Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of the Company’s management, including the CEO and CFO, the Company conducted an evaluation of the effectiveness of its internal control over financial reporting based on the criteria established in the Internal Control-Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management has concluded that our internal control over financial reporting was effective as of March 31, 2020.

The effectiveness of the Company's internal control over financial reporting as of March 31, 2020 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in its report, which appears in Item 15.

(c) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the fourth quarter of fiscal year 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

(d) Limitations on the Effectiveness of Controls

The Company's management, including the CEO and CFO, does not expect that the Company's disclosure controls and procedures or internal control over financial reporting will prevent all errors and all fraud. Internal control over financial reporting, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives will be met. Because of the inherent limitations in internal control over financial reporting, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

ITEM 9B. OTHER INFORMATION

On May 27, 2020, Logitech's Board of Directors designated Prakash Arunkundrum, the Company's Head of Global Operations, as a member of the Company's Group Management Team and as an executive officer of the Company. See Item 1 for background and other information about Mr. Arunkundrum provided in the section titled "Executive Officers of the Registrant."

In connection with Mr. Arunkundrum becoming a member of Logitech's Group Management Team, the Company entered into an Employment Agreement with Mr. Arunkundrum as of May 27, 2020, providing for a nine-month notice period (other than in the case of termination for cause by the Company), during which Mr. Arunkundrum could continue his employment with the Company and would continue to receive his standard salary and bonus compensation, equity vesting and other benefits during that continued employment period. The foregoing summary of the Employment Agreement does not purport to be complete and is subject to and qualified in its entirety by reference to the Employment Agreement with Mr. Arunkundrum, which will be filed with the Company's Quarterly Report on Form 10-Q for the period ending June 30, 2020.

Mr. Arunkundrum will also continue to be entitled to participate in the compensation and benefit programs generally available to Logitech's executive officers in the United States.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information regarding our executive officers is incorporated herein by reference to Part I, Item 1, above.

Other information required by this Item may be found in the definitive Proxy Statement for the 2020 Annual Meeting of Shareholders and is incorporated herein by reference. The definitive Proxy Statement will be filed with the Commission within 120 days after our fiscal year end of March 31, 2020 (the Proxy Statement).

The Company's code of ethics policy entitled, "Logitech Code of Conduct" covers members of the Company's board of directors, the principal executive officer, principal financial and accounting officer and other executive officers as well as all other employees.

Any amendments or waivers of the code of ethics for members of the Company's board of directors or executive officers will be disclosed in the investor relations section of the Company's website within four business days following the date of the amendment or waiver. During fiscal year 2020, the Company updated and revised its code of ethics. The new code was posted to the investor relations section of the Company's website.

Logitech's code of ethics is available on the Company's website at www.logitech.com, and for no charge, a copy of the Company's code of ethics can be requested via the following address or phone number:

Logitech
Investor Relations
7700 Gateway Boulevard
Newark, CA 94560 USA
Main (510) 795-8500

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item may be found in the Proxy Statement for the 2020 Annual Meeting of Shareholders and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item may be found in the Proxy Statement for the 2020 Annual Meeting of Shareholders and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item may be found in the Proxy Statement for the 2020 Annual Meeting of Shareholders and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item may be found in the Proxy Statement for the 2020 Annual Meeting of Shareholders and is incorporated herein by reference.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Annual Report on Form 10-K:

1. Financial Statements and Supplementary Data

Financial Statements:

Report of Independent Registered Public Accounting Firm

Consolidated Statements of Operations—Years Ended March 31, 2020, 2019 and 2018

Consolidated Statements of Comprehensive Income—Years Ended March 31, 2020, 2019 and 2018

Consolidated Balance Sheets—March 31, 2020 and 2019

Consolidated Statements of Cash Flows—Years Ended March 31, 2020, 2019 and 2018

Consolidated Statements of Changes in Shareholders' Equity—Years Ended March 31, 2020, 2019 and 2018

Notes to Consolidated Financial Statements

Supplementary Data:

Unaudited Quarterly Financial Data

2. Financial Statement Schedule

Schedule II—Valuation and Qualifying Accounts

3. Exhibits

Index to Exhibits

Exhibit No.		Exhibit	Incorporated by Reference Form	File No.	Filing Date	Exhibit No.	Filed Herewith
2.1		Agreement and Plan of Merger, dated as of November 10, 2009, as amended by the First Amendment to Agreement and Plan of Merger, entered into as of November 16, 2009, both by and among Logitech Inc., Agora Acquisition Corporation, Lifesize Communications, Inc., Shareholder Representative Services LLC, as stockholder representative, and U.S. Bank National Association, as escrow agent.	8-K	0-29174	12/14/2009	2.1	
2.2	***	Securities Purchase Agreement, dated as of April 12, 2016, by and among Logitech Europe S.A., JayBird, LLC, the unitholders of JayBird, LLC, and Judd Armstrong (as the sellers' representative)	10-K	0-29174	5/23/2016	2.2	
2.3	***	Asset Purchase Agreement, dated as of July 10, 2017, by and between AG Acquisition Corporation and Logitech Europe S.A.	10-Q	0-29174	11/1/2017	2.1	
2.4	***	Amendment No. 1 to Asset Purchase Agreement, dated as of August 11, 2017, by and between AG Acquisition Corporation and Logitech Europe S.A.	10-Q	0-29174	11/1/2017	2.2	
2.5	***	Stock Purchase Agreement , dated as of July 30, 2018, by and among Blue Microphones Holding Corporation, Riverside Micro-Cap Fund II, L.P. the other stockholders and optionholders of Blue Microphones Holding Corporation, Logitech Europe S.A. and Logitech Inc.	10-Q	0-29174	10/25/2018	2.1	
2.6	***	Agreement and Plan of Merger, dated as of September 26, 2019, by and among Logitech International S.A., Clip Acquisition Sub, Inc., General Workings Inc., and Fortis Advisors LLC	10-Q	0-29174	10/24/2019	2.1	
3.1		Articles of Incorporation of Logitech International S.A., as amended	10-K	0-29174	5/17/2019	3.1	
3.2		Organizational Regulations of Logitech International S.A., as amended	10-K	0-29174	5/17/2019	3.2	
4.1		Description of the Registrant's Securities					X
10.1	**	1996 Stock Plan, as amended	S-8	333-100854	5/27/2003	4.2	
10.2	**	Logitech International S.A. 2006 Stock Incentive Plan, as amended and restated effective September 7, 2016	DEFA14A	0-29174	7/22/2016	App. A	
10.3	**	Logitech Inc. Management Deferred Compensation Plan	10-Q	0-29174	11/4/2008	10.1	
10.4	**	1996 Employee Share Purchase Plan (U.S.), as amended and restated	DEFA14A	0-29174	7/23/2013	App. A	
10.5	**	2006 Employee Share Purchase Plan (Non-U.S.), as amended and restated	DEFA14A	0-29174	7/23/2013	App. B	
10.6	**	Form of Director and Officer Indemnification Agreement with Logitech International S.A.	20-F	0-29174	5/21/2003	4.1	

10.7	**	Form of Director and Officer Indemnification Agreement with Logitech Inc.	20-F	0-29174	5/21/2003	4.2
10.8	**	Logitech Management Performance Bonus Plan, as amended and restated	DEFA14A	0-29174	7/23/2013	App. C
10.9	**	Employment agreement dated January 28, 2008 between Logitech Inc. and Guerrino De Luca	10-K	0-29174	5/30/2008	10.1
10.10	**	Representative form of stock option agreement (employees) under the Logitech International S.A. 2006 Stock Incentive Plan	10-Q	0-29174	11/4/2009	10.2
10.11	**	2012 Stock Inducement Equity Plan	S-8	333-180726	4/13/2012	10.1
10.12	**	Representative form of stock option agreement under the 2012 Stock Inducement Equity Plan	S-8	333-180726	4/13/2012	10.2
10.13	**	Representative form of performance stock option agreement (executives and other employees) under the Logitech International S.A. 2006 Stock Incentive Plan	10-Q	0-29174	2/5/2013	10.2
10.14	**	Representative form of performance restricted stock unit agreement (non-executive employees) under the Logitech International S.A. 2006 Stock Incentive Plan	10-Q	0-29174	2/5/2013	10.3
10.15	**	Representative form of performance share unit agreement (executives and other employees) under the Logitech International S.A. 2006 Stock Incentive Plan for grants starting in April 2013	10-K	0-29174	5/30/2013	10.39
10.16	**	Employment Agreement between Logitech Inc. and Bracken Darrell, dated as of December 18, 2015	10-Q	0-29174	1/22/2016	10.1
10.17	**	Employment Agreement between Logitech Inc. and Vincent Pilette, dated as of December 18, 2015	10-Q	0-29174	1/22/2016	10.2
10.18		Series B Preferred Stock Purchase Agreement, dated as of December 28, 2015, by and between Logitech International S.A., Lifesize, Inc., and Investors associated with Redpoint Ventures, Sutter Hill Ventures and Meritech Capital Partners.	10-Q	0-29174	1/22/2016	10.5
10.19	**	Representative form of restricted stock unit agreement (executives and other employees) under the Logitech International S.A. 2006 Stock Incentive Plan	10-K	0-29174	5/23/2016	10.31
10.20	**	Representative form of performance share unit agreement (executives and other employees) under the Logitech International S.A. 2006 Stock Incentive Plan	10-K	0-29174	5/23/2016	10.32
10.21	**	Representative form of restricted stock unit agreement (executives and other employees) under the Logitech International S.A. 2006 Stock Incentive Plan	10-K	0-29174	5/26/2017	10.33
10.22	**	Representative form of performance share unit agreement (executives and other employees) under the Logitech International S.A. 2006 Stock Incentive Plan	10-K	0-29174	5/26/2017	10.34

10.23	**	Representative form of restricted stock unit agreement (non-employee directors) under the Logitech International S.A. 2006 Stock Incentive Plan	10-K	0-29174	5/26/2017	10.35	
10.24	**	Letter Agreement, dated as of July 22, 2017, between Logitech Europe S.A. and Marcel Stolk	10-Q	0-29174	11/1/2017	10.10	
10.25	**	Representative form of restricted stock unit agreement (non-executive board members) under the Logitech International S.A. 2006 Stock Incentive Plan	10-Q	0-29174	10/25/2018	10.1	
10.26	**	Employment Agreement between Logitech Inc. and Nathan Olmstead, dated as of July 22, 2019	8-K	0-29174	7/23/2019	10.1	
21.1		List of Subsidiaries					X
23.1		Consent of Independent Registered Public Accounting Firm					X
24.1		Power of Attorney (incorporated by reference to the signature page of this Annual Report on Form 10-K)					X
31.1		Certification by Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2		Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1		Certification by Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS		XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					X
101.SCH		XBRL Taxonomy Extension Schema Document					X
101.CAL		XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF		XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB		XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE		XBRL Taxonomy Extension Presentation Linkbase Document					X
104		Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					X

* This exhibit is furnished herewith, but not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that we explicitly incorporate it by reference.

** Indicates management compensatory plan, contract or arrangement.

*** Confidential treatment has been requested for certain provisions omitted from this exhibit pursuant to Rule 406 promulgated under the Securities Act of 1933, as amended. The omitted information has been filed separately with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

LOGITECH INTERNATIONAL S.A.

/s/ BRACKEN DARRELL

Bracken Darrell
President and Chief Executive Officer

/s/ NATE OLMSTEAD

Nate Olmstead
Chief Financial Officer

May 27, 2020

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Bracken Darrell and Nate Olmstead, jointly and severally, his or her attorney-in-fact, with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his or her substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ WENDY BECKER Wendy Becker	Chairperson of the Board	May 27, 2020
/s/ BRACKEN DARRELL Bracken Darrell	President, Chief Executive Officer and Director	May 27, 2020
/s/ NATE OLMSTEAD Nate Olmstead	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	May 27, 2020
/s/ PATRICK AEBISCHER Patrick Aebischer	Director	May 27, 2020
/s/ EDOUARD BUGNION Edouard Bugnion	Director	May 27, 2020
/s/ GUERRINO DE LUCA Guerrino De Luca	Director	May 27, 2020
/s/ GUY GECHT Guy Gecht	Director	May 27, 2020
/s/ DIDIER HIRSCH Didier Hirsch	Director	May 27, 2020
/s/ NEIL HUNT Neil Hunt	Director	May 27, 2020
/s/ MARJORIE LAO Marjorie Lao	Director	May 27, 2020
/s/ NEELA MONTGOMERY Neela Montgomery	Director	May 27, 2020
/s/ MICHAEL POLK Michael Polk	Director	May 27, 2020

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Report of Independent Registered Public Accounting Firm	73
Consolidated Statements of Operations—Years Ended March 31, 2020, 2019 and 2018	77
Consolidated Statements of Comprehensive Income—Years Ended March 31, 2020, 2019 and 2018	78
Consolidated Balance Sheets — March 31, 2020 and 2019	79
Consolidated Statements of Cash Flows —Years Ended March 31, 2020, 2019 and 2018	80
Consolidated Statements of Changes in Shareholders' Equity—Years Ended March 31, 2020, 2019 and 2018	81
Notes to Consolidated Financial Statements	82
INDEX TO SUPPLEMENTARY DATA	
Unaudited Quarterly Financial Data	122

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors

Logitech International S.A.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of Logitech International S.A. and subsidiaries (the Company) as of March 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended March 31, 2020, and the related notes and financial statement schedule (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of March 31, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended March 31, 2020, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2020 based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The Company acquired General Workings, Inc. (Streamlabs) on October 31, 2019, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of March 31, 2020, Streamlabs internal control over financial reporting associated with 4% of total assets and less than 1% of total sales included in the consolidated financial statements of the Company as of and for the year ended March 31, 2020. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Streamlabs.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for leases as of April 1, 2019 due to the adoption of the FASB's Accounting Standards Codification (ASC) Topic 842, *Leases,* its method of accounting for revenue as of April 1, 2018 due to the adoption of ASC Topic 606, *Revenue from Contracts with Customers* and its method of accounting for excess tax benefits from share-based payments as of April 1, 2017 due to the adoption of ASC Topic 718, *Improvements to Employee Share-Based Payment Accounting*.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting included in Item 9A. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting

principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Assessment of the assumptions underlying the breakage rates for certain Customer Programs

As discussed in Notes 2 and 8 to the consolidated financial statements, the Company recorded allowances totaling $194,703 thousand as of March 31, 2020 for various cooperative marketing arrangements (marketing development funds and cooperative advertising arrangements), customer incentive and pricing programs, together known as Customer Programs. The Company estimates the percentage of Customer Programs which will not be claimed or will not be earned by customers, which is commonly referred to as "breakage". The length of time between when the Company recognizes revenue and when customers make claims under these Customer Programs can be as long as one year. This requires the Company to use judgment to estimate breakage rates.

We identified the assessment of the assumptions underlying the breakage rates for certain Customer Programs as a critical audit matter. The determination of the period in which the claims are expected to be submitted by the customers, historical customer claim experience and historical trend of claims submitted after the expected period are considered the significant assumptions around the breakage rates estimate. The testing of such assumptions required a high degree of auditor judgment due to the inherent uncertainties related to the relevance of historical collection experience to the determination of the breakage rates estimate.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company’s revenue process, including controls over the significant assumptions identified above. We assessed the underlying information related to the expected periods that a customer claim will be submitted and the historical claim experience rate for customer incentive and pricing programs and marketing development funds, by analyzing the trend in the customers’ historical claims and accruals information. In addition, we evaluated the Company’s ability to estimate the breakage rates by comparing the estimated breakage from fiscal 2019 against actual subsequent breakage.

Assessment of the accruals for sales returns and certain Customer Programs

As discussed in Notes 2 and 8 to the consolidated financial statements, the Company recorded accruals of $30,267 thousand for sales returns and $130,220 thousand for Customer Programs as of March 31, 2020. The Company records these accruals as a reduction of revenue at the time of sale. The Company estimated these accruals based on historical data or future commitments that are planned and controlled by the Company. The Company uses judgment in analyzing historical trends, inventories owned by and located at the customers, products sold by the direct customers to end customers or resellers, known product quality issues and other relevant customer and product information, such as stage of product life cycle which are expected to experience unusually high discounting or returns.

We identified the assessment of the accruals for sales returns and certain Customer Programs as a critical audit matter. Historical experience being predictive of future returns and Customer Programs' earned amounts is the key assumption used to estimate the accrual for sales returns and Customer Programs. Due to the inherent uncertainties related to the relevance of the predictive historical experience to the determination of the estimate, the testing required a high degree of auditor judgment.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's accrual process, including controls over the assumption discussed above. We assessed the historical experience used in estimating the accrual for sales returns and certain Customer Programs using a combination of Company internal historical information of sales, returns and Customer Programs' earned amounts, third-party contracts, and relevant and reliable third-party channel inventory and sell-through data. We confirmed selected customer contracts to assess the terms and conditions related to sales returns and certain Customer Programs. We analyzed channel data trends by product and by region comparing fiscal 2020 quarterly ratios to prior fiscal years. In addition, we evaluated the Company's ability to estimate the accruals for sales returns and certain Customer Programs by comparing recorded accruals from fiscal 2019 to actual subsequent returns and Customer Programs' earned amounts.

Assessment of unrecognized tax benefit resulted from the tax reform in Switzerland

As discussed in Note 7 to the consolidated financial statements, the Company recorded gross unrecognized tax benefits of $71.1 million, excluding associated interest and penalties, for uncertain tax positions taken during fiscal year ended March 31, 2020. The gross unrecognized tax benefits include an uncertain tax position in Switzerland as a result of the enactment of the Federal Act on Tax Reform and AHV Financing ("TRAF") on March 10, 2020 in the canton of Vaud.

We identified the assessment of the unrecognized tax benefit associated with a tax position taken upon the enactment of TRAF as a critical audit matter. Complex auditor judgment was required to evaluate the Company's interpretation and application of TRAF and estimate of the ultimate resolution of the tax position.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's unrecognized tax benefit determination process, which relates to the interpretation of TRAF and its application in the assessment of the uncertain tax position process. Since the application of TRAF measures is complex and subject to interpretation, we involved Swiss tax professionals with specialized skills and knowledge, who assisted in:

- Evaluating the Company's interpretation of TRAF and its potential impact on the unrecognized tax benefit;
- Assessing the Company's determination of its tax positions having more than a 50% likelihood to be sustained upon examination, and
- Performing an independent assessment of the Company's uncertain tax position taken upon the enactment of TRAF and comparing the results to the Company's evaluation.

/s/ KPMG LLP

We have served as the Company's auditor since 2014.

San Francisco, California

May 27, 2020

LOGITECH INTERNATIONAL S.A.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Years Ended March 31,		
	2020	**2019**	**2018**
Net sales	$ 2,975,851	$ 2,788,322	$ 2,566,863
Cost of goods sold	1,838,685	1,737,969	1,648,744
Amortization of intangible assets and purchase accounting effect on inventory	14,785	13,342	8,878
Gross profit	1,122,381	1,037,011	909,241
Operating expenses:			
Marketing and selling	533,324	488,263	435,489
Research and development	177,593	161,230	143,760
General and administrative	94,015	98,732	96,353
Amortization of intangible assets and acquisition-related costs	17,563	14,290	8,930
Change in fair value of contingent consideration for business acquisition	23,247	—	(4,908)
Restructuring charges (credits), net	144	11,302	(116)
Total operating expenses	845,886	773,817	679,508
Operating income	276,495	263,194	229,733
Interest income	9,619	8,375	4,969
Other income (expense), net	38,212	(436)	(2,437)
Income before income taxes	324,326	271,133	232,265
Provision for (benefit from) income taxes	(125,397)	13,560	23,723
Net income	$ 449,723	$ 257,573	$ 208,542
Net income per share:			
Basic	$ 2.70	$ 1.56	$ 1.27
Diluted	$ 2.66	$ 1.52	$ 1.23
Weighted average shares used to compute net income per share:			
Basic	166,837	165,609	164,038
Diluted	169,381	168,965	168,971

The accompanying notes are an integral part of these consolidated financial statements.

LOGITECH INTERNATIONAL S.A.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	Years Ended March 31,		
	2020	2019	2018
Net income	$ 449,723	$ 257,573	$ 208,542
Other comprehensive income (loss):			
Currency translation gain (loss):			
Currency translation gain (loss), net of taxes	(8,270)	(7,790)	5,860
Reclassification of currency translation loss included in other income (expense), net	—	(510)	—
Defined benefit plans:			
Net gain (loss) and prior service credits (costs), net of taxes	(6,846)	(7,353)	3,955
Reclassification of amortization included in other income (expense), net	762	(181)	127
Hedging gain (loss):			
Deferred hedging gain (loss), net of taxes	205	1,781	(8,499)
Reclassification of hedging loss (gain) included in cost of goods sold	(813)	1,810	5,808
Total other comprehensive income (loss)	(14,962)	(12,243)	7,251
Total comprehensive income	$ 434,761	$ 245,330	$ 215,793

The accompanying notes are an integral part of these consolidated financial statements.

LOGITECH INTERNATIONAL S.A.

CONSOLIDATED BALANCE SHEETS

(In thousands, except per share amounts)

	March 31,	
	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	$ 715,566	$ 604,516
Accounts receivable, net	394,743	383,309
Inventories	229,249	293,495
Other current assets	74,920	69,116
Total current assets	1,414,478	1,350,436
Non-current assets:		
Property, plant and equipment, net	76,119	78,552
Goodwill	400,917	343,684
Other intangible assets, net	126,941	118,999
Other assets	345,019	132,453
Total assets	$ 2,363,474	$ 2,024,124
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 259,120	$ 283,922
Accrued and other current liabilities	455,024	433,897
Total current liabilities	714,144	717,819
Non-current liabilities:		
Income taxes payable	40,788	36,384
Other non-current liabilities	119,274	93,582
Total liabilities	874,206	847,785
Commitments and contingencies (Note 13)		
Shareholders' equity:		
Registered shares, CHF 0.25 par value:	30,148	30,148
Issued shares—173,106 at March 31, 2020 and 2019		
Additional shares that may be issued out of conditional capitals — 50,000 at March 31, 2020 and March 31, 2019		
Additional shares that may be issued out of authorized capital — 34,621 at March 31, 2020 and March 31, 2019		
Additional paid-in capital	75,097	56,655
Shares in treasury, at cost— 6,210 and 7,244 shares at March 31, 2020 and 2019, respectively	(185,896)	(169,802)
Retained earnings	1,690,579	1,365,036
Accumulated other comprehensive loss	(120,660)	(105,698)
Total shareholders' equity	1,489,268	1,176,339
Total liabilities and shareholders' equity	$ 2,363,474	$ 2,024,124

The accompanying notes are an integral part of these consolidated financial statements.

LOGITECH INTERNATIONAL S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Years Ended March 31,		
	2020	**2019**	**2018**
Cash flows from operating activities:			
Net income	$ 449,723	$ 257,573	$ 208,542
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	42,893	43,471	41,295
Amortization of intangible assets	30,858	24,180	15,607
Share-based compensation expense	54,870	50,265	44,138
Loss (gain) on investments	756	(816)	(669)
Deferred income taxes	(159,853)	(12,257)	7,141
Change in fair value of contingent consideration for business acquisition	23,247	—	(4,908)
Other	(936)	(230)	(11)
Gain on sale of investment in a privately held company	(39,767)	—	—
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable, net	(15,768)	(58,798)	(26,363)
Inventories	60,388	(21,551)	16,047
Other assets	18,319	(8,800)	(16,908)
Accounts payable	(24,250)	(19,134)	17,695
Accrued and other liabilities	(15,480)	51,278	44,655
Net cash provided by operating activities	425,000	305,181	346,261
Cash flows from investing activities:			
Purchases of property, plant and equipment	(39,484)	(35,930)	(39,748)
Investment in privately held companies	(345)	(2,717)	(1,240)
Acquisitions, net of cash acquired	(91,569)	(133,814)	(88,323)
Proceeds from return of investments	—	124	237
Purchases of short-term investments	—	(1,505)	(6,789)
Sales of short-term investments	—	—	6,789
Proceeds from sale of property, plant and equipment	1,037	—	—
Purchases of trading investments	(11,964)	(5,203)	(6,053)
Proceeds from sales of trading investments	12,091	5,700	6,423
Net cash used in investing activities	(130,234)	(173,345)	(128,704)
Cash flows from financing activities:			
Payment of cash dividends	(124,180)	(113,971)	(104,248)
Purchases of registered shares	(50,437)	(32,449)	(30,722)
Payment of contingent consideration for business acquisition	—	—	(5,000)
Proceeds from exercises of stock options and purchase rights	22,241	18,057	41,910
Tax withholdings related to net share settlements of restricted stock units	(24,280)	(30,770)	(29,813)
Net cash used in financing activities	(176,656)	(159,133)	(127,873)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(7,060)	(10,134)	4,730
Net increase (decrease) in cash, cash equivalents and restricted cash	111,050	(37,431)	94,414
Cash, cash equivalents and restricted cash at beginning of the period	604,516	641,947	547,533
Cash, cash equivalents and restricted cash at end of the period	$ 715,566	$ 604,516	$ 641,947
Supplementary Cash Flow Disclosures:			
Non-cash investing activities:			
Property, plant and equipment purchased during the period and included in period end liability accounts	$ 5,021	$ 3,983	$ 3,869
Equity and debt investment in a privately held company	42,350	—	—

Supplemental cash flow information:			
Income taxes paid, net	$ 20,851	$ 15,312	$ 15,051

The accompanying notes are an integral part of these consolidated financial statements.

LOGITECH INTERNATIONAL S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands)

	Registered shares		Additional paid-in capital	Treasury shares		Retained earnings	Accumulated other comprehensive loss	Total
	Shares	Amount		Shares	Amount			
March 31, 2017	173,106	$ 30,148	$ 26,596	10,727	$ (174,037)	$1,074,110	$ (100,706)	$ 856,111
Cumulative effect of adoption of new accounting standard (Note 2)	—	—	3,297	—	—	53,912	—	57,209
Total comprehensive income	—	—	—	—	—	208,542	7,251	215,793
Purchases of registered shares	—	—	—	863	(30,722)	—	—	(30,722)
Sale of shares upon exercise of stock options and purchase rights	—	—	21,315	(1,527)	20,595	—	—	41,910
Issuance of shares upon vesting of restricted stock units	—	—	(48,291)	(1,536)	18,478	—	—	(29,813)
Share-based compensation	—	—	44,317	—	—	—	—	44,317
Cash dividends ($0.63 per share)	—	—	—	—	—	(104,248)	—	(104,248)
March 31, 2018	173,106	$ 30,148	$ 47,234	8,527	$ (165,686)	$1,232,316	$ (93,455)	$ 1,050,557
Cumulative effect of adoption of new accounting standard (Note 2)	—	—	—	—	—	(10,882)	—	(10,882)
Total comprehensive income	—	—	—	—	—	257,573	(12,243)	245,330
Purchases of registered shares	—	—	—	808	(32,449)	—	—	(32,449)
Sale of shares upon exercise of stock options and purchase rights	—	—	10,526	(575)	7,531	—	—	18,057
Issuance of shares upon vesting of restricted stock units	—	—	(51,572)	(1,516)	20,802	—	—	(30,770)
Share-based compensation	—	—	50,467	—	—	—	—	50,467
Cash dividends ($0.69 per share)	—	—	—	—	—	(113,971)	—	(113,971)
March 31, 2019	173,106	$ 30,148	$ 56,655	7,244	$ (169,802)	$1,365,036	$ (105,698)	$ 1,176,339
Total comprehensive income	—	—	—	—	—	449,723	(14,962)	434,761
Purchases of registered shares	—	—	—	1,251	(50,437)	—	—	(50,437)
Sale of shares upon exercise of stock options and purchase rights	—	—	5,582	(1,101)	16,659	—	—	22,241
Issuance of shares upon vesting of restricted stock units	—	—	(41,964)	(1,184)	17,684	—	—	(24,280)
Share-based compensation	—	—	54,824	—	—	—	—	54,824
Cash dividends ($0.74 per share)	—	—	—	—	—	(124,180)	—	(124,180)
March 31, 2020	173,106	$ 30,148	$ 75,097	6,210	$ (185,896)	$1,690,579	$ (120,660)	$ 1,489,268

The accompanying notes are an integral part of these consolidated financial statements.

LOGITECH INTERNATIONAL S.A.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1—The Company

Logitech International S.A, together with its consolidated subsidiaries (Logitech or the Company), designs, manufactures and markets products that have an everyday place in people's lives, connecting them to the digital experiences they care about. More than 35 years ago, Logitech created products to improve experiences around the personal PC platform, and today it is a multi-brand, multi-category company designing products that enable better experiences consuming, sharing and creating any digital content such as music, gaming, video and computing, whether it is on a computer, mobile device or in the cloud.

The Company sells its products to a broad network of domestic and international customers, including direct sales to retailers and e-tailers, and indirect sales through distributors.

Logitech was founded in Switzerland in 1981 and Logitech International S.A. has been the parent holding company of Logitech since 1988. Logitech International S.A. is a Swiss holding company with its registered office in Apples, Switzerland and headquarters in Lausanne, Switzerland, which conducts its business through subsidiaries in the Americas, Europe, Middle East and Africa (EMEA) and Asia Pacific. Shares of Logitech International S.A. are listed on both the SIX Swiss Exchange under the trading symbol LOGN and the Nasdaq Global Select Market under the trading symbol LOGI.

Business Acquisitions

In October 2019, the Company acquired General Workings, Inc. During fiscal year 2019, the Company acquired Blue Microphones Holding Corporation. See "Note 3 - Business Acquisitions" for more information.

Reference to Sales

References to "sales" in the notes to the consolidated financial statements means net sales, except as otherwise specified.

Note 2—Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of Logitech and its subsidiaries. All intercompany balances and transactions have been eliminated. The consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Fiscal Year

The Company's fiscal year ends on March 31. Interim quarters are generally thirteen-week periods, each ending on a Friday. For purposes of presentation, the Company has indicated its quarterly periods end on the last day of the calendar quarter.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements. Management bases its estimates on historical experience and various other assumptions believed to be reasonable. Significant estimates and assumptions made by management involve the fair value of goodwill, intangible assets acquired from business acquisitions, contingent consideration for a business acquisition and periodic reassessment of its fair value, valuation of right-of-use assets, valuation of investment in privately held companies classified under Level 3 fair value hierarchy, pension obligations, warranty liabilities, accruals for customer incentives, cooperative marketing, and pricing programs (Customer Programs) and related breakage when appropriate, accrued sales return liability, allowance for doubtful accounts, inventory valuation, share-based compensation expense, uncertain tax positions, and valuation allowances for deferred tax assets. Although these estimates are based on management’s best knowledge of current events and actions that may impact the Company in the future, actual results could differ materially from those estimates.

Risks and Uncertainties

COVID-19 and the measures taken by many countries in response have contributed to a general slowdown in the global economy and adversely affected, and could in the future adversely affect, the Company's business and operations. The Company has experienced disruptions and higher costs in manufacturing, supply chain, logistical operations and outsourced services, and shortages of the Company's products in distribution channels. The full extent of the impact of the COVID-19 pandemic on the Company's business and operational and financial performance and condition is currently uncertain and will depend on many factors outside the Company's control, including but not limited to the timing, extent, duration and effects of the virus and any of its mutations, the development and availability of effective treatments and vaccines, the imposition of effective public safety and other protective measures, the impact of COVID-19 on the global economy and demand for the Company's products and services. Should the COVID-19 pandemic not improve or worsen, or if the Company's attempt to mitigate its impact on its operations and costs is not successful, the Company's business, results of operations, financial condition and prospects may be adversely affected.

Currencies

The functional currency of the Company's operations is primarily the U.S. Dollar. Certain operations use the Euro, Chinese Renminbi, Swiss Franc, or other local currencies as their functional currencies. The financial statements of the Company's subsidiaries whose functional currency is other than the U.S. Dollar are translated to U.S. Dollars using period-end rates of exchange for assets and liabilities and monthly average rates for sales, income and expenses. Cumulative translation gains and losses are included as a component of shareholders' equity in accumulated other comprehensive loss. Gains and losses arising from transactions denominated in currencies other than a subsidiary's functional currency are reported in other income (expense), net in the consolidated statements of operations.

Revenue Recognition

Revenue is recognized when a customer obtains control of promised goods or service in an amount that reflects the transaction price the Company expects to receive in exchange for those goods or services.

Substantially all revenue recognized by the Company relates to the contracts with customers to sell products that allow people to connect through music, gaming, video, computing, and other digital platforms. These products are hardware devices, which may include embedded software that function together, and are considered as one performance obligation. Hardware devices are generally plug and play, requiring no configuration and little or no installation. Revenue is recognized at a point in time when control of the products is transferred to the customer which generally occurs upon shipment. The Company’s sales contracts with its customers have a one year or shorter term. The Company applies the practical expedient of not disclosing the value of unsatisfied performance obligations for contracts with an original expected duration of one year or less.

The Company also provides post-contract customer support (“PCS”) for certain products and related software, which includes unspecified software updates and upgrades, bug fixes and maintenance. The transaction price is allocated to two performance obligations in such contracts, based on a relative standalone selling price. The transaction price allocated to PCS is recognized as revenue on a straight-line basis, which reflects the pattern of delivery of PCS, over the estimated term of the support that is between one to two years. Deferred revenue associated with remaining PCS performance obligation as of March 31, 2020 and March 31, 2019 was not material.

The Company normally requires payment from customers within thirty to sixty days from the invoice date. However, terms may vary by customer type, by country and by selling season. Extended payment terms are sometimes offered to a limited number of customers during the second and third fiscal quarters. The Company does not modify payment terms on existing receivables. The Company's contracts with customers do not include significant financing components as the period between the satisfaction of performance obligations and timing of payment are generally within one year.

The transaction price received by the Company from sales to its distributors, retail companies ("retailers"), and authorized resellers is calculated as selling price net of variable consideration which may include product returns and the Company’s payments for Customer Programs related to current period product revenue. The estimated impact of these programs is recorded as a reduction of transaction price or as an operating expense if the Company receives a distinct good or service from the customer and can reasonably estimate the fair value of that good or service received. Certain Customer Programs require management to estimate the percentage of those programs which will not be claimed or will not be earned by customers based on historical experience and on the specific terms and conditions of particular programs. The percentage of these Customer Programs that will not be claimed

or earned is commonly referred to as "breakage". The Company accounts for breakage as part of variable consideration, subject to constraint, and records the estimated impact in the same period when revenue is recognized at the expected value. Significant management judgments and estimates are used to determine the impact of the program and breakage in any accounting period.

The Company enters into cooperative marketing arrangements with many of its customers and with certain indirect partners, allowing customers to receive a credit equal to a set percentage of their purchases of the Company's products, or a fixed dollar amount for various marketing and incentive programs. The objective of these arrangements is to encourage advertising and promotional events to increase sales of the Company's products.

Customer incentive programs include consumer rebates and performance-based incentives. Consumer rebates are offered to the Company's customers and indirect partners at the Company's discretion for the primary benefit of end-users. In addition, the Company offers performance-based incentives to many of its customers and indirect partners based on predetermined performance criteria. At management's discretion, the Company also offers special pricing discounts to certain customers. Special pricing discounts are usually offered only for limited time periods or for sales of selected products to specific indirect partners.

Cooperative marketing arrangements and customer incentive programs are considered variable consideration, which the Company estimates and records as a reduction to revenue at the time of sale based on negotiated terms, historical experiences, forecasted incentives, anticipated volume of future purchases, and inventory levels in the channel.

The Company has agreements with certain customers that contain terms allowing price protection credits to be issued in the event of a subsequent price reduction. Management's decision to make price reductions is influenced by product life cycle stage, market acceptance of products, the competitive environment, new product introductions and other factors. Accruals for estimated expected future pricing actions are recognized at the time of sale based on analyses of historical pricing actions by customer and by product, inventories owned by and located at customers, current customer demand, current operating conditions, and other relevant customer and product information, such as stage of product life-cycle.

Product return rights vary by customer. Estimates of expected future product returns qualify as variable consideration and are recorded as a reduction of the transaction price of the contract at the time of sale based on an analyses of historical return trends by customer and by product, inventories owned by and located at customers, current customer demand, current operating conditions, and other relevant customer and product information. The Company assesses the estimated asset for recovery value for impairment and adjusts the value of the asset for any impairment. Return trends are influenced by product life cycle status, new product introductions, market acceptance of products, sales levels, product sell-through, the type of customer, seasonality, product quality issues, competitive pressures, operational policies and procedures, and other factors. Return rates can fluctuate over time but are sufficiently predictable to allow the Company to estimate expected future product returns.

Typically, variable consideration does not need to be constrained as estimates are based on predictive historical data or future commitments that are planned and controlled by the Company. However, the Company continues to assess variable consideration estimates such that it is probable that a significant reversal of revenue will not occur.

The Company regularly evaluates the adequacy of its estimates for Customer Programs and product returns. Future market conditions and product transitions may require the Company to take action to change such programs and related estimates. When the variables used to estimate these costs change, or if actual costs differ significantly from the estimates, the Company would be required to increase or reduce revenue or operating expenses to reflect the impact. During the year ended March 31, 2020, changes to these estimates related to performance obligations satisfied in prior periods were not material.

Sales taxes and value-added taxes (“VAT”) collected from customers, if applicable, which are remitted to governmental authorities are not included in revenue, and are reflected as a liability on the consolidated balance sheets.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customer (Topic 606)" (ASU 2014-09). The Company adopted this standard effective April 1, 2018 using the modified retrospective method applied to those contracts that were not completed as of April 1, 2018. ASU 2014-09 outlines a new, single,

comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes existing revenue recognition guidance, including industry-specific guidance. Under the new guidance, recognition of revenue occurs when a customer obtains controls of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard requires reporting companies to disclose the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

As a result of the adoption of the new standard, the Company recorded: a) a reduction to retained earnings as of April 1, 2018, and b) reclassifications of certain allowances for sales returns and certain other Customer Programs from accounts receivable, net to accrued and other current liabilities and other current assets.

The cumulative effect of the changes to the consolidated balance sheet from the adoption of Topic 606 was as follows (in thousands):

	As of March 31, 2018	Effect of Adoption of Topic 606	As of April 1, 2018
Accounts receivable, net	$ 214,885	$ 105,768	$ 320,653
Other current assets	56,362	6,195	62,557
Accrued and other current liabilities	281,732	122,845	404,577
Retained earnings	1,232,316	(10,882)	1,221,434

Shipping and Handling Costs

The Company's shipping and handling costs are included in cost of goods sold in the consolidated statements of operations for all periods presented.

Contract Balances

The Company records accounts receivable from contracts with customers when it has an unconditional right to consideration, as accounts receivable, net on the consolidated balance sheet.

The Company records contract liabilities when cash payments are received or due in advance of performance, primarily for implied support and subscriptions. Contract liabilities are included in accrued and other current liabilities on the consolidated balance sheets.

As of March 31, 2020 and 2019, the Company did not have any material contract liabilities balances or changes.

Contract Costs

The Company recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that otherwise would have been recognized is one year or less. These costs are included in marketing and selling expenses in the consolidated statements of operations. As of March 31, 2020 and March 31, 2019, the Company did not have any material deferred contract costs.

Research and Development Costs

Costs related to research, design and development of products, which consist primarily of personnel, product design and infrastructure expenses, are charged to research and development expense as they are incurred.

Advertising Costs

Advertising costs are recorded as either a marketing and selling expense or a deduction from revenue as they are incurred. Advertising costs paid or reimbursed by the Company to direct or indirect customers must have an identifiable benefit and an estimable fair value in order to be classified as an operating expense. If these criteria are not met, the payment is classified as a reduction of revenue. Advertising costs recorded as marketing and selling expense are expensed as incurred. Total advertising costs including those characterized as revenue deductions during fiscal years 2020, 2019 and 2018 were $298.6 million, $278.2 million and $233.7 million, respectively, out of which $64.5 million, $58.8 million, and $36.7 million, respectively, were included as operating expense in the consolidated statements of operations.

Cash Equivalents

The Company classifies all highly liquid instruments purchased with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash equivalents are carried at cost, which approximates their fair value.

All of the Company's bank time deposits have an original maturity of three months or less and are classified as cash equivalents and are recorded at cost, which approximates their fair value.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Company maintains cash and cash equivalents with various financial institutions to limit exposure with any one financial institution, but is exposed to credit risk in the event of default by financial institutions to the extent that cash balances with individual financial institutions are in excess of amounts that are insured.

The Company sells to large distributors and retailers and, as a result, maintains individually significant receivable balances with such customers.

The Company had the following customers that individually comprised 10% or more of its gross sales:

	Years Ended March 31,		
	2020	**2019**	**2018**
Customer A	12%	13%	15%
Customer B	14%	14%	13%

The Company had the following customers that individually comprised 10% or more of accounts receivable:

	March 31,	
	2020	**2019**
Customer A	12%	14%
Customer B	12%	15%

The Company manages its accounts receivable credit risk through ongoing credit evaluation of its customers' financial conditions. The Company generally does not require collateral from its customers.

Allowances for Doubtful Accounts

Allowances for doubtful accounts are maintained for estimated losses resulting from the Company's customers' inability to make required payments. The allowances are based on the Company's regular assessment of the credit-worthiness and financial condition of specific customers, as well as its historical experience with bad debts and customer deductions, receivables aging, current economic trends, geographic or country-specific risks and the financial condition of its distribution channels.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs are computed under the standard cost method, which approximates actual costs determined on the first-in, first-out basis. The Company records write-downs of inventories which are obsolete or in excess of anticipated demand or net realizable value based on a consideration of marketability and product life cycle stage, product development plans, component cost trends, historical sales and demand forecasts which consider the assumptions about future demand and market conditions. Inventory on hand which is not expected to be sold or utilized is considered excess, and the Company recognizes the write-down in cost of goods sold at the time of such determination. The write-down is determined by the excess of cost over net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. At the time of loss recognition, new cost basis per unit and lower-cost basis for that inventory are established and subsequent changes in facts and circumstances would not result in an increase in the cost basis.

As of March 31, 2020 and 2019, the Company also recorded a liability of $9.6 million and $14.1 million, respectively, arising from firm, non-cancelable, and unhedged inventory purchase commitments in excess of anticipated demand or net realizable value consistent with its valuation of excess and obsolete inventory. Such liability is included in accrued and other current liabilities on the consolidated balance sheets.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Additions and improvements are capitalized, and maintenance and repairs are expensed as incurred. The Company capitalizes the cost of software developed for internal use in connection with major projects. Costs incurred during the feasibility stage are expensed, whereas direct costs incurred during the application development stage are capitalized.

Depreciation expense is recognized using the straight-line method. Plant and buildings are depreciated over estimated useful lives of twenty-five years, equipment over useful lives from three to five years, internal-use software over useful lives from three to ten years, tooling over useful lives from six months to one year, and leasehold improvements over the lesser the term of the lease or ten years.

When property and equipment is retired or otherwise disposed of, the cost and accumulated depreciation are relieved from the accounts and the net gain or loss is included in operating expenses.

Intangible Assets

The Company's intangible assets principally include goodwill, acquired technology, trademarks, and customer relationships and contracts. Intangible assets with finite lives, which include acquired technology, trademarks, customer relationships and contracts, and others are carried at cost and amortized using the straight-line method over their useful lives ranging from two to ten years. Intangible assets with indefinite lives, which include only goodwill, are recorded at cost and evaluated at least annually for impairment.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, such as property and equipment, and finite-lived intangible assets, for impairment whenever events indicate that the carrying amounts might not be recoverable. Recoverability of property and equipment, and other finite-lived intangible asset is measured by comparing the projected undiscounted net cash flows associated with those assets to their carrying values. If an asset is considered impaired, it is written down to its fair value, which is determined based on the asset's projected discounted cash flows or appraised value, depending on the nature of the asset. For purposes of recognition of impairment for assets held for use, the Company groups assets and liabilities at the lowest level for which cash flows are separately identifiable.

Impairment of Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in each business combination. The Company conducts a goodwill impairment analysis annually at December 31 or more frequently if indicators of impairment exist or if a decision is made to sell or exit a business. Significant judgments are involved in determining if an indicator of impairment has occurred. Such indicators may include deterioration in general economic conditions, negative developments in equity and credit markets, adverse changes in the markets in which an entity operates, increases in input costs that have a negative effect on earnings and cash flows, or a trend of negative or declining cash flows over multiple periods, among others. The fair value that could be realized in an actual transaction may differ from that used to evaluate the impairment of goodwill.

In reviewing goodwill for impairment, the Company has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not (greater than 50%) that the estimated fair value of a reporting unit is less than its carrying amount. For the year ended March 31, 2020, the Company elected to perform a qualitative assessment and determined that an impairment was not more likely than not and no further analysis was required. The Company also may elect not to perform the qualitative assessment and, instead, proceed directly to the quantitative impairment test. The ultimate outcome of the goodwill impairment review for a reporting unit should be the same whether the Company chooses to perform the qualitative assessment or proceeds directly to the quantitative impairment test.

Income Taxes

The Company provides for income taxes using the asset and liability method, which requires that deferred tax assets and liabilities be recognized for the expected future tax consequences of temporary differences resulting from differing treatment of items for tax and financial reporting purposes, and for operating losses and tax credit carryforwards. In estimating future tax consequences, expected future events are taken into consideration, with the exception of potential tax law or tax rate changes. The Company records a valuation allowance to reduce deferred tax assets to amounts management believes are more likely than not to be realized.

The Company's assessment of uncertain tax positions requires that management makes estimates and judgments about the application of tax law, the expected resolution of uncertain tax positions and other matters. In the event that uncertain tax positions are resolved for amounts different than the Company's estimates, or the related statutes of limitations expire without the assessment of additional income taxes, the Company will be required to adjust the amounts of the related assets and liabilities in the period in which such events occur. Such adjustments may have a material impact on the Company's income tax provision and its results of operations.

Fair Value of Financial Instruments

The carrying value of certain of the Company's financial instruments, including cash equivalents, accounts receivable and accounts payable approximates their fair value due to their short maturities.

The Company's investment securities portfolio consists of bank time deposits with an original maturity of three months or less and marketable securities (money market and mutual funds) related to a deferred compensation plan.

The Company's trading investments related to the deferred compensation plan are reported at fair value based on quoted market prices. The marketable securities related to the deferred compensation plan are classified as non-current trading investments, as they are intended to fund the deferred compensation plan's long-term liability. Since participants in the deferred compensation plan may select the mutual funds in which their compensation deferrals are invested within the confines of the Rabbi Trust which holds the marketable securities, the Company has designated these marketable securities as trading investments, although there is no intent to actively buy and sell securities with the objective of generating profits on short-term differences in market prices. These securities are recorded at fair value based on quoted market prices. Earnings, gains and losses on trading investments are included in other income (expense), net in the consolidated statements of operations.

The Company also holds non-marketable investments in equity and other securities that are accounted under the equity method, which are classified as other assets. In addition, the Company has certain investments without readily determinable fair values due to the absence of quoted market prices, the inherent lack of liquidity, and the fact that inputs used to measure fair value are unobservable and require management's judgment. The Company elected the measurement alternative to record these investments at cost and to adjust for impairments and observable price changes resulting from transactions with the same issuer within the statement of operations.

Net Income per Share

Basic net income per share is computed by dividing net income by the weighted average outstanding shares. Diluted net income per share is computed using the weighted average outstanding shares and dilutive share equivalents. Dilutive share equivalents consist of share-based awards, including stock options, purchase rights under employee share purchase plan, and restricted stock units (RSUs).

The dilutive effect of in-the-money share-based compensation awards is calculated based on the average share price for each fiscal period using the treasury stock method.

Share-Based Compensation Expense

Share-based compensation expense includes compensation expense for share-based awards granted based on the grant date fair value. The grant date fair value for stock options and stock purchase rights is estimated using the Black-Scholes-Merton option-pricing valuation model. The grant date fair value of RSUs which vest upon meeting certain market conditions is estimated using the Monte-Carlo simulation method. The grant date fair value of time-based and performance-based RSUs is calculated based on the market price on the date of grant, reduced by estimated dividends yield prior to vesting. With respect to awards with service conditions only, compensation expense is recognized ratably over the vesting period of the awards. For performance-based RSUs, the Company recognizes the estimated expense using a graded-vesting method over requisite service periods of one to three years when the performance condition is determined to be probable. The performance period and the service period of the market-based grants of the Company are both approximately three years and the estimated expense is recognized ratably over the service period.

In March 2016, the FASB issued ASU 2016-09, "Compensation-Stock Compensation (Topic 718)": Improvements to Employee Share-Based Payment Accounting" (ASU 2016-09). The Company adopted this standard effective April 1, 2017 using modified retrospective approach. Under the new standard, the Company accounts for forfeitures as they occur. The change in accounting for forfeitures resulted in a cumulative-effect adjustment to decrease retained earnings as of April 1, 2017 by $3.3 million. The Company further recognized a

cumulative-effect adjustment to increase retained earnings as of April 1, 2017 by $57.2 million upon adoption of the new guidance to account for gross excess tax benefits of $75.2 million that were previously not recognized because the related tax deduction had not reduced current income taxes, offset by a valuation allowance of $18.0 million to reduce the deferred tax assets to amounts that are more likely than not to be realized.

Product Warranty Accrual

All of the Company's products are covered by warranty to be free from defects in material and workmanship for periods ranging from one year to five years. The warranty period varies by product and by region. The Company’s warranty does not provide a service beyond assuring that the product complies with agreed-upon specifications and is not sold separately. The warranty the Company provides qualifies as an assurance warranty and is not treated as a separate performance obligation. The Company estimates cost of product warranties at the time the related revenue is recognized based on historical warranty claim rates, historical costs, and knowledge of specific product failures that are outside of the Company's typical experience. The Company accrues a warranty liability for estimated costs to provide products, parts or services to repair or replace products in satisfaction of the warranty obligation. Each quarter, the Company reevaluates estimates to assess the adequacy of recorded warranty liabilities. When the Company experiences changes in warranty claim activity or costs associated with fulfilling those claims, the warranty liability is adjusted accordingly. If actual product failure rates or repair costs differ from estimates, revisions to the estimated warranty liabilities would be required and could materially affect the Company's results of operations.

Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the total change in shareholders' equity during the period other than from transactions with shareholders. Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) is comprised of currency translation adjustments from those entities not using the U.S. Dollar as their functional currency, net deferred gains and losses and prior service costs and credits for defined benefit pension plans, and net deferred gains and losses on hedging activity.

Treasury Shares

The Company periodically repurchases shares in the market at fair value. Shares repurchased are recorded at cost as a reduction of total shareholders' equity. Treasury shares held may be reissued to satisfy the exercise of employee stock options and purchase rights and the vesting of restricted stock units, or may be canceled with shareholder approval. Treasury shares that are reissued are accounted for using the first-in, first-out basis.

Derivative Financial Instruments

The Company enters into foreign exchange forward contracts to reduce the short-term effects of currency fluctuations on certain foreign currency receivables or payables and to hedge against exposure to changes in currency exchange rates related to its subsidiaries' forecasted inventory purchases.

Gains and losses for changes in the fair value of the effective portion of the Company's forward contracts related to forecasted inventory purchases are deferred as a component of accumulated other comprehensive income (loss) until the hedged inventory purchases are sold, at which time the gains or losses are reclassified to cost of goods sold. The Company presents the earnings impact from forward points in the same line item that is used to present the earnings impact of the hedged item, i.e. cost of goods sold, for hedging forecasted inventory purchases.

Gains or losses from changes in the fair value of forward contracts that offset translation losses or gains on foreign currency receivables or payables are recognized immediately and included in other income (expense), net in the consolidated statements of operations.

Restructuring Charges

The Company's restructuring charges consist of employee severance, one-time termination benefits and ongoing benefits related to the reduction of its workforce, lease exit costs, and other costs. Liabilities for costs associated with a restructuring activity are measured at fair value and are recognized when the liability is incurred, as opposed to when management commits to a restructuring plan. One-time termination benefits are expensed at the date the entity notifies the employee, unless the employee must provide future service, in which case the benefits are expensed ratably over the future service period. Ongoing benefits are expensed when restructuring activities are probable and the benefit amounts are estimable. Costs to terminate a lease before the end of its term are recognized when the property is vacated. Other costs primarily consist of legal, consulting, and other costs related to employee terminations are expensed when incurred. Termination benefits are calculated based on regional benefit practices and local statutory requirements.

Recent Accounting Pronouncements Adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, "Leases (Topic 842)" (ASU 2016-02 or Topic 842), which requires a lessee to recognize right-of-use (ROU) assets and lease liabilities arising from operating and financing leases with terms longer than 12 months on the consolidated balance sheets and to disclose key information about leasing arrangements.

The Company adopted the new standard effective April 1, 2019 and recorded a right-of-use (ROU) asset and lease liability related to its operating leases. The Company used the modified retrospective approach with the effective date as the date of initial application. Accordingly, the Company applied the new lease standard prospectively to leases existing or commencing on or after April 1, 2019. Prior period balances and disclosures have not been restated. The Company elected the package of transitional practical expedients, which among other provisions, allows the Company to not reassess under the new standard the Company's prior conclusions about lease identification, lease classification and initial direct cost, for any existing leases on the adoption date. In addition, for operating leases, the Company elected to account for lease and non-lease components as a single lease component. The Company also made an accounting policy election to not recognize lease liabilities and ROU assets on its consolidated balance sheet for leases that, at the lease commencement date, have a lease term of 12 months or less.

Adoption of the standard resulted in the recognition of $31.3 million of ROU assets and $37.4 million of lease liabilities related to the Company's leases on its consolidated balance sheet on April 1, 2019. The difference of $6.1 million represented deferred and prepaid rent for leases that existed and reclassified to ROU assets as of the date of adoption. The adoption of the standard did not have an impact on the Company's consolidated statement of operations, comprehensive income, changes in shareholders' equity or cash flows.

In August 2018, the FASB issued ASU 2018-15, "Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract" (ASU 2018-15), which clarifies that implementation costs incurred by customers in cloud computing arrangements are deferred if they would be capitalized by customers in software licensing arrangements under the internal-use software guidance. ASU 2018-15 is effective for annual and interim periods in fiscal years beginning after December 15, 2019, with early adoption permitted. Entities have the option to apply the guidance prospectively to all implementation costs incurred after the date of adoption or retrospectively. The Company adopted this standard effective April 1, 2019 using a prospective adoption method. The adoption of ASU 2018-15 did not have a material impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements To Be Adopted

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" (ASU 2016-13), which was further updated and clarified by the FASB through issuance of additional related ASUs, replaces the incurred-loss impairment methodology and requires immediate recognition of estimated credit losses expected to occur for most financial assets, including trade receivables. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. The Company does not expect the adoption of ASU 2016-13 will have a material impact on its consolidated financial statements and plans to adopt the standard effective April 1, 2020.

In August 2018, the FASB issued ASU 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurements" (ASU 2018-13), which aims to improve the overall usefulness of disclosures to financial statement users and reduce unnecessary costs to companies when preparing fair value measurement disclosures. ASU 2018-13 is effective for annual and interim periods in fiscal years beginning after December 15, 2019. Early adoption is permitted. Retrospective adoption is required, except for certain disclosures which will be required to be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. The Company does not expect the adoption of ASU 2018-13 will have a material impact on its consolidated financial statements and plans to adopt the standard effective April 1, 2020.

In August 2018, the FASB issued ASU 2018-14, "Compensation - Retirement Benefits - Defined Benefits Plans - General (Subtopic 715-20): Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans" (ASU 2018-14), which aims to improve the overall usefulness of disclosures to financial statement users and reduce unnecessary costs to companies when preparing defined benefit plan disclosures. ASU 2018-14 is effective for annual periods in fiscal years ending after December 15, 2020. Retrospective adoption is required and early adoption is permitted. The Company does not expect the adoption of ASU 2018-14 will have a material impact on its consolidated financial statements and plans to adopt the standard effective April 1, 2020.

In December 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes" (ASU 2019-12), which eliminates certain exceptions for recognizing deferred taxes for investments, performing intraperiod allocation and calculating income taxes in interim periods. This ASU also includes guidance to reduce complexity in certain areas, including recognizing deferred taxes for tax goodwill and allocating taxes to members of a consolidated group. ASU 2019-12 is effective for annual and interim periods in fiscal years beginning after December 15, 2020. Early adoption is permitted. The Company is currently assessing the impact of ASU 2019-12 on its consolidated financial statements and plans to adopt the standard effective April 1, 2021.

Note 3—Business Acquisitions

Fiscal Year 2020 Acquisition

Streamlabs Acquisition

On October 31, 2019 (the "Streamlabs Acquisition Date"), the Company acquired all equity interests of General Workings, Inc. ("Streamlabs") for a total consideration of $105.7 million (as described in the table below), which included a working capital adjustment, plus additional contingent consideration of $29.0 million payable in stock only upon the achievement of certain net revenues for the period beginning on January 1, 2020 and ending on June 30, 2020 (the "Streamlabs Acquisition").

Streamlabs is a leading provider of software and tools for professional streamers. The Streamlabs Acquisition is complementary to the Company's gaming portfolio.

Streamlabs met the definition of a business, and therefore the acquisition is accounted for using the acquisition method.

The fair value of consideration transferred for the Streamlabs Acquisition consists of the following (in thousands):

		Consideration
Purchase price (cash)	$	105,645
Fair value of contingent consideration (earn-out)	$	37
Fair value of total consideration transferred	$	105,682

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the Streamlabs Acquisition Date, and the value of goodwill resulting from the measurement period adjustments in the three months ending March 31, 2020 (in thousands):

	Estimated Fair Value
Cash and cash equivalents	$ 17,014
Intangible assets	$ 37,000
Other identifiable liabilities assumed, net	$ (3,701)
Net identifiable assets acquired	50,313
Contingent consideration (earn-out)	$ (37)
Goodwill	$ 55,406
Net assets acquired	$ 105,682

Goodwill related to the acquisition is primarily attributable to opportunities and economies of scale from combining the operations and technologies of Logitech and Streamlabs, and is not deductible for tax purposes.

The following table summarizes the preliminary estimated fair values and estimated useful lives of the components of identifiable intangible assets acquired as of the Streamlabs Acquisition Date (Dollars in thousands):

	Fair Value	Estimated Useful Life (years)
Developed technology	$ 21,800	6.0
Customer relationships	6,000	2.0
Trade name	9,200	8.0
Total identifiable intangible assets acquired	$ 37,000	5.9

Intangible assets acquired as a result of the Streamlabs Acquisition are being amortized over their estimated useful lives using the straight-line method of amortization, which materially approximates the distribution of the economic value of the identified intangible assets. Amortization of acquired developed technology of $1.5 million during the year ended March 31, 2020 is included in "amortization of intangible assets and purchase accounting effect of inventory" in the consolidated statements of operations. Amortization of the acquired customer relationships and trade name of $1.7 million during the year ended March 31, 2020 is included in "Amortization of intangible assets and acquisition-related costs" in the consolidated statements of operations.

Developed technology relates to the software platform which existing Streamlabs services are provided on. The economic useful life was determined based on the technology cycle related to developed technology of the software platform, as well as the cash flows anticipated over the forecasted periods.

Customer relationships represent the fair value of future projected revenue that will be derived from sales to existing customers of Streamlabs. The economic useful life was determined based on historical customer turnover rates and industry benchmarks.

Trade name relates to the “Streamlabs” trade name. The economic useful life was determined based on the expected life of the trade name and the cash flows anticipated over the forecasted periods.

The fair value of developed technology was estimated using the excess earnings method, an income approach (Level 3), which converts projected revenues and costs into cash flows. To reflect the fact that certain other assets contributed to the cash flows generated, the returns for these contributory assets were removed to arrive at estimated cash flows solely attributable to the developed technology, which were discounted at a rate of 25%.

The fair value of trade name was estimated using the relief-from-royalty method, an income approach (Level 3), which estimates the cost savings that accrue to the owner of the intangible assets that would otherwise be payable as royalties or license fees on revenues earned through the use of the asset. A royalty rate is applied to the projected revenues associated with the intangible assets to determine the amount of savings, which is then

discounted to determine the fair value. Trade name was valued using royalty rate of 5% and was discounted at a rate of 25%.

The fair value of customer relationships was estimated primarily using the with and without scenario, a discounted cash flow method (Level 3). Under this method, the Company calculated the present value of the after-tax cash flows expected to be generated by the business with and without the customer relationships using a discount rate of 20%. The without scenario incorporates lost revenue and lost profits over the period necessary to retain the asset.

The Company believes the fair values of acquired intangible assets recorded above represents their fair values and approximates the amounts a market participant would pay for these intangible assets as of the Streamlabs Acquisition Date.

The Company included Streamlabs' estimated fair value of assets acquired and liabilities assumed in its consolidated financial statements beginning on the Streamlabs Acquisition Date. The results of operations for Streamlabs subsequent to the Streamlabs Acquisition Date have been included in, but are not material to, the Company's consolidated statements of operations for the year ended March 31, 2020. Streamlabs contributed $13.1 million to the net sales for the year ended March 31, 2020, representing less than 1% of the Company's net sales for the year.

On October 31, 2019, the Company also made an immaterial technology acquisition for a total cash consideration of $3.6 million, which was accounted for using the acquisition method. The Company retained 10% of the total consideration for the purpose of ensuring seller's representations and warranties.

Fiscal Year 2019 Acquisition

Blue Microphones Acquisition

On August 21, 2018 (the "Blue Microphones Acquisition Date"), the Company acquired all equity interests in Blue Microphones Holding Corporation ("Blue Microphones") for a total consideration of $134.8 million in cash (the "Blue Microphones Acquisition"), which included a working capital adjustment and repayment of debt on behalf of Blue Microphones.

Blue Microphones is a leading audio manufacturer that designs and produces microphones, headphones, recording tools, and accessories for audio professionals, musicians and consumers. The Blue Microphones Acquisition supplements the Company's product portfolio.

Blue Microphones met the definition of a business, and therefore the acquisition is accounted for using the acquisition method.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the Blue Microphones Acquisition Date (in thousands):

	Estimated Fair Value	
Cash and cash equivalents	$	1,110
Accounts receivable		10,979
Inventories		19,546
Other current assets		997
Property, plant and equipment		452
Intangible assets		55,567
Total identifiable assets acquired	$	88,651
Accounts payable		(10,322)
Accrued liabilities		(11,162)
Other long-term liabilities		(661)
Net identifiable assets acquired	$	66,506
Goodwill		68,269
Net assets acquired	$	134,775

Goodwill related to the acquisition is primarily attributable to opportunities and economies of scale from combining the operations and technologies of Logitech and Blue Microphones and is not deductible for tax purposes.

The fair value of the inventory acquired is estimated at its net realizable value, which uses the estimated selling prices, less the cost of disposal and a reasonable profit allowance for the selling efforts. The difference between the fair value of the inventories and the amount recorded by Blue Microphones immediately before the acquisition is $1.8 million, which has been recognized in "amortization of intangibles assets and purchase accounting effect on inventory" in the consolidated statements of operations upon the sale of the acquired inventory.

The following table summarizes the estimated fair values and estimated useful lives of the components of intangible assets acquired as of the Blue Microphones Acquisition Date (Dollars in thousands):

	Fair Value		Estimated Useful Life (years)
Developed technology	$	17,967	5.0
Customer relationships		25,100	10.0
Trademark and trade name		12,500	7.0
Total intangible assets acquired	$	55,567	7.7

Intangible assets acquired as a result of the Blue Microphones Acquisition are being amortized over their estimated useful lives using the straight-line method of amortization, which materially approximates the distribution of the economic value of the intangible assets. Amortization of developed technology of $3.6 million, and $2.1 million during the years ended March 31, 2020 and 2019, respectively, is included in "amortization of intangible assets and purchase accounting effect of inventory" in the consolidated statements of operations. Amortization of customer relationships, trademark and trade names of $4.3 million and $2.5 million during the years ended March 31, 2020 and 2019, respectively, is included in "amortization of intangible assets and acquisition-related costs" in the consolidated statements of operations.

Developed technology relates to existing Blue Microphones products. The economic useful life was determined based on the technology cycle related to developed technology of existing products, as well as the cash flows anticipated over the forecasted periods.

Customer relationships represent the fair value of future projected revenue that will be derived from sales of products to existing customers of Blue Microphones. The economic useful life was determined based on historical customer attrition rates and industry benchmarks.

Trademark and trade name relates to “Blue Microphones”. The economic useful life was determined based on the expected life of the trade name and the cash flows anticipated over the forecasted periods.

The fair values of developed technology and trade name were estimated using the relief-from-royalty method, an income approach (Level 3), which estimates the cost savings that accrue to the owner of the intangible assets that would otherwise be payable as royalties or license fees on revenues earned through the use of the asset. A royalty rate is applied to the projected revenues associated with the intangible assets to determine the amount of savings, which is then discounted to determine the fair value. The developed technology and trade name were valued using royalty rates of 10% and 3%, respectively, and both were discounted at a rate of 11%.

The fair value of customer relationships was estimated using the excess earnings method, an income approach (Level 3), which converts projected revenues and costs into cash flows. To reflect the fact that certain other assets contributed to the cash flows generated, the returns for these contributory assets were removed to arrive at estimated cash flows solely attributable to the customer relationships, which were discounted at a rate of 11%.

The Company believes the fair value of the intangible assets recorded above approximates the amounts a market participant would pay for these intangible assets as of the Blue Microphones Acquisition Date.

The Company included Blue Microphones' estimated fair value of assets acquired and liabilities assumed in its consolidated balance sheet beginning on the Blue Microphones Acquisition Date. The results of operations for Blue Microphones subsequent to the Blue Microphones Acquisition Date have been included in, but are not material to, the Company's consolidated statements of operations.

Acquisition-related costs and pro forma results of operations

The Company incurred acquisition-related costs of approximately $1.5 million, $1.7 million and $1.4 million, in aggregate, for the year ended March 31, 2020, 2019 and 2018, respectively. The acquisition-related costs are included in "Amortization of intangible assets and acquisition-related costs" in the consolidated statements of operations.

Pro forma results of operations for acquisitions completed in fiscal year 2020 and 2019 have not been presented because the effects of these acquisitions are not material to the consolidated statements of operations individually or in aggregate for each year.

Note 4—Net Income per Share

The computations of basic and diluted net income per share for the Company were as follows (in thousands except per share amounts):

	Years Ended March 31,		
	2020	2019	2018
Net Income	$ 449,723	$ 257,573	$ 208,542
Shares used in net income per share computation:			
Weighted average shares outstanding - basic	166,837	165,609	164,038
Effect of potentially dilutive equivalent shares	2,544	3,356	4,933
Weighted average shares outstanding - diluted	169,381	168,965	168,971
Net income per share:			
Basic	$ 2.70	$ 1.56	$ 1.27
Diluted	$ 2.66	$ 1.52	$ 1.23

Share equivalents attributable to outstanding stock options, restricted stock units ("RSUs") and employee share purchase rights (ESPP) totaling 1.7 million, 1.8 million and 1.1 million, respectively, during fiscal years 2020, 2019 and 2018 were excluded from the calculation of diluted net income per share because the combined exercise price and average unamortized grant date fair value of these options and ESPP or vesting of RSUs were greater than the average market price of the Company's shares during the periods presented herein, and therefore their inclusion would have been anti-dilutive. The majority of performance-based awards were excluded because all necessary conditions have not been satisfied by the end of the respective period, and those shares were not issuable if the end of the reporting period were the end of the contingency period.

Note 5—Employee Benefit Plans

Employee Share Purchase Plans and Stock Incentive Plans

As of March 31, 2020, the Company offers the 2006 Employee Share Purchase Plan, as amended and restated (Non-U.S.) (2006 ESPP), the 1996 Employee Share Purchase Plan (U.S.), as amended and restated (1996 ESPP), the 2006 Stock Incentive Plan (2006 Plan) as amended and restated and the 2012 Stock Inducement Equity Plan (2012 Plan). Shares issued to employees as a result of purchases or exercises under these plans are generally issued from shares held in treasury stock.

The following table summarizes share-based compensation expense and total income tax benefit recognized for fiscal years 2020, 2019 and 2018 (in thousands):

	Years Ended March 31,		
	2020	2019	2018
Cost of goods sold	$ 4,852	$ 3,812	$ 3,733
Marketing and selling	26,835	20,630	17,765
Research and development	9,273	7,368	6,381
General and administrative	13,910	18,455	16,259
Total share-based compensation expense	54,870	50,265	44,138
Income tax benefit	(14,109)	(17,091)	(15,998)
Total share-based compensation expense, net of income tax benefit	$ 40,761	$ 33,174	$ 28,140

The income tax benefit in the respective period primarily consists of tax benefit related to the share-based compensation expense for the period and direct tax benefit realized, including net excess tax benefits recognized from share-based awards vested or exercised during the period upon the adoption of ASU 2016-09 on April 1, 2017. The income tax benefit for the year ended March 31, 2018 was reduced by the income tax provision resulting from the

remeasurement of applicable deferred tax assets and liabilities due to the enactment of the Tax Act in the United States on December 22, 2017. See "Note 7 - Income Taxes" for more information.

As of March 31, 2020, 2019 and 2018, the balance of capitalized stock-based compensation included in inventory was $0.9 million, $0.9 million, and $0.7 million, respectively.

The following table summarizes total unamortized share-based compensation expense and the remaining period over which such expense is expected to be recognized, on a weighted-average basis by type of grant (in thousands, except number of months):

	March 31, 2020	
	Unamortized Expense	Remaining Months
ESPP	$ 1,442	4
Stock Options	4,369	24
Time-based RSUs	71,545	26
Market-based and performance-based RSUs	13,180	21
Total unamortized share-based compensation expense	$ 90,536	

Under the 1996 ESPP and 2006 ESPP plans, eligible employees may purchase shares at the lower of 85% of the fair market value at the beginning or the end of each offering period, which is generally six months. Subject to continued participation in these plans, purchase agreements are automatically executed at the end of each offering period. An aggregate of 29.0 million shares was reserved for issuance under the 1996 and 2006 ESPP plans. As of March 31, 2020, a total of 4.9 million shares was available for new awards under these plans.

The 2006 Plan provides for the grant to eligible employees and non-employee directors of stock options, stock appreciation rights, restricted stock and RSUs. Awards under the 2006 Plan may be conditioned on continued employment, the passage of time or the satisfaction of performance and market vesting criteria. The 2006 Plan, as amended, has no expiration date. All stock options under this plan have terms not exceeding ten years and are issued at exercise prices not less than the fair market value on the date of grant. An aggregate of 30.6 million shares was reserved for issuance under the 2006 Plan. As of March 31, 2020, a total of 8.6 million shares were available for new awards under this plan.

Time-based RSUs granted to employees under the 2006 Plan generally vest in four equal annual installments on the grant date anniversary. Time-based RSUs granted to non-executive board members under the 2006 Plan vest on the grant date anniversary, or if earlier and only if the non-executive board member is not re-elected as a director at such annual general meeting, the date of the next annual general meeting following the grant date.

In fiscal years 2020, 2019 and 2018, the Company granted RSUs with both performance and market conditions, which vest at the end of the three-year performance period upon meeting predetermined financial metrics over three years, with the number of shares to be received upon vesting determined based on weighted average constant currency revenue growth rate and the Company's TSR relative to the performance of companies in the NASDAQ-100 Index over the same three years period. The Company presents shares granted and vested at 100 percent of the target of the number of stock units that may potentially vest.

Under the 2012 Plan, stock options and RSUs may be granted to eligible employees to serve as an inducement to enter into employment with the Company. Awards under the 2012 Plan may be conditioned on continued employment, the passage of time or the satisfaction of market stock performance criteria, based on individually written employment offer letter. The 2012 Plan has an expiration date of March 28, 2022. An aggregate of 1.8 million shares was reserved for issuance under the 2012 Plan. As of March 31, 2020, no shares were available for new awards under this plan.

The estimates of share-based compensation expense require a number of complex and subjective assumptions including stock price volatility, employee exercise patterns, probability of achievement of the set performance condition, dividend yield, related tax effects and the selection of an appropriate fair value model.

The grant date fair value of the awards using the Black-Scholes-Merton option-pricing valuation model and Monte-Carlo simulation method is determined with the following assumptions and values:

	Stock Options			Employee Stock Purchase Plans		
	Years Ended March 31,			Years Ended March 31,		
	2020	2019	2018	2020	2019	2018
Dividend yield	*	1.72%	*	1.74%	1.73%	1.67%
Risk-free interest rate	*	2.45%	*	1.81%	2.35%	1.37%
Expected volatility	*	33%	*	24%	31%	27%
Expected life (years)	*	6.2	*	0.5	0.5	0.5
Weighted average grant date fair value per share	*	$11.55	*	$ 9.35	$ 9.33	$ 8.69

* Not applicable as no stock options were granted in the period.

RSUs with Market Conditions	Years Ended March 31,		
	2020	2019	2018
Dividend yield	1.76%	1.59%	1.75%
Risk-free interest rate	2.11%	2.51%	1.40%
Expected volatility	30%	30%	31%
Expected life (years)	3.0	3.0	3.0

The dividend yield assumption is based on the Company's history and future expectations of dividend payouts. The unvested RSUs or unexercised options are not eligible for these dividends. The expected life is based on the purchase offerings periods expected to remain outstanding for employee stock purchase plan, or the performance period for RSUs with market conditions. The expected life for stock options is based on historical settlement rates, which the Company believes are most representative of future exercise and post-vesting termination behaviors. Expected volatility is based on historical volatility using the Company's daily closing prices, or including the volatility of components of the NASDAQ 100 index for market-based RSUs, over the expected life. The Company considers the historical price volatility of its shares as most representative of future volatility. The risk-free interest rate assumptions are based upon the implied yield of U.S. Treasury zero-coupon issues appropriate for the expected life of the Company's share-based awards.

For RSUs with performance conditions, the Company estimates the probability and timing of the achievement of the set performance condition at the time of the grant based on the historical financial performance and the financial forecast in the remaining performance period and reassesses the probability in subsequent periods when actual results or new information become available.

A summary of the Company's stock option activities under all stock plans for fiscal years 2020, 2019 and 2018 is as follows:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	(In thousands)		(Years)	(In thousands)
Outstanding, March 31, 2017	3,050			
Granted	—			
Exercised	(994)			$ 8,347
Canceled or expired	(16)			
Outstanding, March 31, 2018	2,040			
Granted	649			
Exercised	(82)			$ 1,707
Canceled or expired	—			
Outstanding, March 31, 2019	2,607	$ 20		
Granted	—			
Exercised	(573)	$ 9		$ 19,339
Canceled or expired	(65)	$ 39		
Outstanding, March 31, 2020	1,969	$ 22	4.2	$ 40,549
Vested and exercisable, March 31, 2020	1,530	$ 18	2.8	$ 38,733

As of March 31, 2020, the exercise price of outstanding options ranged from $2 to $40 per share option.

The tax benefit realized for the tax deduction from options exercised during fiscal years 2020, 2019 and 2018 was $0.05 million, $0.2 million and $1.8 million, respectively.

A summary of the Company's time-based, market-based and performance-based RSU activities for fiscal years 2020, 2019 and 2018 is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Vesting Period	Aggregate Fair Value
	(In thousands)		(Years)	(In thousands)
Outstanding, March 31, 2017	6,181	$ 14		
Granted—time-based	1,212	$ 33		
Granted—market and performance-based	409	$ 33		
Vested	(2,248)			$ 81,582
Canceled or expired	(333)			
Outstanding, March 31, 2018	5,221	$ 20		
Granted—time-based	1,290	$ 40		
Granted—market and performance-based	381	$ 39		
Vested	(2,148)			$ 89,159
Canceled or expired	(323)			
Outstanding, March 31, 2019	4,421	$ 29		
Granted—time-based	1,431	$ 38		
Granted—market and performance-based	365	$ 40		
Vested	(1,705)	$ 22		$ 76,389
Canceled or expired	(561)	$ 32		
Outstanding, March 31, 2020	3,951	$ 36	1.3	$ 167,298

The RSUs outstanding as of March 31, 2020 above include 1.0 million shares with both market-based and performance-based vesting conditions.

The tax benefit realized for the tax deduction from RSUs that vested during fiscal years 2020, 2019 and 2018 was $12.1 million, $16.2 million and $20.3 million, respectively.

Defined Contribution Plans

Certain of the Company's subsidiaries have defined contribution employee benefit plans covering all or a portion of their employees. Contributions to these plans are discretionary for certain plans and are based on specified or statutory requirements for others. The charges to expense for these plans for fiscal years 2020, 2019 and 2018, were $8.6 million, $8.7 million and $7.6 million, respectively.

Defined Benefit Plans

Certain of the Company's subsidiaries sponsor defined benefit pension plans or non-retirement post-employment benefits covering substantially all of their employees. Benefits are provided based on employees' years of service and earnings, or in accordance with applicable employee benefit regulations. The Company's practice is to fund amounts sufficient to meet the requirements set forth in the applicable employee benefit and tax regulations.

The Company recognizes the overfunded or underfunded status of defined benefit pension plans and non-retirement post-employment benefit obligations as an asset or liability in its consolidated balance sheets and recognizes changes in the funded status of defined benefit pension plans in the year in which the changes occur through accumulated other comprehensive income (loss), which is a component of shareholders' equity. Each plan's assets and benefit obligations are remeasured as of March 31 each year.

The net periodic benefit cost of the defined benefit pension plans and the non-retirement post-employment benefit obligations for fiscal years 2020, 2019 and 2018 was as follows (in thousands):

	Years Ended March 31,		
	2020	2019	2018
Service costs	$ 11,008	$ 10,564	$ 9,715
Interest costs	1,055	1,301	1,126
Expected return on plan assets	(2,616)	(2,167)	(1,792)
Amortization:			
Net prior service credit recognized	(435)	(443)	(51)
Net actuarial loss recognized	1,386	450	242
Settlement	(97)	(97)	—
Total net periodic benefit cost	$ 10,301	$ 9,608	$ 9,240

The components of net periodic benefit cost other than the service costs component are included in the line “other income (expense), net” in the consolidated statements of operations.

The changes in projected benefit obligations for fiscal years 2020 and 2019 were as follows (in thousands):

	Years Ended March 31,	
	2020	2019
Projected benefit obligations, beginning of the year	$ 143,662	$ 128,915
Service costs	11,008	10,564
Interest costs	1,055	1,301
Plan participant contributions	3,733	3,666
Actuarial gains	2,246	9,506
Benefits paid	(3,507)	(3,793)
Plan amendment related to statutory change	—	(705)
Settlement	(941)	(335)
Administrative expense paid	(141)	(142)
Currency exchange rate changes and other	3,799	(5,315)
Projected benefit obligations, end of the year	$ 160,914	$ 143,662

The accumulated benefit obligation for all defined benefit pension plans as of March 31, 2020 and 2019 was $135.0 million and $118.7 million, respectively.

The following table presents the changes in the fair value of defined benefit pension plan assets for fiscal years 2020 and 2019 (in thousands):

	Years Ended March 31,	
	2020	2019
Fair value of plan assets, beginning of the year	$ 90,365	$ 84,718
Actual return on plan assets	(830)	3,350
Employer contributions	6,531	6,383
Plan participant contributions	3,733	3,666
Benefits paid	(3,507)	(3,793)
Settlement	(941)	(335)
Administrative expenses paid	(141)	(142)
Currency exchange rate changes	2,800	(3,482)
Fair value of plan assets, end of the year	$ 98,010	$ 90,365

The Company's investment objectives are to ensure that the assets of its defined benefit plans are invested to provide an optimal rate of investment return on the total investment portfolio, consistent with the assumption of a reasonable risk level, and to ensure that pension funds are available to meet the plans' benefit obligations as they become due. The Company believes that a well-diversified investment portfolio will result in the highest attainable investment return with an acceptable level of overall risk. Investment strategies and allocation decisions are also governed by applicable governmental regulatory agencies. The Company's investment strategy with respect to its largest defined benefit plan, which is available only to Swiss employees, is to invest per the following allocation: 33% in equities, 34% in bonds, 28% in real estate, 2% in cash and cash equivalents and the remaining in other investments. The Company also can invest in real estate funds, commodity funds, and hedge funds depending upon economic conditions.

The following tables present the fair value of the defined benefit pension plan assets by major categories and by levels within the fair value hierarchy as of March 31, 2020 and 2019 (in thousands):

	March 31,					
	2020			2019		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash and cash equivalents	$ 14,213	$ —	$ 14,213	$ 10,737	$ —	$ 10,737
Equity securities	28,329	—	28,329	27,559	—	27,559
Debt securities	26,605	—	26,605	26,823	—	26,823
Swiss real estate funds	16,476	8,168	24,644	21,659	—	21,659
Hedge funds	—	1,882	1,882	—	912	912
Other	2,084	253	2,337	2,377	298	2,675
Total fair value of plan assets	$ 87,707	$ 10,303	$ 98,010	$ 89,155	$ 1,210	$ 90,365

The funded status of the plans was as follows (in thousands):

	Years Ended March 31,	
	2020	2019
Fair value of plan assets	$ 98,010	$ 90,365
Less: projected benefit obligations	160,914	143,662
Underfunded status	$ (62,904)	$ (53,297)

Amounts recognized on the balance sheet for the plans were as follows (in thousands):

	March 31,	
	2020	2019
Current liabilities	$ 2,126	$ 1,849
Non-current liabilities	60,778	51,448
Total liabilities	$ 62,904	$ 53,297

Amounts recognized in accumulated other comprehensive loss related to defined benefit pension plans were as follows (in thousands):

	March 31,		
	2020	2019	2018
Net prior service credits	$ 3,647	$ 3,965	$ 3,843
Net actuarial loss	(22,722)	(17,630)	(9,821)
Accumulated other comprehensive loss	(19,075)	(13,665)	(5,978)
Deferred tax	(941)	(267)	(420)
Accumulated other comprehensive loss, net of tax	$ (20,016)	$ (13,932)	$ (6,398)

The following table presents the amounts included in accumulated other comprehensive loss as of March 31, 2020, which are expected to be recognized as a component of net periodic benefit cost in fiscal year 2021 (in thousands):

	Year Ended March 31, 2020
Amortization of net prior service credits	$ (447)
Amortization of net actuarial loss	1,124
Total	$ 677

The actuarial assumptions for the defined benefit plans for fiscal years 2020 and 2019 were as follows:

	Years Ended March 31,	
	2020	2019
Benefit Obligations:		
Discount rate	0.50% - 6.75%	0.55%-7.25%
Estimated rate of compensation increase	2.25% - 10.00%	2.50%-10.00%
Periodic Costs:		
Discount rate	0.55% - 7.25%	0.75%-7.50%
Estimated rate of compensation increase	2.50% - 10.00%	2.50%-10.00%
Expected average rate of return on plan assets	0.89% - 3.00%	0.75% - 2.75%

The discount rate is estimated based on corporate bond yields or securities of similar quality in the respective country, with a duration approximating the period over which the benefit obligations are expected to be paid. The Company bases the compensation increase assumptions on historical experience and future expectations. The expected average rate of return for the Company's defined benefit pension plans represents the average rate of return expected to be earned on plan assets over the period that the benefit obligations are expected to be paid, based on government bond notes in the respective country, adjusted for corporate risk premiums as appropriate.

The following table reflects the benefit payments that the Company expects the plans to pay in the periods noted (in thousands):

Years Ending March 31,	
2021	$ 8,128
2022	8,501
2023	8,192
2024	8,541
2025	8,877
2026-2030	43,063
Total expected benefit payments by the plan	$ 85,302

The Company expects to contribute $5.8 million to its defined benefit pension plans during fiscal year 2020.

Deferred Compensation Plan

One of the Company's subsidiaries offers a deferred compensation plan that permits eligible employees to make 100% vested salary and incentive compensation deferrals within established limits. The Company does not make contributions to the plan.

The deferred compensation plan's assets consist of marketable securities and are included in other assets on the consolidated balance sheets. The marketable securities are classified as trading investments and were recorded at a fair value of $20.1 million and $20.4 million as of March 31, 2020 and 2019, respectively, based on quoted market prices. The Company also had $20.1 million and $20.4 million in deferred compensation liability as of March 31, 2020 and 2019, respectively. Earnings, gains and losses on trading investments are included in other income (expense), net and corresponding changes in deferred compensation liability are included in operating expenses and cost of goods sold.

Note 6—Other Income (Expense), net

Other income (expense), net comprises of the following (in thousands):

	Years Ended March 31,		
	2020	2019	2018
Investment income (loss) related to the deferred compensation plan	$ (831)	$ 664	$ 1,386
Currency exchange loss, net	(909)	(3,608)	(4,613)
Gain on investment, net	39,011	816	669
Other	941	1,692	121
Other income (expense), net	$ 38,212	$ (436)	$ (2,437)

Gain on investments, net, represents realized gain (loss) on sales of investments, unrealized gain (loss) from the change in fair value of available-for-sale securities and gain (loss) on equity-method investments during the periods presented.

On March 2, 2020, the Company sold its $5.5 million investment in a privately held company for proceeds with a total fair value of $45.3 million consisting of cash, a subordinated note and an equity interest in another privately held company. As a result, the Company recognized a gain of $39.8 million related to the sale of this investment. Refer to “Note 9 - Fair Value Measurement” for details.

The components of net periodic benefit cost other than the service cost component, which is included in "operating expenses" in the consolidated statements of operations, for the years ended March 31, 2020 and 2019 are included in the line “Other” above as a result of adopting ASU 2017-07 effective April 1, 2018. The impact to the comparative periods was immaterial and therefore the prior period statements of operations were not revised.

Note 7—Income Taxes

The Company is incorporated in Switzerland but operates in various countries with differing tax laws and rates. Further, a portion of the Company's income (loss) before taxes and the provision for (benefit from) income taxes is generated outside of Switzerland.

Income from continuing operations before income taxes for fiscal years 2020, 2019 and 2018 is summarized as follows (in thousands):

	Years Ended March 31,		
	2020	2019	2018
Swiss	$ 238,303	$ 212,986	$ 177,935
Non-Swiss	86,023	58,147	54,330
Income before taxes	$ 324,326	$ 271,133	$ 232,265

The provision for (benefit from) income taxes is summarized as follows (in thousands):

	Years Ended March 31,		
	2020	2019	2018
Current:			
Swiss	$ 5,474	$ 1,364	$ 3,526
Non-Swiss	29,078	24,334	13,142
Deferred:			
Swiss	(153,210)	—	—
Non-Swiss	(6,739)	(12,138)	7,055
Provision for (benefit from) income taxes	$ (125,397)	$ 13,560	$ 23,723

The difference between the provision for (benefit from) income taxes and the expected tax provision (tax benefit) at the statutory income tax rate of 8.5% is reconciled below (in thousands):

	Years Ended March 31,		
	2020	2019	2018
Expected tax provision at statutory income tax rates	$ 27,568	$ 23,046	$ 19,743
Income taxes at different rates	(5,592)	(10,113)	(9,611)
Research and development tax credits	(4,692)	(5,432)	(4,124)
Executive compensation	1,582	3,344	1,835
Stock-based compensation	(2,735)	(7,288)	(9,376)
Deferred tax effects from Tax Act	—	—	22,325
Deferred tax effects from TRAF	(206,792)	—	—
Valuation allowance	(538)	1,891	533
Restructuring charges / (credits)	12	961	(10)
Unrecognized tax benefits	64,683	8,269	3,627
Other, net	1,107	(1,118)	(1,219)
Provision for (benefit from) income taxes	$ (125,397)	$ 13,560	$ 23,723

Deferred income tax assets and liabilities consist of the following (in thousands):

	March 31,	
	2020	2019
Deferred tax assets:		
Net operating loss carryforwards	$ 17,065	$ 16,323
Tax credit carryforwards	56,910	52,263
Accruals	57,923	52,304
Depreciation and amortization	4,831	5,716
Tax step-up of goodwill from TRAF	151,220	—
Share-based compensation	10,947	8,703
Gross deferred tax assets	298,896	135,309
Valuation allowance	(29,171)	(28,375)
Gross deferred tax assets after valuation allowance	269,725	106,934
Deferred tax liabilities:		
Acquired intangible assets and other	(31,128)	(18,176)
Gross deferred tax liabilities	(31,128)	(18,176)
Deferred tax assets, net	$ 238,597	$ 88,758

On May 19, 2019, the Swiss electorate approved TRAF, a major reform to better align the Swiss tax system with international tax standards. The legislation was subsequently published in the Federal Register on August 6, 2019 to take effect as of January 1, 2020. TRAF specifies mandatory and voluntary provisions that are implemented through the modification of the cantonal tax law. Major mandatory federal tax provisions include abolishment of preferential cantonal tax regimes, introduction of patent box regime and tax-free step-up of intangible assets, including goodwill created under a privileged tax regime. The canton of Vaud completed the legislative process to enact TRAF on March 10, 2020 to take effect as of January 1, 2020.

The Company benefited from a longstanding tax ruling from the canton of Vaud through December 31, 2019. The Company reached an agreement with the Vaud Tax Administration that would allow for a tax step-up of goodwill under TRAF to be amortized over ten years beginning on January 1, 2020 as a transition measure. The Company elected an accounting policy to treat the increase in tax goodwill as a separate unit of account apart from existing goodwill arising from prior business combinations. As a result, the Company recorded an income tax benefit of $151.7 million, net of unrecognized tax benefits to account for the book and tax basis difference of the step-up upon enactment. The deferred income tax benefit from other temporary differences resulting from the Swiss tax reform, net of three-month amortization of the tax step-up amounted to $1.5 million. The aggregate deferred income tax impact in fiscal year 2020 as a result of the enactment of TRAF was $153.2 million.

Management regularly assesses the ability to realize deferred tax assets recorded in the Company's entities based upon the weight of available evidence, including such factors as recent earnings history and expected future taxable income. In the event that the Company changes its determination as to the amount of deferred tax assets that can be realized, the Company will adjust its valuation allowance with a corresponding impact to the provision for income taxes in the period in which such determination is made.

The Company had a valuation allowance against deferred tax assets of $29.2 million at March 31, 2020, compared to $28.4 million at March 31, 2019. The federal valuation allowance against tax credits was reduced from $1.9 million as of March 31, 2019 to $0.9 million as of March 31, 2020 due to a release of $1.0 million from the expiration tax credits. The Company had a valuation allowance of $27.7 million as of March 31, 2020 against deferred tax assets in the state of California, an increase from $25.7 million as of March 31, 2019. The increase primarily relates to $1.3 million from the acquisition of Streamlabs and $0.7 million from activities related to deferred tax assets, respectively. The remaining valuation allowance primarily represents $0.6 million for various tax attribute carryforwards. The Company determined that it is more likely than not that the Company would not generate sufficient taxable income in the future to utilize such deferred tax assets.

As of March 31, 2020, the Company had foreign net operating loss and tax credit carryforwards for income tax purposes of $295.8 million and $63.3 million, respectively. Unused net operating loss carryforwards will expire at

various dates in fiscal years 2021 to 2039. Certain net operating loss carryforwards in the United States relate to acquisitions and, as a result, are limited in the amount that can be utilized in any one year. The tax credit carryforwards will begin to expire in fiscal year 2021.

Swiss income taxes and non-Swiss withholding taxes associated with the repatriation of earnings or for other temporary differences related to investments in non-Swiss subsidiaries have not been provided for, as the Company intends to reinvest the earnings of such subsidiaries indefinitely. If these earnings were distributed to Switzerland in the form of dividends or otherwise, or if the shares of the relevant non-Swiss subsidiaries were sold or otherwise transferred, the Company may be subject to additional Swiss income taxes and non-Swiss withholding taxes. As of March 31, 2020, the cumulative amount of unremitted earnings of non-Swiss subsidiaries for which no income taxes have been provided is approximately $112.8 million. The amount of unrecognized deferred income tax liability related to these earnings is estimated to be approximately $1.0 million.

The Company follows a two-step approach in recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement.

As of March 31, 2020 and 2019, the total amount of unrecognized tax benefits due to uncertain tax positions was $140.8 million and $76.5 million, respectively, all of which would affect the effective income tax rate if recognized.

As of March 31, 2020 and 2019, the Company had $40.8 million and $36.4 million, respectively, in non-current income taxes payable, including interest and penalties, related to the Company's income tax liability for uncertain tax positions.

The aggregate changes in gross unrecognized tax benefits in fiscal years 2020, 2019 and 2018 were as follows (in thousands). Fiscal year 2020 includes gross unrecognized tax benefits recorded as a result of the enactment of TRAF in Switzerland:

March 31, 2017	$	63,667
Lapse of statute of limitations		(7,505)
Decreases in balances related to tax positions taken during prior years		(704)
Increases in balances related to tax positions taken during the year		13,673
March 31, 2018	$	69,131
Lapse of statute of limitations		(2,511)
Decreases in balances related to tax positions taken during prior years		(1,550)
Increases in balances related to tax positions taken during the year		11,479
March 31, 2019	$	76,549
Lapse of statute of limitations		(3,501)
Decreases in balances related to tax positions taken during prior years		(679)
Increases in balances related to tax positions taken during the year		71,128
March 31, 2020	$	143,497

The Company recognizes interest and penalties related to unrecognized tax positions in income tax expense. The Company recognized $2.0 million, $0.6 million, and $0.6 million in interest and penalties in income tax expense during fiscal years 2020, 2019 and 2018, respectively. As of March 31, 2020 and 2019, the Company had $4.5 million, and $2.5 million, respectively, of accrued interest and penalties related to uncertain tax positions.

The Company files Swiss and foreign tax returns. The Company received final tax assessments in Switzerland through fiscal year 2017. For other foreign jurisdictions such as the United States, the Company is generally not subject to tax examinations for years prior to fiscal year 2017. The Company is under examination and has received assessment notices in foreign tax jurisdictions. If the examinations are resolved unfavorably, there is a possibility they may have a material negative impact on its results of operations.

Although the Company has adequately provided for uncertain tax positions, the provisions on these positions may change as revised estimates are made or the underlying matters are settled or otherwise resolved. During the next 12 months, it is reasonably possible that the amount of unrecognized tax benefits could increase or decrease significantly due to changes in tax law in various jurisdictions, new tax audits and changes in the U.S. Dollar as compared to other currencies. Excluding these factors, uncertain tax positions may decrease by as much as $4.6 million primarily from the lapse of the statutes of limitations in various jurisdictions during the next 12 months.

Note 8—Balance Sheet Components

The following table presents the components of certain balance sheet asset amounts as of March 31, 2020 and 2019 (in thousands):

	March 31,	
	2020	2019
Accounts receivable, net:		
Accounts receivable	$ 597,939	$ 573,348
Allowance for doubtful accounts	(1,894)	(84)
Allowance for sales returns	(6,599)	(6,486)
Allowance for cooperative marketing arrangements	(38,794)	(35,080)
Allowance for customer incentive programs	(55,741)	(60,036)
Allowance for pricing programs	(100,168)	(88,353)
	$ 394,743	$ 383,309
Inventories:		
Raw materials	$ 56,052	$ 40,970
Finished goods	173,197	252,525
	$ 229,249	$ 293,495
Other current assets:		
Value-added tax receivables	$ 33,616	$ 34,321
Prepaid expenses and other assets	41,304	34,795
	$ 74,920	$ 69,116
Property, plant and equipment, net:		
Plant, buildings and improvements	$ 65,261	$ 65,219
Equipment and tooling	185,760	197,540
Computer equipment	26,148	24,132
Software	56,091	62,663
	333,260	349,554
Less: accumulated depreciation and amortization	(270,387)	(280,793)
	62,873	68,761
Construction-in-process	10,441	7,021
Land	2,805	2,770
	$ 76,119	$ 78,552
Other assets:		
Deferred tax assets	$ 240,528	$ 90,808
Right-of-use assets[1]	25,557	—
Trading investments for deferred compensation plan	20,085	20,363
Investment in privately held companies	45,949	16,022
Other assets	12,900	5,260
	$ 345,019	$ 132,453

[(1)] Increase of balances was due to the adoption of Topic 842. Refer to Note 2 to the consolidated financial statements for more information.

The following table presents the components of certain balance sheet liability amounts as of March 31, 2020 and 2019 (in thousands):

	March 31,	
	2020	2019
Accrued and other current liabilities:		
Accrued personnel expenses	$ 104,423	$ 103,166
Accrued sales return liability	30,267	37,749
Accrued customer marketing, pricing and incentive programs	130,220	143,888
Operating lease liability[1]	10,945	—
Warranty accrual	25,905	21,524
Contingent consideration	23,284	—
Other current liabilities	129,980	127,570
	$ 455,024	$ 433,897
Other non-current liabilities:		
Warranty accrual	$ 14,134	$ 12,705
Obligation for deferred compensation plan	20,085	20,363
Employee benefit plan obligation	61,303	51,448
Deferred tax liability	1,931	2,050
Operating lease liability[1]	19,536	—
Other non-current liabilities	2,285	7,016
	$ 119,274	$ 93,582

(1) Increase of balances was due to the adoption of Topic 842. Refer to Note 2 to the consolidated financial statements for more information.

Note 9—Fair Value Measurements

The Company considers fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The Company utilizes the following three-level fair value hierarchy to establish the priorities of the inputs used to measure fair value:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs other than quoted market prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The following table presents the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis, excluding assets related to the Company's defined benefit pension plans, classified by the level within the fair value hierarchy (in thousands):

	March 31, 2020			March 31, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets:						
Cash equivalents	$ 564,952	$ —	$ —	$ 496,434	$ —	$ —
Trading investments for deferred compensation plan included in other assets:						
Cash	$ 846	$ —	$ —	$ —	$ —	$ —
Money market funds	$ 7,147	$ —	$ —	$ 4,080	$ —	$ —
Mutual funds	12,092	—	—	16,283	—	—
Total of trading investments for deferred compensation plan	$ 20,085	$ —	$ —	$ 20,363	$ —	$ —
Currency derivative assets included in other current assets	$ —	$ 129	$ —	$ —	$ 455	$ —
Liabilities:						
Contingent consideration for business acquisition included in accrued and other current liabilities (Note3)	$ —	$ —	$ 23,284	$ —	$ —	$ —
Currency derivative liabilities included in accrued and other current liabilities	$ —	$ 719	$ —	$ —	$ 36	$ —

The following table summarizes the change in the fair value of the Company's contingent consideration balance during fiscal year 2020 (in thousands):

	Year Ended March 31,
	2020
Acquisition-related contingent consideration, beginning of the year	$ —
Fair value of contingent consideration upon acquisition	37
Change in fair value of contingent consideration	23,247
Acquisition-related contingent consideration, end of the year	$ 23,284

Trading Investments

The marketable securities for the Company's deferred compensation plan are recorded at a fair value of $20.1 million and $20.4 million as of March 31, 2020 and 2019, respectively, based on quoted market prices. Quoted market prices are observable inputs that are classified as Level 1 within the fair value hierarchy. Unrealized trading gains related to trading securities for fiscal years 2020, 2019 and 2018 were not material and are included in other income (expense), net in the consolidated statements of operations.

Contingent Consideration for Business Acquisition

The contingent consideration for business acquisition arising from the Streamlabs Acquisition (see "Note 3 - Business Acquisition" to the consolidated financial statements for more information) represents the future potential earn-out payments of $29.0 million payable in stock only upon the achievement of certain net sales for the period beginning on January 1, 2020 and ending on June 30, 2020. The fair value of the earn-out as of the Streamlabs Acquisition Date was $0.04 million which was determined by using a Black-Scholes-Merton valuation model to calculate the probability of the earn-out threshold being met and times the value of the earn-out payment, and discounted at the risk-free rate. The valuation includes significant assumptions and unobservable inputs such as the projected sales of Streamlabs over the earn-out period, risk-free rate, and the net sales volatility. The fair value of the contingent consideration is remeasured at each reporting period based on the inputs on the date of re-measurement, with the change in fair value recognized as "change in fair value of contingent consideration for

business acquisition" in the operating expense section in the consolidated statements of operations. Projected sales are based on the Company's internal projections, including analysis of the target market and historical trend of active subscribers to the Streamlabs platform. The fair value of the contingent consideration was increased to $23.3 million as of March 31, 2020. The change in fair value of contingent consideration resulted from the growth in Streamlabs' net sales since its acquisition and revised projected net sales in the remaining earn-out period.

Although these estimates are based on management's best knowledge of current events, the estimates could change significantly from period to period. Actual results that differ from the assumptions used and any changes to the significant assumptions and unobservable inputs used could have a material impact on future results of operations.

Equity Method Investments

The Company has certain non-marketable investments included in other assets that are accounted for under the equity method of accounting, with a carrying value of $42.1 million and $6.6 million as of March 31, 2020 and 2019, respectively.

On March 2, 2020, the Company sold its $5.5 million investment in a privately held company for total proceeds of $45.3 million consisting of (i) $3.0 million in cash, of which $0.8 million is held in escrow, which is included in other current assets on the Company's consolidated balance sheet, (ii) a 6% subordinated note with a principal amount of $8.4 million due in 5 years together with the interest, at a fair value of $7.4 million, and (iii) 33.9 million Series A preferred units and 33.9 million Series B common units in Marlin-SL Topco, LP ("Marlin"), representing an ownership interest of approximately 11.8% in Marlin, with a face value of $33.9 million and a fair value of $35.0 million, respectively. As a result, the Company recorded a gain of $39.8 million in the fourth quarter of fiscal year 2020.

The fair value of the investment in the subordinated note and the Company's investment in preferred units of Marlin were determined using the discounted cash flow method ("DCF"), an income approach (Level 3) with an assumed yield of 10.3% and 12.5%, respectively. The fair value of the Company's investment in common units of Marlin was the residual between the calculated value of equity using market approach, and the fair value of the preferred units with a Discount for Lack of Marketability ("DLOM") of 19%.

The Company has evaluated whether Marlin qualifies as a variable interest entity ("VIE") pursuant to the accounting guidance of ASC 810, *Consolidations*. On the basis that the total equity investment in Marlin may not be sufficient to absorb its expected losses, the Company concluded that Marlin is currently a VIE. However, considering the Company's minority interest and limited involvement with the Marlin business, the Company concluded it is not required to consolidate Marlin. Rather, the Company accounts for this investment under the equity method as it represents an ownership interest in a limited partnership that is more than minor. The promissory note is accounted for as a loan receivable and is included in "Other assets" in the consolidated balance sheet.

Assets Measured at Fair Value on a Nonrecurring Basis

The Company's non-financial assets, such as intangible assets and acquisition-related property, plant and equipment, are recorded at fair value only upon initial recognition or if an impairment is recognized. There was no impairment of long-lived assets during fiscal years 2020, 2019 and 2018.

Financial Assets. The Company has certain investments in equity securities of privately held entities without readily determinable fair values due to the absence of quoted market prices, the inherent lack of liquidity, and the fact that inputs used to measure fair value are unobservable and require management's judgment. When certain events or circumstances indicate that impairment may exist, the Company revalues the investments using various assumptions, including the financial metrics and ratios of comparable public companies. The carrying value is also adjusted for observable price changes with the same or similar security from the same issuer. The amount of these investments included in other assets as of March 31, 2020 and March 31, 2019 was $3.9 million and $9.5 million, respectively. There was no impairment of these assets during fiscal years 2020 and 2019.

Non-Financial Assets. Goodwill, intangible assets, and property, plant and equipment, are not required to be measured at fair value on a recurring basis. However, if certain triggering events occur (or tested at least annually for goodwill) such that a non-financial instrument is required to be evaluated for impairment and an impairment is recorded to reduce the non-financial instrument's carrying value to the fair value as a result of such triggering events, the non-financial assets and liabilities are measured at fair value for the period such triggering events

occur. See Note 2 to the consolidated financial statements for additional information about how the Company tests various asset classes for impairment.

Note 10—Derivative Financial Instruments

Under certain agreements with the respective counterparties to the Company's derivative contracts, subject to applicable requirements, the Company is allowed to net settle transactions of the same type with a single net amount payable by one party to the other. However, the Company presents its derivative assets and derivative liabilities on a gross basis in other current assets or accrued and other current liabilities on the consolidated balance sheets as of March 31, 2020 and 2019.

The fair values of the Company's derivative instruments were not material as of March 31, 2020 or March 31, 2019 (refer to Note 9 to the consolidated financial statements for more information). The following table presents the amounts of gains and losses on the Company's derivative instruments designated as hedging instruments for fiscal years 2020, 2019 and 2018 and their locations on its consolidated statements of operations and consolidated statements of comprehensive income (in thousands):

	Amount of Gain (Loss) Deferred as a Component of Accumulated Other Comprehensive Loss			Amount of Loss (Gain) Reclassified from Accumulated Other Comprehensive Loss to Costs of Goods Sold		
	2020	2019	2018	2020	2019	2018
Designated as hedging instruments:						
Cash flow hedges	$ 205	$ 1,781	$ (8,499)	$ (813)	1,810	$ 5,808

Upon adoption of ASU 2017-12, the Company has started presenting the earnings impact from forward points in the same line item that is used to present the earnings impact of the hedged item, i.e. cost of goods sold, for hedging forecasted inventory purchases and such amount is not material for all periods presented.

Cash Flow Hedges: The Company enters into cash flow hedge contracts to protect against exchange rate exposure of forecasted inventory purchases. These hedging contracts mature within four months. Gains and losses in the fair value of the effective portion of the hedges are deferred as a component of accumulated other comprehensive loss until the hedged inventory purchases are sold, at which time the gains or losses are reclassified to cost of goods sold. Cash flows from such hedges are classified as operating activities in the consolidated statements of cash flows. Hedging relationships are discontinued when hedging contract is no longer eligible for hedge accounting, or is sold, terminated or exercised, or when the Company removes hedge designation for the contract. Gains and losses in the fair value of the effective portion of the discontinued hedges continue to be reported in accumulated other comprehensive loss until the hedged inventory purchases are sold, unless it is probable that the forecasted inventory purchases will not occur by the end of the originally specified time period or within an additional two-month period of time thereafter. As of March 31, 2020, the notional amounts of currency forward contracts outstanding related to forecasted inventory purchases was $48.0 million. As of March 31, 2019, the notional amounts of currency forward contracts outstanding related to forecasted inventory purchases was $41.4 million. The Company estimates that $0.2 million of net loss related to its cash flow hedges included in accumulated other comprehensive loss as of March 31, 2020 will be reclassified into earnings within the next twelve months.

Other Derivatives: The Company also enters into currency forward and swap contracts to reduce the short-term effects of currency fluctuations on certain receivables or payables denominated in currencies other than the functional currencies of its subsidiaries. These forward and swap contracts generally mature within one month. The primary risk managed by using forward and swap contracts is the currency exchange rate risk. The gains or losses on these contracts are recognized in other income (expense), net in the consolidated statements of operations based on the changes in fair value. The notional amounts of these contracts outstanding as of March 31, 2020 and 2019 were $64.7 million and 50.4 million, respectively. Open forward and swap contracts as of March 31, 2020 and 2019 consisted of contracts in Taiwanese Dollars, Australian Dollars, Mexican Pesos, Japanese Yen and Canadian Dollars to be settled at future dates at pre-determined exchange rates.

The fair value of all currency forward and swap contracts is determined based on observable market transactions of spot currency rates and forward rates. Cash flows from these contracts are classified as operating activities in the consolidated statements of cash flows.

Note 11—Goodwill and Other Intangible Assets

The Company performed its annual impairment analysis of goodwill as of December 31, 2019 by performing a qualitative assessment and concluded that it was more likely than not that the fair value of its peripherals reporting unit, exceeded its carrying amount. In assessing the qualitative factors, the Company considered the impact of these key factors: change in industry and competitive environment, growth in market capitalization, and budgeted-to-actual revenue performance for the twelve months ended December 31, 2019. There have been no triggering events identified affecting the valuation of goodwill subsequent to the annual impairment test.

The following table summarizes the activity in the Company's goodwill balance during fiscal years 2020 and 2019 (in thousands):

	Years Ended March 31,	
	2020	2019
Beginning of the period	$ 343,684	$ 275,451
Acquisitions (1)	57,206	68,269
Currency exchange rate impact	27	(36)
End of the period	$ 400,917	$ 343,684

(1) Includes goodwill acquired from the Streamlabs Acquisition and the immaterial technology acquisition in October 2019. See Note 3 for more information.

The Company's acquired intangible assets subject to amortization were as follows (in thousands):

	March 31,					
	2020			2019		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks and trade names	$ 45,570	$ (19,061)	$ 26,509	$ 36,370	$ (13,659)	$ 22,711
Developed technology	118,807	(77,126)	41,681	95,207	(62,341)	32,866
Customer contracts/relationships	90,610	(31,859)	58,751	84,610	(21,188)	63,422
	$ 254,987	$ (128,046)	$ 126,941	$ 216,187	$ (97,188)	$ 118,999

For fiscal years 2020, 2019 and 2018, amortization expense for intangible assets was, $30.9 million, $24.2 million and $15.6 million, respectively. The Company expects that annual amortization expense for fiscal years 2021, 2022, 2023, 2024 and 2025 will be $31.4 million, $27.0 million, $21.3 million, $18.1 million and $13.8 million, respectively, and $15.4 million thereafter.

Note 12—Financing Arrangements

The Company had several uncommitted, unsecured bank lines of credit aggregating $81.4 million as of March 31, 2020. There are no financial covenants under these lines of credit with which the Company must comply. As of March 31, 2020, the Company had outstanding bank guarantees of $20.7 million under these lines of credit. There was no borrowing outstanding under the line of credit as of March 31, 2020 or March 31, 2019.

Note 13—Commitments and Contingencies

Product Warranties

Changes in the Company's warranty liability for fiscal years 2020 and 2019 were as follows (in thousands):

	Years Ended March 31,	
	2020	2019
Beginning of the period	$ 34,229	$ 27,573
Assumed from business acquisition	—	351
Provision	34,186	36,927
Settlements	(28,022)	(29,874)
Currency translation	(354)	(748)
End of the period	$ 40,039	$ 34,229

Indemnifications

The Company indemnifies certain of its suppliers and customers for losses arising from matters such as intellectual property disputes and product safety defects, subject to certain restrictions. The scope of these indemnities varies, but in some instances includes indemnification for damages and expenses, including reasonable attorneys' fees. As of March 31, 2020, no amounts have been accrued for these indemnification provisions. The Company does not believe, based on historical experience and information currently available, that it is probable that any material amounts will be required to be paid under its indemnification arrangements.

The Company also indemnifies its current and former directors and certain of its current and former officers. Certain costs incurred for providing such indemnification may be recoverable under various insurance policies. The Company is unable to reasonably estimate the maximum amount that could be payable under these arrangements because these exposures are not limited, the obligations are conditional in nature and the facts and circumstances involved in any situation that might arise are variable.

Legal Proceedings

From time to time the Company is involved in claims and legal proceedings which arise in the ordinary course of its business. The Company is currently subject to several such claims and a small number of legal proceedings. The Company believes that these matters lack merit and intends to vigorously defend against them. Based on currently available information, the Company does not believe that resolution of pending matters will have a material adverse effect on its financial position, cash flows or results of operations. However, litigation is subject to inherent uncertainties, and there can be no assurances that the Company's defenses will be successful or that any such lawsuit or claim would not have a material adverse impact on the Company's business, financial position, cash flows or results of operations in a particular period. Any claims or proceedings against the Company, whether meritorious or not, can have an adverse impact because of defense costs, diversion of management and operational resources, negative publicity and other factors. Any failure to obtain a necessary license or other rights, or litigation arising out of intellectual property claims, could adversely affect the Company's business.

Note 14—Shareholders' Equity

Share Capital

The Company's nominal share capital is CHF 43.3 million, consisting of 173,106,620 issued shares with a par value of CHF 0.25 each, of which 6,209,647 were held in treasury shares as of March 31, 2020.

The Company's has reserved conditional capital of 25,000,000 shares for potential issuance on the exercise of rights granted under the Company's employee equity incentive plans and additional conditional capital for financing purposes, representing the issuance of up to 25,000,000 shares to cover any conversion rights under a future

convertible bond issuance. This conditional capital was created in order to provide financing flexibility for future expansion, investments or acquisitions. During the 2018 Annual General Meeting, the shareholders of the Company authorized the Board of Directors to issue up to an additional 34,621,324 shares of the Company until September 5, 2020.

Dividends

Pursuant to Swiss corporate law, the payment of dividends is limited to certain amounts of unappropriated retained earnings (CHF 1,096.3 million, or $1,134.9 million based on the exchange rate at March 31, 2020) and is subject to shareholder approval.

In May 2020, the Board of Directors recommended that the Company pay cash dividends for fiscal year 2020 of CHF 134.0 million ($138.7 million based on the exchange rate on March 31, 2020). In September 2019, the Company declared and paid cash dividends of CHF 0.73 (USD equivalent of $0.74) per common share, totaling $124.2 million on the Company's outstanding common stock. In September 2018, the Company declared and paid cash dividends of CHF 0.67 (USD equivalent of $0.69) per common share, totaling approximately $114.0 million in U.S. Dollars, on the Company's outstanding common stock. In September 2017, the Company declared and paid cash dividends of CHF 0.61 (USD equivalent of $0.63) per common share, totaling approximately $104.2 million in U.S. Dollars, on the Company's outstanding common stock.

Any future dividends will be subject to the approval of the Company's shareholders.

Legal Reserves

Under Swiss corporate law, a minimum of 5% of the Company's annual net income must be retained in a legal reserve until this legal reserve equals 20% of the Company's issued and outstanding aggregate par value per share capital. These legal reserves represent an appropriation of retained earnings that are not available for distribution and totaled $9.9 million at March 31, 2020 (based on the exchange rate at March 31, 2020).

Share Repurchases

In March 2017, the Company's Board of Directors approved the 2017 share buyback program, which authorizes the Company to use up to $250.0 million to purchase its own shares. The Company's share buyback program is expected to remain in effect for a period of three years. Shares may be repurchased from time to time on the open market, through block trades or otherwise. Purchases may be started or stopped at any time without prior notice depending on market conditions and other factors. As of March 31, 2020, $137.4 million is still available for repurchase under the 2017 buyback program. This share buyback program expired in April 2020.

A summary of the approved and active share buyback program is shown in the following table (in thousands, excluding transaction costs):

	Approved		Repurchased	
Share Buyback Program	**Shares (1)**	**Amounts**	**Shares**	**Amounts**
March 2017	17,311	$ 250,000	2,902	$ 112,614

(1) The approval of each of the share buyback programs by the Swiss Takeover Board limits the number of shares that the Company may repurchase to no more than 10% of its authorized share capital and voting rights.

Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss were as follows (in thousands):

	Accumulated Other Comprehensive Income (Loss)			
	Cumulative Translation Adjustment (1)	Defined Benefit Plans(1)	Deferred Hedging Gains (Losses)	Total
March 31, 2019	$ (92,148)	$ (13,932)	$ 382	$ (105,698)
Other comprehensive income (loss)	(8,270)	(6,084)	(608)	(14,962)
March 31, 2020	$ (100,418)	$ (20,016)	$ (226)	$ (120,660)

(1) Tax effect was not significant as of March 31, 2020 or 2019.

There was a $0.5 million reclassification of currency translation loss included in other income (expense), net for the year ended March 31, 2019 due to the liquidation of one of the Company's subsidiaries.

Note 15—Segment Information

The Company operates in a single operating segment that encompasses the design, manufacturing and marketing of peripherals for PCs, tablets and other digital platforms. Operating performance measures are provided directly to the Company's CEO, who is considered to be the Company’s Chief Operating Decision Maker. The CEO periodically reviews information such as sales and adjusted operating income (loss) to make business decisions. These operating performance measures do not include restructuring charges (credits), net, share-based compensation expense, amortization of intangible assets, charges from the purchase accounting effect on inventory, acquisition-related costs, or change in fair value of contingent consideration from business acquisition.

Sales by product categories were as follows (in thousands):

	Years Ended March 31,		
	2020	2019	2018
Pointing Devices	$ 544,519	$ 536,890	$ 516,637
Keyboards & Combos	571,720	536,619	498,472
PC Webcams	129,193	121,282	112,147
Tablet & Other Accessories	135,309	128,315	107,942
Video Collaboration	365,616	259,521	182,717
Mobile Speakers	221,791	230,378	314,817
Audio & Wearables	273,752	277,429	252,330
Gaming	690,174	648,130	491,995
Smart Home	43,404	49,344	89,373
Other [(1)]	373	414	433
Total Sales	$ 2,975,851	$ 2,788,322	$ 2,566,863

(1) Other category includes products that the Company currently intends to phase out, or have already phased out, because they are no longer strategic to the Company's business.

Sales by geographic region for fiscal years 2020, 2019 and 2018 (based on the customers' locations) were as follows (in thousands):

	Years Ended March 31,		
	2020	2019	2018
Americas	$ 1,286,527	$ 1,190,216	$ 1,118,324
EMEA	941,211	861,731	820,347
Asia Pacific	748,113	736,375	628,192
Total Sales	$ 2,975,851	$ 2,788,322	$ 2,566,863

Revenues from sales to customers in the United States represented 36%, 36% and 37% of sales in fiscal years 2020, 2019 and 2018, respectively. Revenues from sales to customers in Germany represented 15%, 18% and 16% of sales in fiscal years 2020, 2019 and 2018, respectively. Revenues from sales to customers in China represented 10% of sales in fiscal year 2019. No other single country represented more than 10% of sales during these periods. Revenues from sales to customers in Switzerland, the Company's home domicile, represented 4%, 3% and 2% of sales in fiscal years 2020, 2019 and 2018, respectively.

Property, plant and equipment, net by geographic region were as follows (in thousands):

	March 31,	
	2020	2019
Americas	$ 26,636	$ 29,813
EMEA	5,052	4,537
Asia Pacific	44,431	44,202
Total property, plant and equipment	$ 76,119	$ 78,552

Property, plant and equipment, net in the United States and China were $26.5 million and $36.6 million, respectively, as of March 31, 2020, and $29.8 million and $36.4 million, respectively, as of March 31, 2019. No other countries represented more than 10% of the Company's total consolidated property, plant and equipment, net as of March 31, 2020 or 2019. Property, plant and equipment, net in Switzerland, the Company's home domicile, were $2.3 million and $1.7 million as of March 31, 2020 and 2019, respectively.

Note 16—Restructuring

During the first quarter of fiscal year 2019, the Company implemented a restructuring plan to streamline and realign the Company's overall organizational structure and reallocate resources to support long-term growth opportunities. In July 2018, the Company's Board of Directors approved additional costs under this restructuring plan, totaling pre-tax charges of approximately $10.0 million to $15.0 million, of which $11.4 million has been recognized cumulatively as of March 31, 2020. The total charges consisted of cash severance and other personnel costs and are presented as restructuring charges (credits), net in the Consolidated Statements of Operations. During the first quarter of fiscal year 2020, the Company had substantially completed this restructuring plan.

The restructuring-related activities for the year ended March 31, 2018 include activities from the restructuring plan implemented in fiscal year 2016.

The following table summarizes restructuring-related activities during fiscal year 2020, 2019 and 2018 (in thousands):

	Restructuring - Continuing Operations		
	Termination Benefits	Lease Exit Costs	Total
Accrual balance at March 31, 2017	$ 735	$ —	$ 735
Credits, net	(116)	—	(116)
Cash payments	(619)	—	(619)
Accrual balance at March 31, 2018	—	—	—
Charges, net	11,302	—	11,302
Cash payments	(6,913)	—	(6,913)
Accrual balance at March 31, 2019	4,389	—	4,389
Charges, net	144	—	144
Cash payments	(3,852)	—	(3,852)
Accrual balance at March 31, 2020	$ 681	$ —	$ 681

The accrual balances are included in accrued and other current liabilities on the Company’s consolidated balance sheets.

Note 17 — Leases

The Company is a lessee in several noncancellable operating leases, primarily real estate facilities for office space and for transportation and office equipment. The Company accounts for leases in accordance with Topic 842 (see Note 2 Summary of Significant Accounting Policies) and determines if an arrangement is a lease or contains a lease at contract inception. ROU assets are included in other assets, short-term lease liabilities are included in accrued and other current liabilities, and long-term lease liabilities are included in other non-current liabilities on the Company's consolidated balance sheet. Leases with an initial term of 12 months or less are not recorded on the balance sheet. For the Company's operating leases, the Company accounts for the lease and non-lease components as a single lease component. Lease expense is recognized on a straight-line basis over the lease term.

For operating leases, the lease liability is initially and subsequently measured at the present value of the unpaid lease payments at lease commencement date. Topic 842 requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease or, if the rate cannot be readily determined, its incremental borrowing rate. As the rate implicit in the lease is not readily determinable for the Company's operating leases, the Company generally uses an incremental borrowing rate as the discount rate for the lease. The Company's incremental borrowing rate is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. Because the Company does not generally borrow in a collateralized basis, it uses its understanding of what its collateralized credit rating would be as an input to deriving an appropriate incremental borrowing rate. The operating lease right-of-use asset includes any lease payments made and excludes lease incentives.

The Company's lease arrangements comprise of operating leases with various expiration dates through 48029. The lease term for all of the Company’s leases includes the noncancellable period of the lease. Certain lease agreements include options to renew or terminate the lease, which are not reasonably certain to be exercised and therefore are not factored into our determination of the duration of the lease arrangement.

The Company's leases do not contain any material residual value guarantees.

For the year ended March 31, 2020, the total operating lease costs were $14.1 million, which included short-term lease costs and sublease income. Total variable lease costs were immaterial during the year ended March 31, 2020. The total operating and variable lease costs were included in cost of goods sold, marketing and selling, research and development, and general and administrative in the Company's consolidated statement of operations.

As of March 31, 2020, the weighted-average remaining lease term was 3.8 years, and the weighted-average discount rate was 3.0%.

For the year ended March 31, 2020, cash paid for amounts included in the measurement of operating lease liabilities was $13.6 million, and right-of-use assets obtained in exchange for new operating lease liabilities was $6.1 million.

Future lease payments included in the measurement of lease liabilities as of March 31, 2020 for the following five fiscal years and thereafter are as follows (in thousands):

		Operating Lease
Years Ending March 31,		
2021	$	11,701
2022		9,484
2023		5,814
2024		1,330
2025		1,177
Thereafter		2,861
Total lease payments		32,367
Less interest		(1,886)
Present value of lease liabilities	$	30,481

Future minimum lease payments, as defined under the previous lease accounting guidance of ASC Topic 840 under our non-cancelable operating leases as of March 31, 2019 were as follows (in thousands):

Years Ending March 31,		**Operating Lease**
2020	$	11,849
2021		10,002
2022		7,882
2023		5,111
2024		1,130
Thereafter		3,646
Total lease payments	$	39,620

Note 18—Subsequent Event

In May 2020, the Company's Board of Directors approved the 2020 share buyback program, which authorizes the Company to use up to $250.0 million to purchase its own shares following the expiration date of 2017 buyback program. The Company's share buyback program is expected to remain in effect for a period of three years. Shares

may be repurchased from time to time on the open market, through block trades or otherwise. Purchases may be started or stopped at any time without prior notice depending on market conditions and other factors.

LOGITECH INTERNATIONAL S.A.

SUPPLEMENTARY DATA

QUARTERLY FINANCIAL DATA

(unaudited)

The following table contains selected unaudited quarterly financial data for fiscal years 2020 and 2019 (in thousands, except per share amounts):

	Year ended March 31, 2020 (1)				Year ended March 31, 2019 (1)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	$ 644,225	$ 719,691	$ 902,687	$ 709,248	$ 608,480	$ 691,146	$ 864,388	$ 624,308
Cost of goods sold	401,978	444,344	564,283	428,080	382,171	432,063	535,707	388,028
Amortization of intangible assets and purchase accounting effect on inventory	3,271	3,271	3,951	4,292	2,372	2,966	4,699	3,305
Gross profit	238,976	272,076	334,453	276,876	223,937	256,117	323,982	232,975
Operating expenses:								
Marketing and selling	123,033	134,155	134,950	141,186	114,584	121,801	132,250	119,628
Research and development	42,243	41,964	43,292	50,094	38,987	39,542	40,591	42,110
General and administrative	22,159	24,048	22,344	25,465	25,473	25,206	24,496	23,557
Amortization of intangible assets and acquisition-related costs	3,596	4,218	5,084	4,666	2,521	4,317	3,539	3,913
Change in fair value of contingent consideration for business acquisition	—	—	—	23,247	—	—	—	—
Restructuring charges (credits), net	478	(364)	(45)	74	9,921	119	(278)	1,540
Total operating expenses	191,509	204,021	205,625	244,732	191,486	190,985	200,598	190,748
Operating income	47,467	68,055	128,828	32,144	32,451	65,132	123,384	42,227
Interest income	2,553	2,390	2,063	2,614	2,369	1,858	1,482	2,666
Other income (expense), net	1,861	(110)	1,101	35,360	(1,571)	3,389	(2,747)	493
Income before income taxes	51,881	70,335	131,992	70,118	33,249	70,379	122,119	45,386
Provision for (benefit from) income taxes	6,536	(2,598)	14,467	(143,802)	(5,217)	6,203	9,309	3,265
Net Income	$ 45,345	$ 72,933	$ 117,525	$ 213,920	$ 38,466	$ 64,176	$ 112,810	$ 42,121
Net income per share:								
Basic	$ 0.27	$ 0.44	$ 0.70	$ 1.28	$ 0.23	$ 0.39	$ 0.68	$ 0.25
Diluted	$ 0.27	$ 0.43	$ 0.69	$ 1.26	$ 0.23	$ 0.38	$ 0.67	$ 0.25
Shares used to compute net income per share:								
Basic	166,302	166,662	167,063	167,290	165,317	165,630	165,707	165,776
Diluted	168,797	169,027	169,685	169,981	168,756	169,234	168,907	168,956

(1) Financial results of all the periods in fiscal years 2020 and 2019 included the impact from businesses acquired during the year. Refer to Note 3 to the consolidated financial statements.

Table of Contents

Schedule II

LOGITECH INTERNATIONAL S.A.

VALUATION AND QUALIFYING ACCOUNTS

For the Fiscal Years Ended March 31, 2020, 2019 and 2018 (in thousands)

The Company's Schedule II includes valuation and qualifying accounts related to allowances for doubtful accounts, sales returns, cooperative marketing arrangements, customer incentive programs, and pricing programs, for direct customers and tax valuation allowances. The Company also has sales incentive programs for indirect customers with whom it does not have a direct sales and receivable relationship. These programs are recorded as accrued liabilities and are not considered valuation or qualifying accounts.

	Balance at Beginning of Year	Charged (Credited) to Statement of Operations (1)(2)(3)	Claims and Adjustments Applied Against Allowances (1)	Balance at End of Year
Allowance for doubtful accounts:				
2020	$ 84	$ 1,607	$ 203	$ 1,894
2019	$ 122	$ 840	$ (878)	$ 84
2018	$ 607	$ (404)	$ (81)	$ 122
Allowance for sales returns:				
2020	$ 6,486	$ 107,980	$ (107,868)	$ 6,599
2019 (2)	$ 25,515	$ 94,381	$ (113,410)	$ 6,486
2018	$ 18,800	$ 111,969	$ (105,254)	$ 25,515
Allowance for cooperative marketing arrangements:				
2020	$ 35,080	$ 194,730	$ (191,015)	$ 38,794
2019 (2)	$ 30,389	$ 176,323	$ (171,632)	$ 35,080
2018	$ 28,022	$ 160,664	$ (158,297)	$ 30,389
Allowance for customer incentive programs:				
2020	$ 60,036	$ 248,966	$ (253,260)	$ 55,741
2019 (2)	$ 70,592	$ 237,580	$ (248,136)	$ 60,036
2018	$ 60,857	$ 230,838	$ (221,103)	$ 70,592
Allowance for pricing programs:				
2020	$ 88,353	$ 570,409	$ (558,594)	$ 100,168
2019 (2)	$ 141,369	$ 444,540	$ (497,556)	$ 88,353
2018	$ 102,289	$ 445,048	$ (405,968)	$ 141,369
Tax valuation allowance:				
2020	$ 28,375	$ 796	$ —	$ 29,171
2019	$ 25,148	$ 3,244	$ (17)	$ 28,375
2018 (3)	$ 6,626	$ 18,496	$ 26	$ 25,148

(1) The amounts for fiscal years 2020, 2019 and 2018 include immaterial impacts from the business acquisitions during the year. Refer to Note 3 to the consolidated financial statements.

(2) The amounts charged to the Statement of Operations for allowances for various Customer Programs and sales returns in fiscal year 2019 include the impact of $105.8 million reduction as a result of the adoption of ASU 2014-09 effective April 1, 2018, of which $20.0 million was for allowance for sales returns, $3.2 million was for the allowance for cooperative marketing arrangements, $18.7 million for allowance for customer incentive programs and $63.8 million for allowance for pricing programs. Refer to Note 2 to the consolidated financial statements.

(3) The amount charged to the Statement of Operations for the tax valuation allowance in fiscal year 2018 primarily includes the impact of $18.0 million from the adoption of ASU 2016-09 effective April 1, 2017.

Exhibit 4.1

LOGITECH INTERNATIONAL S.A.

DESCRIPTION OF SHARE CAPITAL

The following description of the shares of Logitech International S.A. (the "**Company**") is a summary and does not purport to be complete. This summary is qualified in its entirety by reference to the provisions of the Swiss Code of Obligations (the "**CO**") and the complete text of the Company's Articles of Association (the "**Articles**"), which are incorporated by reference as Exhibit 3.1 of the Company's Annual Report on Form 10-K to which this description is also an exhibit. The Company encourages you to read that law and the Articles carefully.

1 THE COMPANY

Logitech International S.A. is a stock corporation (*société anonyme*) organized under the laws of Switzerland. The Company's registered office is at Les Châtagnis, Apples, Canton of Vaud, Switzerland. The Company was founded in 1981 and has been registered in the commercial register of the Canton of Vaud since May 2, 1988.

1.1 Stated share capital

As of March 31, 2020, the Company's stated share capital (*capital-actions*) amounted to CHF 43,276,655.00 consisting of 173,106,620 registered shares with a par value of CHF 0.25 each.

The Company's shares are fully paid-in.

1.2 Authorized share capital

Under Swiss law, the provisions of a stock corporation's articles of associations that give authority to the board of directors to issue new shares are referred to as "authorized share capital" (*capital autorisé*). Authorized share capital cannot represent more than 50% of the company's stated share capital.

In September 2018, the Company's shareholders approved an amendment to the Company's Articles that authorize the Board of Directors of the Company (the "**Board**") to issue until September 5, 2020 up to 34,621,324 new registered shares with a par value of CHF 0.25 each. Under the Articles, the Board can issue new shares by means of an underwriting or similar process carried out by one or more banks or other financial institutions. The Board can determine the type of contributions, the issue price, the time of the issue, the conditions for the exercise of the preferential subscription rights, the use of unexercised preferential subscription rights and the date upon which the new shares become entitled to dividends. The Board can restrict or exclude the right of shareholders to subscribe for the new shares by preference for valid reasons, in particular if the new shares are being issued in connection with: (a) the acquisition of companies, enterprises, participations, assets, intellectual property rights, licenses or new investment projects; (b) a public offering or private placement of shares for the financing and/or refinancing of an acquisition of the kind referred to under (a) above; (c) a public offering or private placement of shares, under circumstances in which such public offering or private placement would be difficult to carry out or could likely only be carried out under less favourable terms if the preferential subscription rights of existing shareholders were not restricted or withdrawn; (d) the acquisition of a stake in the Company by a strategic partner; or (e) the broadening of the shareholder base of the Company in certain jurisdictions or in the context of a listing or admission to trading on a domestic or foreign stock exchange.

As of March 31, 2020, the Board had not issued any share out of the Company's authorized share capital.

1.3 **Conditional share capital**

Under Swiss law, shares authorized for future issuance upon exercise of option or conversion rights granted by the relevant company or its subsidiaries is referred to as "conditional share capital" (*capital conditionnel*). Under Swiss law, a company must have sufficient conditional share capital or available treasury shares to cover any of its option or conversion rights at the time such rights are issued. Under Swiss law, conditional share capital cannot represent more than 50% of the company's stated share capital.

In September 2008, the Company's shareholders approved an amendment to the Company's Articles to create a conditional share capital for the issuance of up to 25 million new registered shares with a par value of CHF 0.25 each upon exercise of rights granted under the Company's employee equity incentive plans. During fiscal years 2020 and 2019, all employee equity incentive commitments were satisfied through the delivery of existing shares held in treasury by the Company. A description of the employee equity incentive commitments outstanding is presented in Note 5 of the consolidated financial statements of Logitech International S.A. on pages 96 to 103 of this Annual Report on Form 10-K.

In September 2008, the Company's shareholders also approved the creation of a conditional share capital for the issuance of up to 25 million new registered shares with a par value of CHF 0.25 each upon exercise of conversion rights that may be grated in relation to the issuance of convertible bonds.

The conditional share capitals referred to above do not have an expiration date.

As of March 31, 2020, no shares had been issued out of the aforementioned conditional capitals.

1.4 **Form of the Company's shares**

The Company has only one class of shares: registered shares with a par value of CHF 0.25 each. Each of the 173,106,620 issued shares carries the same rights. However, a shareholder must be registered in the share register of the Company to exercise voting rights and the rights deriving therefrom (such as the right to convene a general meeting of shareholders or the right to put an item on the meeting's agenda).

The Company's shares have been issued in uncertificated form (as *droits-valeurs* within the meaning of Article 973*c* of the CO) and, when administered by a financial intermediary (*dépositaire*, within the meaning of the Federal Act on Intermediated Securities of 2008, as amended, or FISA), qualify as intermediated securities (*titres intermédiés* within the meaning of the FISA).

Shareholders registered in the Company's share register may at any time request a written confirmation in respect of their shares. Shareholders do not have the right to the printing and delivery of share certificates, but the Company can print and deliver such share certificates at any time as it deems fit. The Company may also, at its discretion, withdraw its shares from the depository system in which they are registered and cancel issued share certificates that have been returned to the Company.

The Company has not issued non-voting shares (*bons de participation*) or equity securities without par value (*bons de jouissance*).

The Company has not issued preference shares.

1.5 **Transfer of shares**

There are no restrictions on the transfer of shares under the Company's Articles or applicable Swiss law.

The Company maintains a share register that lists the name of the registered owners of the Company's shares. The share register of the Company is maintained by Devigus Shareholder Services in Switzerland and Computershare in the United States. Registration in the share register occurs upon request and is not subject to any condition. Nominee companies and trustees can be entered into the share register with voting rights. However, only holders of shares that are recorded in the share register are recognized as shareholders by the Company.

The transfer of ownership of shares that are certificated securities (*i.e.* shares for which a share certificate has been issued) requires to be effective the delivery of the properly endorsed share certificate to the purchaser. The ownership of shares held in the form of intermediated securities is transferred in accordance with the provisions of the FISA.

The ownership of shares that are not issued in certificated form or held as intermediated securities is transferred by assignment, which must to be valid be notified to the Company.

2 RIGHTS OF SHAREHOLDERS

2.1 **Dividends, other distributions**

Under Swiss law, any dividend declared by a stock corporation must be approved by a general meeting of shareholders. In addition, the company's independent auditors must opine that the dividend proposal conforms to Swiss statutory law and the company's articles of association. A Swiss stock corporation may pay dividends only if it has sufficient distributable profits brought forward from the previous fiscal years or if it has distributable reserves, each as evidenced by its audited statutory financial statements prepared pursuant to Swiss law and after allocations to reserves required by Swiss law and the corporation's articles of association have been deducted. Distributable reserves are generally booked either as "retained earnings" (*réserves issues du benefice*) or as "capital reserves" (*réserves issues du capital*). Distributions out of stated share capital, which is the aggregate par value of a corporation's issued shares, may only be made by way of a share capital reduction.

Under the Company's Articles, the dividend payment takes place at the time set by the Board. Any dividend that has not been claimed within five years of its due date is forfeited to the Company.

2.2 **Preferential subscription rights**

Under Swiss law, shareholders have a statutory right to subscribe by preference to a proportion of newly issued shares that corresponds to their existing stake in the company. This preferential subscription right can be limited or withdrawn for valid reasons by a resolution passed at a general meeting of shareholders by two-thirds of the shares represented and the absolute majority of the par value of the shares represented, or by the Board based on an authorization set forth in an authorized share capital provision.

By operation of Swiss law, the Company's shareholders also have a right to subscribe by preference for the convertible bonds that may be issued based on the Company's conditional share capital. Under the Company's Articles, the Board may however limit or withdraw the shareholders' right to subscribe for the bonds by preference for valid reasons, in particular (a) if the bonds are issued in connection with the financing or refinancing of the acquisition of one or more companies, businesses or parts of businesses, or (b) to facilitate the placement of the bonds on the international markets or to increase the security holder base of the Company. If the shareholders' right to subscribe for the bonds by preference is limited or withdrawn, the bonds must be issued at market conditions, the

exercise period of the conversion rights must not exceed seven years from the date of issuance of the bonds, and the conversion price must be set at a level that is not lower than the market price of the shares preceding the determination of the final conditions for the bonds.

2.3 **Share repurchases**

Under Swiss law, a stock corporation can only acquire own shares where distributable reserves are available in the required amount and the combined par value of all the shares repurchased does not exceed 10% of the company's stated share capital.

In March 2017, the Company's Board approved the 2017 share buyback program, which authorized the Company to use up to $250.0 million to purchase its own shares. The Company's 2017 share buyback program expired in April 2020. In May 2020, the Company's Board approved the 2020 share buyback program, which authorizes the Company to use up to $250 million to purchase its own shares within a three-year period.

2.4 **Liquidation rights**

The general meeting of shareholders, by a resolution approved by at least two-thirds of the votes represented and the absolute majority of the nominal value of represented shares, has the authority to dissolve the Company. In such a case, the board of directors carries out the liquidation, unless a resolution of the general meeting of shareholders appoints another body or person as liquidator. During the liquidation, shareholders at a general meeting retain the authority to approve the Company's accounts and to discharge the liquidators with respect to their activities for the Company.

After payment of liabilities, the assets of the dissolved Company are to be distributed among the shareholders pro rata according to the par value of each such shareholder's shares.

2.5 **General meeting of shareholders**

Notice

Under Swiss law and the Articles, an annual general meeting of shareholders must be held within six months of the end of the Company's fiscal year.

Annual or extraordinary general meetings of the Company's shareholders must be called by notice published in the Swiss Official Gazette of Commerce not less than 20 days before the date set for the meeting. A general meeting of shareholders can also be called by means of a notice sent to the shareholders at their address registered in the share register. In such a case, the 20 day notice period referred to above begins on the day following the date on which the notices are mailed.

The notice of a meeting states the items on the agenda and the proposals of the Board and of the shareholders who requested that a general meeting be convened or that an item be included in the agenda. No resolution can be passed at a general meeting of shareholders on matters that do not appear on the agenda except for a resolution convening an extraordinary general meeting, the setting up of a special audit or the election of independent auditors.

No prior notice is required to bring motions related to items already on the agenda or for the discussion of matters on which no resolution is to be taken.

EGM and agenda requests

One or more shareholders who represent together at least ten per cent of the Company's share capital may demand that a general meeting be called. One or more shareholders, who represent together shares representing at least the lesser of (i) one percent of the Company's stated share capital or (ii) an aggregate par value of one million Swiss francs, may demand that an item be included on the agenda for a shareholders' meeting. A shareholder demand to call a meeting or to include an item on the agenda must be made in writing and describe the matters to be considered and any proposals to be made to the shareholders. Such request must be received by the Board at least sixty days before the date proposed for the general meeting.

Voting rights

Each of the Company's share confers the right to one vote at a general meeting of shareholders. There are no limitations to the number of voting rights that a shareholder or group of shareholders is entitled to exercise, and there are no preferential voting rights. To exercise voting rights at a general meeting of shareholders, a shareholder must have registered its shares by the date set by the Board for the closing of the share register before the relevant meeting.

There are currently no limitations under Swiss law or in the Articles restricting the rights of shareholders outside Switzerland to hold or vote Logitech shares.

Any shareholder may be represented at a meeting by a person of its choice who need not be a shareholder of the Company. The power of attorney must be granted in writing. The use of a form prepared by the Company may be required. Swiss law further requires the Company to appoint an independent proxy, who shareholders can instruct to vote their shares on their behalf on the occasion of any general meeting. The independent proxy is elected by shareholders on each annual general meeting of the Company for a period of one year, which expires at the end of the following annual general meeting. If there is no independent proxy, the Board appoints one for the following general meeting. The independent proxy can be re-elected indefinitely.

The Company's Articles contain no rules on giving instructions to the independent proxy and no provisions on electronic participation in the general meeting. Swiss law, however, requires that shareholders be allowed to give instructions to the independent proxy by electronic means.

Quorums, majorities

The Company's Articles do not provide presence quorum requirements generally applicable to general meetings of the Company's shareholders.

Unless otherwise required by law or the Articles, the general meeting of shareholders makes resolutions and proceeds to elections by an absolute majority of votes cast. In the event the votes are evenly split, the chairperson has a casting vote.

A number of resolutions may only be passed with a majority of two-thirds of the shares represented and the absolute majority of the par value of the shares represented, including the following:

- change in the Company's corporate purpose;
- creation of shares with privileged voting rights;
- restriction of the transferability of the shares;

- creation of authorized or conditional share capital;
- capital increases out of equity, against contributions in kind, or conducted with a view to the acquisition of specific assets;
- grant of special benefits;
- suppression or limitation of the shareholders' preferential subscription right;
- change of the registered office of the Company; and
- liquidation of the Company.

The same voting requirements apply to resolutions regarding transactions among stock corporations based on Switzerland's Federal Act on Mergers, Demergers, Transformations and the Transfer of Assets of 2003, as amended (including a merger, demerger or conversion of a stock corporation).

Exhibit 21.1

LOGITECH INTERNATIONAL S.A.

LIST OF SUBSIDIARIES

Name of Subsidiary	Jurisdiction of Incorporation
AMERICAS	
Logitech Argentina S.R.L.	Argentina
Logitech Do Brasil Comercio de Accessorios de Informatica Ltda.	Brazil
Logitech de Mexico S.A. de C.V.	Mexico
Logitech Canada Inc.	Canada
Logitech Inc.	United States of America
Logitech (Streaming Media) Inc.	United States of America
Logitech (Slim Devices) Inc.	United States of America
WiLife, Inc.	United States of America
Logitech Servicios Latinoamérica, S.A de C.V	Mexico
Ultimate Ears Incorporated	United States of America
SightSpeed, Inc.	United States of America
UE Acquisition Inc.	United States of America
Logitech Latin America, Inc.	United States of America
Blue Microphones Holding Corporation	United States of America
Baltic Latvian Universal Electronics,LLC	United States of America
General Workings Inc.	United States of America
Streamlabs Canada Inc.	Canada
Streamlabs LLC	United States of America
Liminal Collective, Inc.	United States of America

Name of Subsidiary	Jurisdiction of Incorporation
EMEA	
Labtec Europe S.A.	Switzerland
Logitech U.K. Limited	United Kingdom
Logitech Espana BCN SL	Spain
Logitech Europe S.A.	Switzerland
SAS Logitech France	Republic of France
Logitech GmbH	Federal Republic of Germany
Logitech Ireland Services Limited	Ireland
Logitech Italia SRL	Republic of Italy
Logitech Nordic AB	Sweden
Logitech Benelux B.V.	Kingdom of the Netherlands
Logitech Poland Spolka z.o.o	Poland
Logitech S.A.	Switzerland
Logitech Middle East FZ-LLC	United Arab Emirates
Logitech (Streaming Media) SA	Switzerland
Logitech Hellas MEPE	Greece
Logitech Schweiz AG	Switzerland
Logitech Upicto GmbH	Switzerland
Limited Liability Company "Logitech"	Russia
Logi Peripherals Technologies (South Africa) (Proprietary) Limited	South Africa
Logitech Norway AS	Norway
Logitech Turkey Computer Marketing Services LLC	Turkey

Name of Subsidiary	Jurisdiction of Incorporation
ASIA PACIFIC	
LogiCool Co., Ltd	Japan
Logitech Electronic (India) Private Limited	India
Logitech Far East, Limited	Taiwan, Republic of China
Logitech Hong Kong Limited	Hong Kong
Logitech Korea Ltd	Republic of Korea
Logitech New Zealand Co., Limited	New Zealand
Logitech Service Asia Pacific Pte Ltd	Republic of Singapore
Logitech Singapore Pte Ltd	Republic of Singapore
Logitech Technology (Suzhou) Company Limited	People’s Republic of China
Logitech (China) Technology Company Limited	People’s Republic of China
Logitech Asia Logistics Limited	Hong Kong
Logitech Asia Pacific Limited	Hong Kong
Logitech Australia Computer Peripherals Pty, Limited	Commonwealth of Australia
Logitech (Beijing) Trading Company Limited	People’s Republic of China
Logitech Technology (Shenzhen) Consulting Company Limited	People’s Republic of China
Logitech Engineering & Designs India Private Limited	India
Logi Computer Peripherals (Malaysia) Sdn. Bhd	Malaysia
Logitech JB Australia Pty Ltd.	Commonwealth of Australia

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors

Logitech International S.A.:

We consent to the incorporation by reference in the registration statements on Form S-8 (No. 333-100854, No. 333-140429, No. 333-157038, No. 333-163933, No. 333-167143, No. 333-180725, No. 333-180726, No. 333-184583, No. 333-192728 and No. 333-221269) of Logitech International S.A. of our report dated May 27, 2020, with respect to the consolidated balance sheets of Logitech International S.A. and subsidiaries (the Company) as of March 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended March 31, 2020, and the related notes and financial statement schedule (collectively, the consolidated financial statements), and the effectiveness of internal control over financial reporting as of March 31, 2020, which report appears in the March 31, 2020 annual report on Form 10-K of the Company.

Our report contains an explanatory paragraph that states the Company excluded from its assessment of the effectiveness of the Company's internal control over financial reporting an acquired entity's internal control over financial reporting and our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of this entity.

Our report refers to a change in the Company's method of accounting for leases in 2020, revenue in 2019 and excess tax benefits from share-based payments in 2018 due to the adoption of new accounting standards.

/s/ KPMG LLP

San Francisco, California

May 27, 2020

Exhibit 31.1

CERTIFICATIONS

I, Bracken Darrell, certify that:

1. I have reviewed this annual report on Form 10-K of Logitech International S.A.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 27, 2020

/s/ BRACKEN DARRELL

Bracken Darrell
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Nate Olmstead, certify that:

1. I have reviewed this annual report on Form 10-K of Logitech International S.A.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 27, 2020

/s/ NATE OLMSTEAD

Nate Olmstead
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO RULE 13A-14(B) OR RULE 15D-14(B) AND SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

The certification set forth below is being submitted in connection with this annual report on Form 10-K (the "Report") of Logitech International S.A. ("the Company") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Bracken Darrell, Chief Executive Officer of the Company, and Nate Olmstead, Chief Financial Officer of the Company, each certify that, to the best of his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 27, 2020
/s/ BRACKEN DARRELL

Bracken Darrell
President and Chief Executive Officer

/s/ NATE OLMSTEAD

Nate Olmstead
Chief Financial Officer