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, 2021

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 standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Yes ☒ No ☐

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 25, 2020, the last business day of the registrant's second fiscal quarter on the Nasdaq Global Select Market, was $12,279,578,459. 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 the Registrant’s share capital outstanding. This determination is not necessarily a conclusive determination for other purposes.

As of April 23, 2021, there were 168,439,978 shares of the Registrant's share capital outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2021 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.

TABLE OF CONTENTS

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 Report on 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 2022 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 2022 and beyond;
- Opportunities for growth, market opportunities, marketing initiatives and our ability to execute on and 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 repurchase 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 impact 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. Almost 40 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 people to pursue their passions and connect to the world. Logitech’s products align with several large secular trends including work and learn from anywhere, video everywhere, the increasing popularity of gaming as a spectator and participant sport, and the democratization of content creation. Logitech's brands include Logitech, Logitech G, ASTRO Gaming, Streamlabs, Blue Microphones, Ultimate Ears, and Jaybird. 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, see Note 15 - Segment Information in our Notes to the 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.

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. For more information, see Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and Note 3—Business Acquisitions in our Notes to consolidated financial statements.

Industry Overview

Historically, Logitech's business has been driven by the same trends that drove the adoption of desktop and laptop PCs for consumers and businesses, 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, remote and hybrid work and learning, the democratization of content creation, the rising trend of gaming becoming one of the largest participant and spectator sports, 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 past year, new PC shipments have steadily increased and, combined with increased interest in smaller, mobile computing devices (such as smartphones and tablets), the market for PC peripherals has greatly expanded. We see opportunities within the large installed base of PCs, created by consumers' desire to refresh their current PC experiences with new peripherals, as well as new trends developing within the connected device ecosystems. In addition, the increasing adoption of hybrid work will likely increase the number of new workspaces, thereby creating expanded opportunities to attach multiple peripherals. 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. The recent shift toward remote and hybrid learning environments has also significantly increased the addressable education market for tablet keyboards and cases, as well as for other PC peripherals.

Growing adoption of cloud-based experiences in gaming, video, music and smart home has also increased 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 that include Pointing Devices, Keyboards & Combos and PC Webcams, 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, learning, and telemedicine, is driving sales of 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, remote 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- medium- and large-sized meeting rooms lacking video is substantial, and we are well-positioned to take advantage of that opportunity.

Cloud-based music services have experienced growth across the industry, fueled by smartphones, tablets, and other connected devices. Consumers are optimizing their audio experiences on their tablets and smartphones with a variety of music peripherals including wireless mobile speakers and in-ear and other headphones. Within the music category, the market for mobile speakers has matured and the integration of personal voice assistants has increased competition in the speaker category. 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 industry growth in revenue, which highlights a growth opportunity for Logitech. In addition, consumers are increasingly streaming and broadcasting using microphones and other peripherals which also expands our opportunities.

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 - 127 design awards during the past three fiscal years - and enthusiastic reviews in the media. This is one indication that Logitech’s strategic aim to become a design company is working. During fiscal year 2021, we won 23 design awards. 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 and new retailers, and new products in existing and new retailers. Beyond online and offline retail and distribution channels, we have also strengthened other commercial channels. As we increase our investments in Video Collaboration, we are also expanding our enterprise sales coverage through our sales force as well as various channel partners. And with expansions 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 a variety of 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. More recently, we are meaningfully increasing our brand marketing investments to drive greater brand awareness and consideration, as we pivot to a demand pull model from a demand push model. 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 channels, 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 while more recently we have experienced growth in sales of our products to enterprise customers.

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 3 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 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 key products in this category include:

- The Logitech Wireless Combo MK270, a full-size keyboard and mouse combination with a tiny USB receiver.
- The Logitech MX Keys Wireless keyboard, a premium backlit keyboard with customizable keys to directly access menus and shortcuts within leading creativity and productivity apps.
- 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.

PC Webcams: Our PC Webcams category comprises webcams targeted primarily at video conferencing users purchasing for individual use. A key market driver includes people upgrading their work-from-home video conferencing setup. The Logitech HD Pro Webcam C920 and C922 were top revenue-generating webcams during fiscal year 2021.

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 key products in this category include*:*

- 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 Keyboard 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.

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 key 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 & 5, 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 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 Headset 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.

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, as well as state of the art webcams and headsets that turn any desktop into an instant collaboration space. Our key products in this category include:

- Logitech Rally Bar, an all-in-one video bar purpose-built for midsize rooms, featuring brilliant video, room-filling audio, and the flexibility to deploy in PC or appliance mode.
- 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.
- 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.
- 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.
- 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 is a portfolio of portable wireless Bluetooth and Wi-Fi connected speakers for music on the go. The top revenue-generating product in our Mobile Speakers category during fiscal year 2021 was the Ultimate Ears WONDERBOOM 2, our small sized ruggedized portable Bluetooth wireless speaker. During fiscal year 2021,our collection of portable bluetooth speakers included, WONDERBOOM, WONDERBOOM2, BOOM2, BOOM3, MEGABOOM,MEGABOOM3, MEGABLAST, BLAST, and our largest most powerful speaker HYPERBOOM that delivers the loudest and most rich audio performance in the portfolio.

Audio & Wearables: Our Audio & Wearables category comprises PC speakers, PC headsets, Blue Microphones, 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 Flashship Vista wireless earbuds 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 is critical to facilitate innovation of new and improved products, technologies and experiences. Our research and development expenses for fiscal years 2021, 2020 and 2019 were $226.0 million, $177.6 million and $161.2 million, respectively. We expect to continue to devote significant resources to research and development, 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 2021, 2020 and 2019 (based on the customers' location) are as follows (in thousands):

	Year Ended March 31,		
	2021	2020	2019
Americas	$ 2,206,552	$ 1,286,527	$ 1,190,216
EMEA	1,735,682	941,211	861,731
Asia Pacific	1,310,045	748,113	736,375
Total Sales	$ 5,252,279	$ 2,975,851	$ 2,788,322

Revenues from sales to customers in Switzerland, our home domicile, represented 3%, 4% and 3% of our sales in fiscal years 2021, 2020 and 2019, respectively. In fiscal years 2021, 2020 and 2019, revenues from sales to customers in the United States represented 35%, 36% and 36% of our sales, respectively. In fiscal years 2021, 2020 and 2019, revenues from sales to customers in Germany represented 16%, 15% and 18% 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 2021, 2020 or 2019.

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.

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 a number of major retail chains, where we typically have access to significant shelf space. In addition, Logitech products can be purchased online either directly or indirectly from Logitech.com or through e-tailers, the websites of our major retail chains, and others. Logitech products are also carried by business-to-business direct market resellers.

In fiscal years 2021, 2020 and 2019, Ingram Micro Inc. and its affiliated entities together accounted for 14%, 12% and 13% of our gross sales, respectively. In fiscal years 2021, 2020 and 2019, Amazon Inc. and its affiliated entities together accounted for 13%, 14% and 14% of our gross sales, respectively. No other customer individually accounted for more than 10% of our gross sales during fiscal years 2021, 2020 or 2019.

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, the United States, and Bulgaria. 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 logistics networks.

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.

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

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.

Gaming

Competitors for our Gaming products include Razer, Corsair Components, Inc., SteelSeries, Turtle Beach Corporation and HyperX (recently announced to be acquired by HP Inc.), 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 environmental regulations in a number of jurisdictions regulating our activities, products and operations.

Targeted Substances. In Europe, we are subject to the European Union’s (EU) Restriction of Hazardous Substances (RoHS) in Electrical and Electronics Equipment Directive 2011/65/EU, as amended. This directive restricts the use of certain hazardous substances in electrical and electronic equipment, including lead, mercury, cadmium, hexavalent chromium, phthalates and halogenated flame-retardants. Similar legislation exists in other countries worldwide including but not limited to China, India, and South Korea. We provide declarations of conformity and mark products, where required by law.

In Europe, we also are subject to the European Registration, Evaluation, Authorization, and Restrictions of Chemicals (REACH) Regulation. REACH establishes procedures for collecting and assessing information on the properties and hazards of substances. In addition, as part of the Waste Framework Directive (WFD) (2008/98/EC), the European Chemicals Agency (ECHA) has built a database for storing safe-use information for substances of very high concern (SVHCs) present in products placed on the market in the EU. It is referred to as the Substances of Concern In articles, as such or in complex objects (Products) (SCIP) database.

Effective January 5, 2021, where we supply to the EU market products containing substances considered of very high concern (SVHCs) in a concentration above 0.1% weight by weight, we submit required substance information to European Chemicals Agency (ECHA).

In the U.S., Logitech products are regulated by California's Proposition 65, which requires that clear and reasonable warnings be given to consumers who are exposed to certain chemicals. Logitech products containing composite wood are regulated under the Toxic Substances Control Act (TSCA), Title VI, including the formaldehyde and other substance restrictions set out in TSCA Title VI.

Stewardship: In Europe, Logitech products are regulated by a number of end-of-life stewardship directives including the Waste Electrical and Electronic Equipment (WEEE) Directive, the Packaging Directive and the Battery Directive, which require producers of electrical goods, packaging, and batteries to finance the collection, recycling, treatment and disposal of relevant products. Similar legislation exists in many countries worldwide.

Conflict Minerals: Sourcing of certain metals is regulated under 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. Similar legislation is emerging in other countries worldwide. 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 (RBA) and the Responsible Minerals Initiative (RMI), we participate in the industry-wide Conflict-Free Sourcing Initiative and its Conflict-Free Smelter Program by which our legal requirements are met.

Modern Slavery: Our commitment to combat slavery and human trafficking is underpinned by the Transparency in Supply Chain Act of 2010 (S.B. 657), the United Kingdom Modern Slavery Act of 2015, the California Transparency in Supply Chains Act of 2010, the Australian Modern Slavery Act of 2018 and exiting or emerging similar legislation worldwide. We utilize our adherence to the RBA code of conduct and transparently report our programs to identify and eradicate slavery and human trafficking in global supply chains.

Climate & Carbon: Our operations, supply chain and products are not currently subject to carbon pricing or other legally required carbon taxation or penalties. We have made a voluntary adherence to the Paris Accord international agreement for climate action and we have developed and adopted the principle of Carbon Transparency to catalyze reductions in our corporate carbon footprint, uptake of renewable power and materials and our journey to net zero. With our annual Sustainability Report and Carbon Disclosure Project reports, we report progress, risks and opportunities around climate and carbon.

Energy: In Europe, our products are 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 taken steps to ensure that our products meet the requirements. Similar requirements exist in the four member states of the European Free Trade Association (Iceland, Norway, Liechtenstein and Switzerland).

In the U.S., our products 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.

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.

The effects on Logitech's business of complying with environmental 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 (GRI). 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.

Other Government Regulations

We conduct operations in a number of countries and we are subject to a variety of laws and regulations which vary from country to country. Such laws and regulations include, in addition to environmental regulations described above, tax, import/export and anti-corruption laws, varying accounting, auditing and financial reporting standards, import or export restrictions or licensing requirements, trade protection measures, custom duties, tariffs, import or export duties, and other trade barriers, restrictions and regulations.

While we incur increasing costs to comply with such other government regulations, we do not believe that our compliance with such requirements will have a material adverse effect on our competitive position, consolidated results of operations or cash flows.

For more information about such regulations and how they may impact us, see "Risks Related to our Global Operations and Regulatory Environment" in Item 1A "Risk Factors" and Note 7—Income Taxes in our Notes to consolidated financial statements below.

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 more recently, impacted by global shortages of semiconductor chips, 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.

Human Capital Resources

Employees

As of March 31, 2021, we employed approximately 9,000 employees, of which approximately 4,800 employees are in our Suzhou manufacturing facilities, and from the remaining 4,200 employees, approximately 980 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.

We rely on different programs and initiatives to support our goals. Some of our key human capital management programs are summarized below.

Diversity and Inclusion

We believe that reflecting the diverse world in which we live - through our people and by fostering an inclusive culture - provides us with the foundation needed to create experiences that enable all people to pursue their passions, which is our corporate purpose. Our employees are located across North and South America, EMEA (Europe, Middle East and Africa) and Asia-Pacific and bring a range of perspectives and skills to Logitech. As of March 31, 2021,48% of our office employees were located in Asia-Pacific, 30% in the Americas, and 22% in EMEA (Europe, Middle East and Africa). As of March 31, 2021 females represented 36% of our global office employees, 28% of our manufacturing workforce, and 32% were in managerial roles. In the U.S., underrepresented minorities (defined as Black or African American, Asian, Hispanic or Latino, American Indian or Alaska Native, and Native Hawaiian or Other Pacific Islander) represented 46% of our workforce, and 40% were in managerial roles.

To foster a more inclusive environment, we offer training sessions to emphasize awareness of self, bias and privilege, and inclusion. In addition, to measure our employees' satisfaction at Logitech, we distribute a bi-annual employee engagement survey. Most recently, we conducted a survey in December 2020, in which 79% of our global office employees participated. As part of the survey, employees provided weighted feedback on their experience at Logitech, on measures such as happiness, retention and their perspective on our current state of workplace inclusivity at Logitech.

Safety, Health and Well-being

We look to safeguard the safety, health and well-being of all members of the Logitech team. We implement training and communication programs across the business each year to ensure employee awareness of the importance of health and safety management and our key programs and provisions. To help us ensure the safety, health and well-being of employees at our production facility in Suzhou, China, we follow the Responsible Business Alliance (RBA) Code of Conduct and have an Environmental, Health and Safety (EHS) Management System that is certified to ISO 14001 and ISO 45001. We implement the RBA Code as a full supply chain initiative. Further, we operate an audit and verification program to verify compliance with the RBA code. We believe health and well-being are critical to our employee's personal and professional success and provide, in addition to healthcare benefits, wellness tools, resources and programs designed to help employees achieve good physical, financial, emotional, intellectual and social well-being.

Further, we manage the impact of COVID-19 under the guidance of our Corporate Crisis Management Team and in collaboration with our local site leaders and provide regular updates to our board of directors on our actions. In early 2020, as a result of COVID-19, we quarantined employees in accordance with local regulations and re-engineered our manufacturing operations with diminished capacity. Actions taken at our campus in Suzhou, China, that includes our production facility, our office and employee dormitories have included screening everyone at campus entrances for fever and signs of illness, requiring masks, increasing hygiene measures, and implementing protocols to address actual and suspected COVID-19 cases and potential exposure. 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. In Asia, most of our offices reopened in 2020, as and where permitted by local regulations. We are regularly evaluating the local COVID-19 infection rate as a key metric for when we begin to gradually reopen an office. To support our employees during the pandemic, we offered and continue to offer additional benefits, including a partial internet reimbursement, work-from-home equipment contribution, and increased flexibility in our leave programs to support employees caring for children and others. We did not implement layoffs or furloughs as a result of the COVID-19 pandemic, including during mandatory shelter-in-place orders instituted in many locations in which we operate.

Talent Acquisition and Development

Our geographic diversity gives Logitech an excellent foundation to recruit diverse talent from around the world. We believe that the entire talent process must be executed through a lens of equity and inclusion.
We provide learning and development tools and resources to all our employees through our key programs. Our talent development program includes a dedicated training center at our production facility, a number of workshop-based, leadership development, mentorship, coaching career development and team building programs that remain available remotely.

Information About Our Executive Officers. The following sets forth certain information regarding our executive officers as of May 12, 2021:

Name	Age	Nationality	Position
Bracken Darrell	58	U.S.	President and Chief Executive Officer
Nate Olmstead	49	U.S.	Chief Financial Officer
Prakash Arunkundrum	46	U.S.	Head of Global Operations & Sustainability
Samantha Harnett	45	U.S.	General Counsel

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 & Sustainability, 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.

Samantha Harnett joined Logitech as General Counsel in June 2020. Prior to joining Logitech, Ms. Harnett served in various legal and management roles at Eventbrite, Inc., a global self-service ticketing and experience technology platform, most recently as Chief Legal and Operations Officer from October 2019 to June 2020. While at Eventbrite, she also served as Senior Vice President, General Counsel from May 2018 to October 2019 and Vice President, General Counsel from November 2015 to May 2018. From March 2005 to November 2015, Ms. Harnett served in various positions at ZipRealty, Inc., a real estate technology and online brokerage company, including most recently as General Counsel and Senior Vice President of Business Development from October 2009 to

November 2015. She also served as an associate at Wilson Sonsini Goodrich and Rosati, P.C. Ms. Harnett holds a BA degree from California State University, Chico and a JD from Santa Clara University School of Law.

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

The risk factors summarized and disclosed below could adversely affect our business, results of operations and financial condition, and may cause volatility in the price of our shares. These are not all the risks we face and other factors not presently known to us or that we currently believe are immaterial may also affect our business if they occur. See also the other information set forth in this Annual Report on Form 10-K, including in Part I, Item 1 "Business," Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related Notes.

Summary of Risk Factors

Risks Related to our Business

- 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 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.
- 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.
- If we do not compete effectively, demand for our products could decline and our business and operating results could be adversely affected.
- The full effect of the COVID-19 pandemic is still uncertain and cannot be predicted, and could adversely affect the Company's business, results of operations and financial condition.
- 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.
- If we do not accurately forecast market demand for our products, 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.
- 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 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.
- 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.
- If we do not successfully coordinate the worldwide manufacturing and distribution of our products, we could lose sales.

- 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.

Risks Related to Global Nature of our Operations and Regulatory Environment

- 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.

- 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.

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

- We are subject to risks related to our environmental, social and governance (ESG) activities and disclosures.

- 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.

- 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.

Risks Related to Intellectual Property, Cyber Security and Privacy

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

- 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.

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

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

- 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.

Risks Related to our Financial Results

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

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

- 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.

Risk Factors

Risks Related to our Business

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 and services or the integration of new technology into new or existing products and services 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.

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 ongoing 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 and services for gaming, for video collaboration, for the consumption of digital music, 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 but not limited to, changes in growth trends, evolving and changing market and increasing competition, market opportunities, and product innovation.

Creativity & Productivity. Our pointing devices, keyboards, webcams and other PC peripherals have continued to see growth as a result of work-from-home and remote learning trends, 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 and services. 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.

Our growth opportunities and those 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 product offerings 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 product 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. As we shift the focus of our marketing efforts in certain categories from promotional activities to a pull strategy, the pressures from this competition and from our distribution channels, combined with the implementation risks of such a strategy shift, could adversely affect our competitive position, market share and business. 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 maintain or 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, Samsung, Amazon 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. For additional information, see "Competition” in Item 1 above.

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

COVID-19 has spread rapidly throughout the world, causing 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, quarantines and shelter-at-home orders, and often resulted in indefinite business closures. The full effects of the COVID-19 pandemic cannot be predicted as a result of uncertainties, including if and how the extent and rate of the spread continue to fluctuate in different parts of the world, the availability and effectiveness of vaccines and vaccination progress, and the treatments or cures to slow and eventually stop the spread.

The COVID-19 pandemic and the measures taken by many countries in response have contributed to a general slowdown in the global economy and had a mixed effect and could in the future have a mixed or adverse effect on our business and operations, our customers and our partners. Starting with the initial outbreak of the virus in China, where we have a manufacturing facility, 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 and loss of market share and opportunities. We have also incurred additional costs related to business continuity.

While we believe that the pandemic has accelerated certain trends that are favorable to us, its effects on the use patterns and demand for certain of our products may not be sustainable or may lead to increased competition in certain of our product markets. The COVID-19 pandemic also may have the effect of heightening many of the other risks described 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 still 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 further development and availability of effective treatments and vaccines and the vaccination progress, 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 and customers. Should the COVID-19 situation or global economic slowdown 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, lower margins, lost investment in time and expense, or lost opportunity cost.

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 changed 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 and market share. 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 number of products they acquire in subsequent periods, which could cause disruption in our business and adversely affect 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. 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 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, damaged relationships with suppliers or customers, opportunities for our competitors, and lost market share and revenue.

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 leadership. 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 leadership and international personnel. From time to time, we experience turnover in some of our senior leadership 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 leaders 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 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.

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 may 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.

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. 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. 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. We don't have long-term commitments with those customers. 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 sales 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. 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, if this information is not accurate, 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, cross-border intellectual property and technology restrictions, 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 more recently, impacted by global shortages of semiconductor chips, 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, including COVID-19, 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.

Risks Related to our Global Operations and Regulatory Environment

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;
- Variations 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.

In recent years, the U.S. government has instituted or proposed changes 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, present particular risks for us. New or increased 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 2021, approximately 52% 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.

We are subject to risks related to our environmental, social and governance (ESG) activities and disclosures.

Current and prospective shareholders are increasingly utilizing ESG data to inform their decisions, including investment and voting, using a multitude of evolving score and rating frameworks. If we do not adapt our strategy or execution to meet the evolving expectations of our stakeholders, or if our ESG data input, processing and reporting are incomplete or inaccurate, our business, brand and reputation could be adversely affected.

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, conflict minerals, 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. We also are subject to the SEC 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. 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 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. As a result of the Federal Act on Tax Reform and AHV Financing ("TRAF"), the canton of Vaud enacted tax reforms on March 10, 2020 that 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. 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.

Risks Related to Intellectual Property, Cyber Security and Privacy

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, maintained or enforced. 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 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, or our products 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 have been and could continue to be subject to or threatened with, and 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. None of such disruptions or issues has individually or in the aggregate resulted in security incidents with a material impact on us. 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. In addition, increased frequency and sophistication of cyber security and product security attacks may increase the likelihood of breaches. 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 our operations, we collect personal data, including that of our consumers. This information is increasingly subject to legislation, regulations and enforcement in numerous jurisdictions around the world.

For example, the General Data Protection Regulation (GDPR), which is applicable to us and to all companies processing data of European Union residents, imposes significant fines and sanctions for violation of the Regulation. Compliance with the GDPR has been made more difficult by the invalidity of the U.S.-European Union Privacy Shield. In the United States, California and Virginia have already adopted privacy laws and other legislations may follow, at states and federal levels. Such laws and regulations 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 increased costs, allocation of additional resources, financial penalties or other liabilities or negative publicity that could adversely affect our business.

Risks Related to our Financial Results

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.

- The COVID-19 pandemic has led to evolving changes in our supply, operations, logistics and related expenses and use patterns and demand for certain of our products that may not recur or be sustainable in future periods, as well as uncertainty in global macroeconomic conditions.

- 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 are continuously attempting to simplify our organization, to control operating costs through expense and global workforce management, to reduce the complexity of our product portfolio, and to better align costs with our current business as we expand from PC accessories and provide leverage for growth opportunities in accessories and other products and services for creativity and productivity, gaming, video collaboration, mobile devices, music, digital home 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.

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 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.

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 April 2021, our Board of Directors increased our current repurchase program of our registered shares to $1.0 billion. 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.

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 2025. 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 80 locations and over 40 countries, with lease expiration dates from 2021 to 2031.

As of March 31, 2021, 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.

As a result of amendments to Regulation S-K disclosure requirements related to environmental proceedings to which the government is a party and such proceedings involve potential monetary sanctions, we selected the quantitative threshold of $1.0 million.

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 April 23, 2021, there were 173,106,620 shares issued (including 4,666,642 shares held as treasury stock) held by 22,356 holders of record, and the closing price of our shares was CHF 106.35 ($116.00 based on exchange rates on such date) per share on the SIX Swiss Exchange and $117.00 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 April 2021, the Board of Directors recommended that the Company increase the cash dividend for fiscal year 2021 by approximately 10% to CHF 147.0 million ($155.8 million based on the exchange rate on March 31, 2021). This recommendation will be voted on by our shareholders at the Company’s Annual General Meeting in September 2021.

On September 9, 2020, Logitech's shareholders approved a cash dividend payment of CHF 134.0 million out of retained earnings to Logitech's shareholders who owned shares on September 21, 2020. Eligible shareholders were paid CHF 0.79 per share ($0.87 per share in U.S. Dollars), totaling $146.7 million in U.S. Dollars on September 22, 2020. On September 4, 2019, Logitech's shareholders approved a cash dividend payment of CHF 121.8 million out of retained earnings to Logitech shareholders who owned 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.

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 2021, the following approved share repurchase program was in place (in thousands):

Share Repurchase Program	Approved Shares	Approved Amounts
May 2020	17,311	$ 250,000

The following table presents certain information related to purchases made by Logitech of its equity securities under its publicly announced share repurchase 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, 2019	808	39.58	—	$ 187,433
March 31, 2020 *	1,251	38.91	—	$ 137,386
March 31, 2021	1,845	81.35	89.20	$ 85,382

* The 2017 share repurchase program expired in April 2020 and the unused amount was forfeited.

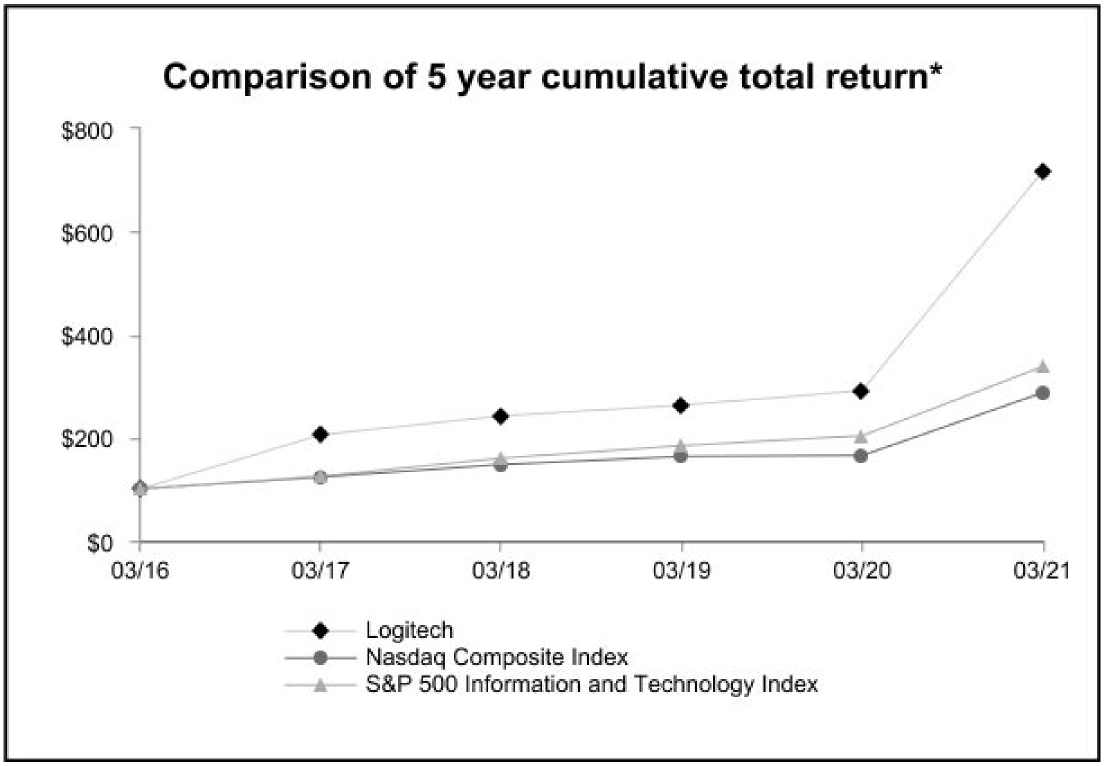
** All shares were repurchased on the SIX in fiscal years 2019 and 2020. In fiscal year 2021, 969 thousand shares were repurchased on the SIX and 876 thousand shares on NASDAQ.

During the three months ended March 31, 2021	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 26, 2020 to January 22, 2021	—	—	—	177,634
Month 2				
January 23, 2021 to February 19, 2021				
SIX	243	91.66		152,575
Nasdaq	60		103.58	146,348
Month 3				
February 20, 2021 to March 31, 2021				
SIX	87	91.93		137,642
Nasdaq	540		96.74	85,382
	930	90.44	99.17	85,382

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, 2016, and calculates the annual return through March 31, 2021. The stock price performance on the following graph is not necessarily indicative of future stock price performance.



*$100 invested on March 31, 2016, in stock or index, including reinvestment of dividends.
Fiscal year ending March 31.

	March 31,					
	2016	2017	2018	2019	2020	2021
Logitech	$ 100	$ 206	$ 241	$ 262	$ 291	$ 717
Nasdaq Composite Index	$ 100	$ 123	$ 148	$ 164	$ 165	$ 287
S&P 500 Information and Technology Index	$ 100	$ 125	$ 159	$ 184	$ 203	$ 339

ITEM 6. (Reserved)

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. Almost 40 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 people to pursue their passions and connect to the world. Logitech's products align with several large secular trends including work and learn from anywhere, video everywhere, the increasing popularity of gaming as a spectator and participant sport, and the democratization of content creation. Logitech's brands include Logitech, Logitech G, ASTRO Gaming, Streamlabs, Blue Microphones, Ultimate Ears, and Jaybird. 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. We sell our services directly to end customers in majority.

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 February 17, 2021, we acquired all equity interests of Mevo Inc. (Mevo) for a total upfront cash consideration of $33.2 million, which included a working capital adjustment, plus additional contingent consideration of up to $17.0 million payable in cash only upon the achievement of certain net revenues for the period beginning on December 26, 2020 and ending on December 31, 2021 (the Mevo Acquisition). The Mevo Acquisition is complementary to the Company's PC Webcams portfolio and will better enable us to offer end-to-end solutions for streaming and content creation.

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.

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 from time to time issued orders that require the closure of or restrictions on non-essential businesses and people to be quarantined or to shelter-at-home. The COVID-19 pandemic has curtailed global economic activity, caused volatility and disruption in global financial and commercial markets, and is likely to continue to cause uncertainty for an indeterminate amount of time. We are conducting our business with substantial modifications, such as employee remote work in non-manufacturing facilities and travel limitations, 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.

In fiscal year 2021, we experienced disruptions to our supply chain and logistics services, inventory constraints, and increased logistics costs, as we attempted to address the effects of COVID-19. At the same time, due to the shelter-at-home requirements or other restrictions in many countries, there has been acceleration of work-from-anywhere, study-from-anywhere, gaming, video collaboration and streaming trends and high demand and consumption of certain of our products that have led to increased sales and operating income. While it is not yet clear how long the positive demand dynamics will continue, we expect the increased logistics costs to continue through fiscal year 2022. In addition, if the positive demand does not continue during fiscal year 2022, it may lead to higher promotions, or excess inventories, or both, which will have an adverse impact on our results of operations. It is difficult to predict the progression, the duration and all of the effects of COVID-19, when business restrictions and shelter-at-home guidelines may be eased or lifted on a global basis, 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. 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 1A "*Risk Factors,*" including under the caption "*The full effect of the COVID-19 pandemic is still uncertain and cannot be predicted, and it could adversely affect the Company's business, results of operations and financial condition.*"

Summary of Financial Results

Our total sales for fiscal year 2021 increased 76% in comparison to fiscal year 2020, due to stronger sales across all regions and most of our product categories from increased remote work and learning trends, accelerated adoption of video communications, and greater gaming viewership, creation, and participation from home, as a result of COVID-19. Our consolidated statements of operations for fiscal year 2021 include the results of operations for current year acquisitions from their respective dates of acquisition.

Sales for fiscal year 2021 increased 72%, 84% and 75% in the Americas, EMEA and Asia Pacific, respectively, in comparison to fiscal year 2020.

Gross margin increased by 680 basis points to 44.5% during fiscal year 2021, compared to fiscal year 2020. Our gross margin benefited from higher sales volume, restrained promotional spending, and favorable product mix, which more than offset higher logistics costs to meet strong demand.

Operating expenses for fiscal year 2021 were $1,187.6 million, or 22.6% of sales, compared to $845.9 million, or 28.4% of sales, for fiscal year 2020. The increase in operating expenses was primarily driven by $185.6 million higher personnel-related costs due to additional headcount across departments to support business growth and from business acquisitions, $135.1 million higher third-party costs to support our long-term growth opportunities and branding development, and a $30 million contribution into a charitable donor advised fund to support our social giving strategies. These increases were partially offset by a $17.5 million decrease in the change in fair value of contingent consideration due to the Streamlabs earn-out recorded in fiscal year 2020 and settled in fiscal year 2021.

Included in the income tax provision of $200.9 million in fiscal year 2021 was $152.6 million of tax expense from Switzerland that reflects the post enactment of TRAF in the canton of Vaud. TRAF was enacted in the fourth quarter of fiscal year 2020 and took effect as of January 1, 2020. The income tax benefit of $125.4 million in fiscal year 2020 was impacted by a tax benefit of $153.2 million related to 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.

Net income for fiscal year 2021 was $947.3 million, compared to $449.7 million for fiscal year 2020.

Trends in Our Business

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

Trends Specific to Our Five Market Opportunities

Creativity & Productivity: New PC shipments have continued to be strong recently due to work-from-home and learn-from-home trends. We believe that innovative PC peripherals, such as our mice and keyboards, can renew the PC usage experience and help improve the productivity and engagement of remote work, and learning, thus providing growth opportunities. Hybrid work culture will also greatly expand the number of new workspaces to which we can attach our PC peripherals. 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 with trackpad for the iPad. Hybrid and remote learning environments have also created demand and growth opportunities in the education market for tablet keyboards and accessories.

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, particularly as other recreational activities have been curtailed or restricted during shelter-at-home mandates. We believe gaming will increasingly become one of the largest participant and spectator sports in the world. The new console refresh cycle during the holiday season of 2020 could drive subsequent growth opportunities over the coming years for our ASTRO family of headsets and controllers. We believe Logitech is well positioned to benefit from the overall gaming market growth. Our 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 (VC) have never been more relevant than in today’s environment, as commercial and consumer adoption of video has seen explosive growth since the start of the COVID-19 pandemic. Video meetings continue to be 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 home offices and small-size meeting rooms, such as huddle rooms, to medium and large-sized meeting rooms. We are also experiencing significant demand for our enterprise-grade VC webcams and headsets. We will continue to invest in select business-specific products (both hardware and software), targeted product marketing and sales channel development.

Music: Consumers are optimizing their audio experiences on their tablets and smartphones with a variety of music peripherals including wireless mobile speakers and in-ear and other headphones. However, the mobile speaker market has matured and the integration of personal voice assistants has increased competition in the speaker category. In addition, the retail footprint in fiscal year 2021 decreased significantly due to the COVID-19 pandemic. These factors have led to a decline in our Mobile Speakers category sales in the past three years. In the wireless headphone industry, the largest growth in recent years has been in true wireless headphones 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. In addition, Blue Microphones has experienced strong demand as musicians, performers and streamers increasingly look to entertain and engage with their fans on various online platforms like YouTube, Twitch, and Facebook.

Smart Home: Our Harmony universal remote and Circle security family of products declined substantially in fiscal year 2021. In general, our Harmony and Circle products are under pressure as the way people consume content is changing and as retail stores have been closed or subject to restrictions. The smart home market opportunity is broad, and we will continue to explore other innovative experiences to drive growth in the Smart Home category.

Business Seasonality and Product Introductions

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. Due to the fluctuation in the number of cases from the COVID-19 pandemic across the world and related local restrictions, and shelter-at-home requirements, as applicable, we experienced an even higher demand and consumption of most of our products in the third fiscal quarter of 2021. 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 that took effect as of January 1, 2020. Our cash tax payments have increased in Switzerland beginning with fiscal year 2020 tax filing 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. Customer Programs require management to estimate the percentage of those programs that will not be claimed in the current period or will not be earned by customers, which is commonly referred to as "breakage." Breakage is estimated based on historical claim experience, the period in which the claims are expected to be submitted, specific terms and conditions with customers, and other factors. 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.

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. 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.

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. Assessing the period in which claims are expected to be submitted and the relevance of the historical claim experience require significant management judgment to estimate the breakage of Customer 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. We also extend the assessment to non-cancelable purchase orders if the inventories are considered excess and record the liability that is reasonably possible to be incurred in accrued and other liabilities.

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.

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.

For additional information about our Critical Accounting Estimates, see Note 2—Summary of Significant Accounting Policies in our Notes to our consolidated financial statements below.

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

In this section, we discuss the results of our operations for the year ended March 31, 2021 compared to the year ended March 31, 2020. For a discussion of the year ended March 31, 2020 compared to the year ended March 31, 2019, please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K filed with the SEC on May 27, 2020.

Net Sales

During fiscal year 2021, sales increased 76% in comparison to fiscal year 2020. If currency exchange rates had been constant in 2021 and 2020, our constant currency sales growth rate would have been 74%. The increase in sales was across all regions, and benefited most of our product categories due to increased work-from-home and learning-from-home trends, as a result of various shelter-at-home mandates. Strong sales growth in Video Collaboration, Gaming, PC Webcams, Tablet and Other Accessories, Keyboards & Combos, Audio & Wearables, and Pointing Devices was partially offset by a decline in sales of Mobile Speakers and Smart Home. The decline in sales of Mobile Speakers was primarily due to limited outdoor activities and social gatherings.

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 2021, and 2020, 52% and 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 2021 compared with fiscal year 2020:

	2021 vs. 2020	
	Sales Growth Rate	Sales Growth Rate in Constant Currency
Americas	72 %	73 %
EMEA	84	77
Asia Pacific	75	72

The increase in sales globally in fiscal year 2021 compared with fiscal year 2020 was driven by growth in sales across a majority of our product categories, partially offset by a decline in sales of Mobile Speakers and Smart Home.

Sales by Product Categories

Sales by product categories for fiscal years 2021 and 2020 were as follows (Dollars in thousands):

	Years Ended March 31,		Change
	2021	2020	2021 vs. 2020
Pointing Devices	$ 680,907	$ 544,519	25 %
Keyboards & Combos	784,488	571,720	37
PC Webcams	439,865	129,193	240
Tablet & Other Accessories	384,301	135,309	184
Gaming (1)	1,239,005	690,174	80
Video Collaboration	1,044,935	365,616	186
Mobile Speakers	174,895	221,791	(21)
Audio & Wearables	468,776	273,752	71
Smart Home	34,394	43,404	(21)
Other (2)	713	373	91
Total Sales	$ 5,252,279	$ 2,975,851	76 %

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

During fiscal year 2021, Pointing Devices sales increased 25%, compared to fiscal year 2020. The increase was primarily driven by higher sales of cordless and trackball mice, as a result of remote working and learning trends, partially offset by a decline in sales of our presentation tools, as most conferences, events, and other large-scale presentations remained prohibited.

Keyboards & Combos

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

During fiscal year 2021, Keyboards & Combos sales increased 37%, compared to fiscal year 2020. The increase was primarily driven by an increase in sales of our cordless and corded PC keyboards and wireless keyboard/mice combos, partially offset by a decline in sales of our living room keyboard products.

PC Webcams

Our PC Webcams category comprises PC-based webcams targeted primarily at consumers, including streaming cameras.

During fiscal year 2021, PC Webcams sales increased 240%, compared to fiscal year 2020. The increase was seen across all product sub-categories, primarily driven by an increase in sales of our HD Pro Webcam C920, 1080P PRO Stream Webcam, Webcam C260, and Logitech Streamcam, mostly due to more remote working from home and learning-from-home.

Tablet & Other Accessories

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

During fiscal year 2021, Tablet & Other Accessories sales increased 184%, compared to fiscal year 2020. The increase was primarily driven by the sales of our Rugged Folio and Slim Folio Keyboards for the iPad 7th generation, both introduced in the third quarter of fiscal year 2020, and our Powered Wireless Charging 3-in-1 Dock, introduced in the fourth quarter of fiscal year 2020. We have seen strong demand for Tablet keyboards, partly due to schools embracing various technology devices to better educate students in learning-from-home environments.

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 2021, Gaming sales increased 80%, compared to fiscal year 2020. The increase was primarily driven by strong performance in PC gaming, Simulation, and Console Gaming headsets. The sales in Streamlabs services, our business acquisition in the third quarter of fiscal year 2020, doubled as the streaming industry saw an increase in the amount of hours viewed and streamed. The increase was partially offset by a decline in the sales of our console gaming controllers.

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 2021, Video Collaboration sales increased 186%, compared to fiscal year 2020. The increase was primarily due to increases in sales of our Rally Ultra-HD Conference Camera, our MeetUp video conference camera, BRIO 4K Pro Webcam, Webcam C930E, and Webcam C925E as video communications become more critical for a more location-flexible workforce.

Music market:

Mobile Speakers

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

During fiscal year 2021, Mobile Speakers sales decreased 21%, compared to fiscal year 2020. The decrease was primarily due to a decline in sales of our MEGABOOM, BOOM 3, BOOM 2, and WONDERBOOM, and MEGABLAST mobile speakers in part due to limited outdoor activities and social gatherings. The decrease was partially offset by sales of our WONDERBOOM 2 speakers and the introduction of our HYPERBOOM speaker in the fourth quarter of fiscal year 2020.

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 2021, Audio & Wearables sales increased 71%, compared to fiscal year 2020. The increase was primarily driven by increases in sales of our corded and cordless headsets and Blue Microphones products, partially offset by decline in sales of our Jaybird and UE Custom products.

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 2021, Smart Home sales decreased 21%, compared to fiscal year 2020. 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 Circle View camera.

Gross Profit

Gross profit for fiscal years 2021 and 2020 was as follows (Dollars in thousands):

	Years Ended March 31,	
	2021	2020
Net sales	$ 5,252,279	$ 2,975,851
Gross profit	$ 2,335,735	$ 1,122,381
Gross margin	44.5 %	37.7 %

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), and amortization of intangible assets.

Gross margin increased by 680 basis points to 44.5% during fiscal year 2021, compared to fiscal year 2020. The increase in gross margin was primarily driven by higher sales volume, restrained promotional spending, favorable product mix, which more than offset the higher logistics operations costs to meet strong demand.

Operating Expenses

Operating expenses for fiscal years 2021 and 2020 were as follows (Dollars in thousands):

	Years Ended March 31,	
	2021	2020
Marketing and selling	$ 770,284	$ 533,324
% of sales	14.7 %	17.9 %
Research and development	226,023	177,593
% of sales	4.3 %	6.0 %
General and administrative	166,577	94,015
% of sales	3.2 %	3.2 %
Amortization of intangible assets and acquisition-related costs	19,064	17,563
% of sales	0.4 %	0.6 %
Change in fair value of contingent consideration for business acquisition	5,716	23,247
% of sales	0.1 %	0.8 %
Restructuring charges (credits), net	(54)	144
% of sales	— %	— %
Total operating expenses	$ 1,187,610	$ 845,886
% of sales	22.6 %	28.4 %

The increase in total operating expenses during fiscal year 2021, compared to fiscal year 2020, was mainly due to increases in marketing and selling expenses, research and development expenses, and general and administrative expenses, partially offset by decreases in change in fair value of contingent consideration for business acquisition.

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 2021, marketing and selling expenses increased $237.0 million, compared to fiscal year 2020. The higher expenses were primarily related to increases of $120.8 million in third-party costs and $114.2 million in personnel-related costs. The increase in third-party costs is primarily due to increased marketing and advertising spend to support our investment in brand awareness and consideration. The higher personnel spend was driven by increased headcount to support business growth and go-to-market expansion, as well as increased performance-based variable compensation linked to stronger performance, and increased share-based 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 2021, research and development expenses increased $48.4 million, compared to fiscal year 2020. The increases were primarily driven by $30.3 million of additional personnel-related costs due to increased headcount to support our investment in innovation and increased performance-based variable compensation linked to stronger performance. Higher third-party costs of $14.3 million also contributed to the growth in research and development expense and were mainly comprised of costs for contractors to support the increased research and development initiatives.

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 2021, general and administrative expenses increased $72.6 million, compared to fiscal year 2020. The higher spend was primarily driven by an increase of $41.3 million in personnel-related costs due to increased headcount to support business growth, increased performance-based variable compensation linked to stronger performance, and increased share-based compensation. An additional $30.0 million of the increase in general and administrative expenses was related to our contribution into a charitable donor advised fund to support our social giving strategies.

Amortization of Intangibles and Acquisition-Related Costs

Amortization of intangibles included in operating expense and acquisition-related costs during fiscal years 2021 and 2020 were as follows (in thousands):

	Years Ended March 31,	
	2021	**2020**
Amortization of intangible assets	$ 18,489	$ 16,073
Acquisition-related costs	575	1,490
Total	$ 19,064	$ 17,563

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 2020 to 2021 was primarily driven by the intangible assets acquired through the Mevo acquisition in the fourth quarter of fiscal year 2021 and a full year of intangibles amortization expense for the Streamlabs Acquisition which occurred in the third quarter of fiscal year 2020.

Change in Fair Value of Contingent Consideration for Business Acquisition

The change in fair value of contingent consideration was $5.7 million for the fiscal year 2021, primarily due to growth in Streamlabs' net sales and the achievement of the net sales targets during the six-month earn-out period ended June 30, 2020.

Interest Income

Interest income for fiscal years 2021 and 2020 was as follows (in thousands):

	Years Ended March 31,	
	2021	**2020**
Interest Income	$ 1,784	$ 9,619

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 decrease in interest income for fiscal year 2021 was primarily driven by the decline in interest rates and reduction of cash held in interest bearing accounts.

Other Income (Expense), Net

Other income and expense for fiscal years 2021 and 2020 was as follows (in thousands):

	Years Ended March 31,	
	2021	2020
Investment income (loss) related to the deferred compensation plan	$ 5,916	$ (831)
Currency exchange loss, net	(2,688)	(909)
Gain (Loss) on investments, net	(5,910)	39,011
Other	893	941
Total	$ (1,789)	$ 38,212

Investment income (loss) related to the deferred compensation plan for fiscal years 2021 and 2020 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 (Loss) on investments, net, represents the realized gain (loss) on sales of investment, investment impairment, and unrealized gain (loss) from the fair value change on the available-for-sale securities and equity-method investments during the periods presented. The loss in fiscal year 2021 is mostly due to our portion of loss from our investments which are accounted for as an equity method investment. The increase in fiscal year 2020 was due to the sale of our $5.5 million investment in a privately held company for a gain of $39.8 million.

Provision for (Benefit from) Income Taxes

The provision for (benefit from) income taxes and the effective income tax rate for fiscal years 2021 and 2020 were as follows (Dollars in thousands):

	Years Ended March 31,	
	2021	2020
Provision for (benefit from) income taxes	$ 200,863	$ (125,397)
Effective income tax rate	17.5 %	(38.7)%

The change in the effective income tax rate between fiscal years 2021 and 2020 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 that took 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 in fiscal year 2020 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.

The Swiss income tax provision in fiscal year 2021 represents the income tax provision at the full statutory income tax rate of 13.60%. In fiscal year 2020, 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 $8.7 million and $6.4 million in the United States in fiscal years 2021 and 2020, respectively, and recognized income tax benefit from the reversal of uncertain tax positions from the expiration of statutes of limitations in the amount of $4.7 million and $4.0 million in fiscal years 2021 and 2020, respectively.

As of March 31, 2021 and 2020, the total amount of unrecognized tax benefits due to uncertain tax positions was $160.3 million and $140.8 million, respectively, all of which would affect the effective income tax rate if recognized.

As of March 31, 2021 and 2020, we had $59.2 million and $40.8 million, respectively, in non-current income taxes payable, including interest and penalties, related to the Company's income tax liability for uncertain tax positions. We recognized $1.1 million and $2.0 million, in interest and penalties related to unrecognized tax positions in income tax expense during fiscal years 2021 and 2020, respectively. As of March 31, 2021 and 2020, we had $4.9 million and $4.5 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 2018. For other foreign jurisdictions such as the United States, we are generally not subject to tax examinations for years prior to fiscal year 2018. 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, 2021, we had cash and cash equivalents of $1,750.3 million, compared with $715.6 million as of March 31, 2020. Our cash and cash equivalents consist of bank demand deposits and short-term time deposits, of which 69% is held in Switzerland, 10% is held in Germany, and 8% 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, 2021, our working capital was $1,477.5 million, compared with working capital of $700.3 million as of March 31, 2020. The increase in working capital over fiscal year 2020 was primarily due to higher balances of cash and cash equivalents, higher accounts receivable (net), higher inventories, and higher other current assets, partially offset by higher accounts payable and higher accrued and other liabilities.

We had several uncommitted, unsecured bank lines of credit aggregating to $143.2 million as of March 31, 2021. There are no financial covenants under these lines of credit with which we must comply. As of March 31, 2021, we had outstanding bank guarantees of $91.3 million under these lines of credit.

The following table presents selected financial information and statistics as of March 31, 2021 and 2020 (Dollars in thousands):

	March 31,	
	2021	2020
Accounts receivable, net	$ 612,225	$ 394,743
Accounts payable	$ 823,233	$ 259,120
Inventories	$ 661,116	$ 229,249
Days sales in accounts receivable (DSO)(Days)(1)	36	50
Days accounts payable outstanding (DPO) (Days)(2)	90	54
Inventory turnover (ITO)(x)(3)	5.0	7.5

(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, 2021 decreased by 14 days to 36 days, as compared to 50 days as of March 31, 2020, primarily due to timing of customer payments and sales linearity.

DPO as of March 31, 2021 increased 36 days, compared to March 31, 2020, primarily due to timing of purchases and related payments and an increase in cost of goods sold due to higher sales growth during fiscal year 2021.

ITO as of March 31, 2021 was lower compared to March 31, 2020, primarily due to higher inventory levels to build inventory in anticipation of future sales growth.

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 2021, we generated $1,458.6 million in cash from operating activities. Our main sources of operating cash flows were from net income, after 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 increase in inventories was primarily driven by an increase in inventory purchases, in anticipation of continued high demand for certain of our products. The increase in accounts payable was primarily driven by the timing of purchases and related payments. The increase in accrued and other liabilities was primarily due to higher income tax payable due to stronger performance, an increase in customer, marketing, pricing, and incentive programs, freight and duty due to higher logistic costs, and higher accrued personnel expenses.

Net cash used in investing activities was $120.0 million, primarily due to $43.5 million of the purchase price (net of cash acquired) for business acquisitions and $76.2 million of purchases of property, plant, and equipment.

Net cash used in financing activities was $299.9 million, primarily due to $146.7 million of cash dividends paid during the year, $165.0 million of repurchases of our registered shares and $32.1 million of tax withholdings related to net share settlements of restricted stock units, partially offset by $43.8 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 2021 and 2020 were primarily for tooling and equipment and computer hardware and software. Our expenditures for property, plant and equipment increased during fiscal year 2021, compared to fiscal year 2020, primarily due to higher tooling and equipment.

Our payments for acquisitions, net of cash acquired, during fiscal year 2021 were primarily for the Mevo Acquisition. Our payments for acquisitions, net of cash acquired, during fiscal year 2020 were primarily for the Streamlabs Acquisition (refer to "Note 3—Business Acquisitions" to the consolidated financial statements).

The purchases and sales of trading investments during fiscal years 2021 and 2020 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 2021, there was a $4.0 million loss from currency exchange rate effect on cash and cash equivalents, compared to a loss of $7.1 million from currency exchange rate effect during fiscal year 2020. The loss from the effect of currency rate changes during fiscal year 2021 were primarily due to the weakening of the Japanese yen, Brazilian real, partially offset by the strengthening of the Chinese yuan and Australian dollar versus the U.S. Dollar by 2%, 10%, 8% and 25%, respectively. The loss from the effect of currency exchange rate changes during fiscal year 2020 were primarily due to the weakening of Euro, Brazilian real and Australian dollar versus the U.S. Dollar by 3%, 25%, and 14%, 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 April 2021, the Board of Directors recommended that we pay cash dividends for fiscal year 2021 of CHF 147.0 million ($155.8 million based on the exchange rate on March 31, 2021). In fiscal year 2021, we paid a cash dividend of CHF 134.0 million (U.S. Dollar amount of $146.7 million) out of fiscal year 2020 retained earnings. 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 May 2020, our Board of Directors approved a new share repurchase program, which authorizes us to invest up to $250.0 million to purchase our own shares, following the expiration date of the 2017 share repurchase program. Although we enter into trading plans for systematic repurchases (e.g. 10b5-1 trading plans) from time to time, our share repurchase program provides us with the opportunity to make opportunistic repurchases during periods of favorable market conditions and is expected to remain in effect until July 2023. 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 April 2021, our Board of Directors approved an increase of $750.0 million of the 2020 share repurchase program, to an aggregate amount of $1.0 billion. This increase is subject to approval by the Swiss Takeover Board.

For over ten years, we have generated positive cash flows from our operating activities, including cash from operations of $1,458.6 million, and $425.0 million during fiscal years 2021 and 2020, 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

Purchase Commitments

As of March 31, 2021, we have non-cancelable purchase commitments of $865.6 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 2022. 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, 2021, the liability for these purchase commitments was $11.8 million and is recorded in accrued and other current liabilities. We have firm purchase commitments of $24.9 million for capital expenditures, primarily related to commitments for tooling, equipment, and computer hardware. 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, 2021, we had $59.2 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, 2021, 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.

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, 2021, approximately 52% 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 $37.8 million and $11.8 million as of March 31, 2021 and 2020, respectively. The adverse effect as of March 31, 2021 and 2020 is after consideration of the offsetting effect of approximately $12.4 million and $5.2 million, respectively, from open foreign exchange contracts in place as of March 31, 2021 and 2020.

We enter into cash flow hedge contracts to protect against exchange rate exposure of forecasted inventory purchases. These hedging contracts mature within five 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, 2021, the amount recorded in accumulated other comprehensive income (AOCI) related to our foreign exchange contracts before tax effect would have been approximately $16.5 million and $4.8 million lower as of March 31, 2021 and 2020, 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

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 provided in the section titled "Financial Statements."

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 Mevo on February 17, 2021. Management excluded from its evaluation of the effectiveness of its internal control over financial reporting as of March 31, 2021 the acquired businesses’ internal controls over financial reporting associated with less than 1% 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, 2021.

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, 2021.

The effectiveness of the Company's internal control over financial reporting as of March 31, 2021 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 2021 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

None.

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 2021 Annual Meeting of Shareholders and is incorporated herein by reference.

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 2021 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 2021 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 2021 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 2021 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:

2. Financial Statement Schedule

3. Exhibits

Index to Exhibits

Exhibit No.		Exhibit	Incorporated by Reference Form	File No.	Filing Date	Exhibit No.	Filed Herewith
2.1	***	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	
2.2	***	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-Q	0-29174	10/22/2020	3.1	
3.2		Organizational Regulations of Logitech International S.A., as amended	10-Q	0-29174	1/21/2021	3.1	
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	**	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	
10.10	**	2012 Stock Inducement Equity Plan	S-8	333-180726	4/13/2012	10.1	
10.11	**	Representative form of stock option agreement under the 2012 Stock Inducement Equity Plan	S-8	333-180726	4/13/2012	10.2	
10.12	**	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	
10.13	**	Employment Agreement between Logitech Inc. and Bracken Darrell, dated as of December 18, 2015	10-Q	0-29174	1/22/2016	10.1	

10.14	**	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	
10.15	**	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	
10.16	**	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	
10.17	**	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	
10.18	**	Employment Agreement between Logitech Inc. and Nathan Olmstead, dated as of July 22, 2019	8-K	0-29174	7/23/2019	10.1	
10.19	**	Employment Agreement between Logitech Inc. and Prakash Arunkundrum, dated as of May 26, 2020	10-Q	0-29174	7/23/2020	10.1	
10.20	**	Employment Agreement between Logitech Inc. and Samantha Harnett, dated as of July 1, 2020	10-Q	0-29174	7/23/2020	10.2	
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 Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2		Certification by Chief Financial 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 12, 2021

POWER OF ATTORNEY AND SIGNATURES

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 12, 2021
/s/ BRACKEN DARRELL Bracken Darrell	President, Chief Executive Officer and Director	May 12, 2021
/s/ NATE OLMSTEAD Nate Olmstead	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	May 12, 2021
/s/ PATRICK AEBISCHER Patrick Aebischer	Director	May 12, 2021
/s/ EDOUARD BUGNION Edouard Bugnion	Director	May 12, 2021
/s/ Riet Cadonau Riet Cadonau	Director	May 12, 2021
/s/ GUY GECHT Guy Gecht	Director	May 12, 2021
/s/ DIDIER HIRSCH Didier Hirsch	Director	May 12, 2021
/s/ NEIL HUNT Neil Hunt	Director	May 12, 2021
/s/ MARJORIE LAO Marjorie Lao	Director	May 12, 2021
/s/ NEELA MONTGOMERY Neela Montgomery	Director	May 12, 2021
/s/ MICHAEL POLK Michael Polk	Director	May 12, 2021
/s/ Deborah Thomas Deborah Thomas	Director	May 12, 2021

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2021 and 2020, 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, 2021, and the related notes and financial statement schedule II (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of March 31, 2021, 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, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended March 31, 2021, 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, 2021 based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.
The Company acquired Mevo Inc. during fiscal year 2021, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of March 31, 2021, Mevo Inc.'s internal control over financial reporting associated with less than 1% 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, 2021. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Mevo Inc..

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 FASB's Accounting Standards Codification (ASC) Topic 842, Leases.

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. 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 accounts receivable allowances totaling approximately $240.0 million as of March 31, 2021 for various cooperative marketing arrangements (marketing development funds and cooperative advertising arrangements) and customer incentive and pricing programs (collectively, Customer Programs). The Company estimates the percentage of Customer Programs that will not be claimed or will not be earned by customers, which is commonly referred to as "breakage". Breakage reduces the Company's accruals for certain Customer Programs and it is applied at the time of sale. The Company uses judgment in assessing the period in which claims are expected to be submitted and the relevance of historical claim experience.

We identified the evaluation of the significant assumptions underlying the breakage rates for certain Customer Programs as a critical audit matter. The significant assumptions in the breakage rates estimate included: 1) the determination of the period in which the claims are expected to be submitted by the customers, 2) the assessment of the relevance of historical customer claim experience, and 3) the assessment of the relevance of the historical trend of claims submitted after the expected period. A high degree of auditor judgment was required to evaluate the significant assumptions, due to the inherent uncertainties related to such assumptions as well as recent changes in certain customers' claim processing behavior in the current economic environment.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the process to determine the breakage rates estimate. This included controls related to the Company's evaluation of the significant assumptions in the breakage rates estimate. We evaluated the underlying information related to the expected period that a customer claim will be submitted, and assessed the relevance of historical claim experience by analyzing the trend in the customers' historical claims and accruals information for certain Customer Programs. We assessed the relevance of the historical trend of claims submitted after the expected period by analyzing the trend of historical claims received after the expected period compared to the total earned amount of each respective period. In addition, we evaluated the Company's ability to estimate the breakage rates by comparing the estimated breakage from fiscal 2020 to actual subsequent breakage in fiscal 2021.

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 accrued sales return liabilities of approximately $43.2 million and accrued Customer Program liabilities of approximately $185.4 million as of March 31, 2021. 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, negotiated terms, 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 significant 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 following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the critical audit matter. This included controls related to the Company's assessment of whether historical experience is predictive of future returns and Customer Programs' earned amounts. 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 inspected 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 2021 quarterly channel inventory weeks on-hand and return 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 2020 to actual subsequent returns and Customer Programs' earned amounts in fiscal 2021.

/s/ KPMG LLP

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

San Francisco, California

May 12, 2021

LOGITECH INTERNATIONAL S.A.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Years Ended March 31,		
	2021	2020	2019
Net sales	$ 5,252,279	$ 2,975,851	$ 2,788,322
Cost of goods sold	2,903,215	1,838,685	1,737,969
Amortization of intangible assets and purchase accounting effect on inventory	13,329	14,785	13,342
Gross profit	2,335,735	1,122,381	1,037,011
Operating expenses:			
Marketing and selling	770,284	533,324	488,263
Research and development	226,023	177,593	161,230
General and administrative	166,577	94,015	98,732
Amortization of intangible assets and acquisition-related costs	19,064	17,563	14,290
Change in fair value of contingent consideration for business acquisition	5,716	23,247	—
Restructuring charges (credits), net	(54)	144	11,302
Total operating expenses	1,187,610	845,886	773,817
Operating income	1,148,125	276,495	263,194
Interest income	1,784	9,619	8,375
Other income (expense), net	(1,789)	38,212	(436)
Income before income taxes	1,148,120	324,326	271,133
Provision for (benefit from) income taxes	200,863	(125,397)	13,560
Net income	$ 947,257	$ 449,723	$ 257,573
Net income per share:			
Basic	$ 5.62	$ 2.70	$ 1.56
Diluted	$ 5.51	$ 2.66	$ 1.52
Weighted average shares used to compute net income per share:			
Basic	168,523	166,837	165,609
Diluted	171,775	169,381	168,965

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,		
	2021	**2020**	**2019**
Net income	$ 947,257	$ 449,723	$ 257,573
Other comprehensive income (loss):			
Currency translation gain (loss):			
Currency translation gain (loss), net of taxes	12,695	(8,270)	(7,790)
Reclassification of currency translation loss included in other income (expense), net	(1,738)	—	(510)
Defined benefit plans:			
Net loss and prior service costs, net of taxes	(4,701)	(6,846)	(7,353)
Reclassification of amortization included in other income (expense), net	1,517	762	(181)
Hedging gain (loss):			
Deferred hedging gain (loss), net of taxes	(4,071)	205	1,781
Reclassification of hedging loss (gain) included in cost of goods sold	8,043	(813)	1,810
Total other comprehensive income (loss)	11,745	(14,962)	(12,243)
Total comprehensive income	$ 959,002	$ 434,761	$ 245,330

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, 2021	March 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 1,750,327	$ 715,566
Accounts receivable, net	612,225	394,743
Inventories	661,116	229,249
Other current assets	135,650	74,920
Total current assets	3,159,318	1,414,478
Non-current assets:		
Property, plant and equipment, net	114,060	76,119
Goodwill	429,604	400,917
Other intangible assets, net	115,148	126,941
Other assets	324,248	345,019
Total assets	$ 4,142,378	$ 2,363,474
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 823,233	$ 259,120
Accrued and other current liabilities	858,617	455,024
Total current liabilities	1,681,850	714,144
Non-current liabilities:		
Income taxes payable	59,237	40,788
Other non-current liabilities	139,502	119,274
Total liabilities	1,880,589	874,206
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, 2021 and 2020		
Additional shares that may be issued out of conditional capitals — 50,000 at March 31, 2021 and March 31, 2020		
Additional shares that may be issued out of authorized capital — 17,311 at March 31, 2021 and 34,621 at March 31, 2020		
Additional paid-in capital	129,519	75,097
Shares in treasury, at cost— 4,799 and 6,210 shares at March 31, 2021 and 2020, respectively	(279,541)	(185,896)
Retained earnings	2,490,578	1,690,579
Accumulated other comprehensive loss	(108,915)	(120,660)
Total shareholders' equity	2,261,789	1,489,268
Total liabilities and shareholders' equity	$ 4,142,378	$ 2,363,474

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, 2021	2020	2019
Cash flows from operating activities:			
Net income	$ 947,257	$ 449,723	$ 257,573
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	50,752	42,893	43,471
Amortization of intangible assets	31,818	30,858	24,180
Investment impairment	2,011	—	—
Share-based compensation expense	86,019	54,870	50,265
Loss (gain) on investments	3,899	756	(816)
Deferred income taxes	34,484	(159,853)	(12,257)
Change in fair value of contingent consideration for business acquisition	5,716	23,247	—
Gain on sale of investment in a privately held company	—	(39,767)	—
Other	(1,784)	(936)	(230)
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable, net	(201,220)	(15,768)	(58,798)
Inventories	(427,501)	60,388	(21,551)
Other assets	(67,708)	18,319	(8,800)
Accounts payable	553,960	(24,250)	(19,134)
Accrued and other liabilities	440,935	(15,480)	51,278
Net cash provided by operating activities	1,458,638	425,000	305,181
Cash flows from investing activities:			
Purchases of property, plant and equipment	(76,189)	(39,484)	(35,930)
Investment in privately held companies	(4,115)	(345)	(2,717)
Acquisitions, net of cash acquired	(43,523)	(91,569)	(133,814)
Proceeds from return of strategic investments	2,934	—	124
Purchases of short-term investments	—	—	(1,505)
Proceeds from sale of property, plant and equipment	—	1,037	—
Purchases of trading investments	(12,336)	(11,964)	(5,203)
Proceeds from sales of trading investments	13,247	12,091	5,700
Net cash used in investing activities	(119,982)	(130,234)	(173,345)
Cash flows from financing activities:			
Payment of cash dividends	(146,705)	(124,180)	(113,971)
Purchases of registered shares	(164,952)	(50,437)	(32,449)
Proceeds from exercises of stock options and purchase rights	43,810	22,241	18,057
Tax withholdings related to net share settlements of restricted stock units	(32,082)	(24,280)	(30,770)
Net cash used in financing activities	(299,929)	(176,656)	(159,133)
Effect of exchange rate changes on cash, cash equivalents	(3,966)	(7,060)	(10,134)
Net increase (decrease) in cash, cash equivalents	1,034,761	111,050	(37,431)
Cash, cash equivalents at beginning of the period	715,566	604,516	641,947
Cash, cash equivalents at end of the period	$ 1,750,327	$ 715,566	$ 604,516
Supplementary Cash Flow Disclosures:			
Non-cash investing and financing activities:			
Property, plant and equipment purchased during the period and included in period end liability accounts	$ 16,819	$ 5,021	$ 3,983
Non-cash contingent consideration for acquisition	$ 28,463	$ —	$ —
Equity and debt investment in a privately held company	$ —	$ 42,350	$ —
Supplemental cash flow information:			
Income taxes paid, net	$ 23,041	$ 20,851	$ 15,312

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, 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
Cumulative effect of adoption of new accounting standard (Note 2)	—	—	—	—	—	(553)	—	(553)
Total comprehensive income	—	—	—	—	—	947,257	11,745	959,002
Purchases of registered shares	—	—	—	1,845	(164,952)	—	—	(164,952)
Sale of shares upon exercise of stock options and purchase rights	—	—	3,130	(1,786)	40,680	—	—	43,810
Issuance of shares upon vesting of restricted stock units	—	—	(53,093)	(1,080)	21,011	—	—	(32,082)
Issuance of shares from contingent consideration	—	—	18,847	(390)	9,616	—	—	28,463
Share-based compensation	—	—	85,538	—	—	—	—	85,538
Cash dividends ($0.87 per share)	—	—	—	—	—	(146,705)	—	(146,705)
March 31, 2021	173,106	$ 30,148	$ 129,519	4,799	$ (279,541)	$ 2,490,578	$ (108,915)	$ 2,261,789

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. Almost 40 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 February 2021, the Company acquired Mevo Inc. ("Mevo"). During fiscal year 2020, the Company acquired General Workings, Inc. ("Streamlabs"). 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 and intangible assets acquired from business acquisitions, contingent consideration for a business acquisition and periodic reassessment of its fair value, valuation of investment in privately held companies classified under Level 3 fair value hierarchy, pension obligations, accruals for customer incentives, cooperative marketing, and pricing programs ("Customer Programs") and related breakage when appropriate, 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

We are subject to risks and uncertainties as a result of the novel coronavirus ("COVID-19"). Capital markets and economies worldwide have been negatively impacted by COVID-19 and it is still unclear how lasting and deep the economic impacts will be. During fiscal year 2021, the COVID-19 pandemic had mixed effects on the Company’s results of operations. While there was high demand for and consumption of certain of our products that led to increased sales and operating income during fiscal year 2021, at the same time the Company experienced disruptions to our supply chain and logistics services, inventory constraints, and increased logistics costs, as it attempted to address the effects of COVID-19. The ongoing and full extent of the impact of the COVID-19 pandemic on the Company's business and operational and financial performance and condition, including the sustainability of its effect on trends positive to the Company, is 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 availability of vaccines and their global deployment, the development of effective treatments, the imposition of effective public safety and other protective measures and the public's response to such measures, the impact of COVID-19 on the global economy and demand for the Company's products and services. Should the COVID-19 pandemic or global economic slowdown 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 gaming, video, computing, music 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 elects 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, 2021 and March 31, 2020 was not material.

The Company also recognizes revenue from subscription services that provide professional streamers with access to streaming software and tools that represent a single stand-ready performance obligation. Subscriptions are paid for at the time of or in advance of delivering the services. The proceeds received in advance from such arrangements is recognized as deferred revenue and then recognized as revenue ratably over the subscription period.

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. Customer Programs require management to estimate the percentage of those programs which will not be claimed in the current period or will not be earned by customers, which is commonly referred to as "breakage." Breakage is estimated based on historical claim experience, the period in which customer claims are expected to be submitted, specific terms and conditions with customers and other factors. 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. Assessing the period in which claims are expected to be submitted and the relevance of the historical claim experience require significant management judgment to estimate the breakage of Customer Programs 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, 2021, 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 Customers (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. The Company recorded a net decrease to retained earnings of $10.8 million as of April 1, 2018 due to the cumulative impact of adopting ASU 2014-09.

Shipping and Handling Costs

The Company's shipping and handling costs are included in the 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 and other non-current liabilities on the consolidated balance sheets.

As of March 31, 2021 and 2020, 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 31,2021 and March 31, 2020, 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 2021, 2020 and 2019 were $450.0 million, $298.6 million and $278.2 million, respectively, out of which $168.2 million, $64.5 million, and $58.8 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,		
	2021	**2020**	**2019**
Customer A	14 %	12 %	13 %
Customer B	13 %	14 %	14 %

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

	March 31,	
	2021	**2020**
Customer A	12 %	12 %
Customer B	20 %	12 %
Customer C	10 %	— %

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 expected credit losses resulting from the Company's customers' inability to make required payments. The allowances are based on the Company's regular assessment of various factors, including the credit-worthiness and financial condition of specific customers, historical experience with bad debts and customer deductions, receivables aging, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect our ability to collect from customers.

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, 2021 and 2020, the Company also recorded a liability of $11.8 million and $9.6 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 of 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 cost of goods sold or operating expenses, depending on the nature of the property and equipment.

Leases

In February 2016, the FASB issued ASU 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 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 determines if an arrangement is a lease or contains a lease at contract inception. Operating lease 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. As most of the leases do not provide an implicit rate, the Company generally uses its 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.

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 one to ten years. Intangible assets with indefinite lives, which include only goodwill and in-process research and development ("IPR&D"), 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 finite-lived intangible assets 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. 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. The Company operates as one reporting unit. For the year ended March 31, 2021, 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.

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 for 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 dividend 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 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.

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 three 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, 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. 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 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. The Company adopted this standard effective April 1, 2020, using a modified retrospective approach. Upon adoption, the Company updated its credit loss models to utilize a forward-looking current expected credit losses (CECL) model in place of the incurred loss methodology for financial instruments measured at amortized cost, including accounts receivable. The cumulative effect adjustment from adoption was $0.6 million to the Company's consolidated financial statements.

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 eliminates, adds and modifies certain disclosure requirements for fair value measurements, including eliminating the requirement to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, and requiring the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements. Some of these disclosure changes must be applied prospectively while others retrospectively depending on requirement. The Company adopted this standard effective April 1, 2020. The adoption of ASU 2018-13 did not have a material impact on the Company's consolidated financial statements.

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 requires that the Company remove various disclosures that no longer are considered cost-beneficial, namely amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit cost over the next fiscal year. Further, ASU 2018-14 requires disclosure or clarification of the reasons for significant gains or losses related to changes in the benefit obligation for the period. The Company adopted this standard effective April 1, 2020, using a retrospective approach. The adoption of this guidance modified the disclosures included in "Note 5—Employee Benefit Plans" but did not have a material impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements To Be Adopted

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 does not expect the adoption of ASU 2019-12 will have a material impact on its consolidated financial statements and plans to adopt the standard effective April 1, 2021.

Note 3—Business Acquisitions

Fiscal Year 2021 Acquisitions

Mevo Acquisition

On February 17, 2021 (the "Mevo Acquisition Date"), the Company acquired all equity interests of Mevo for a total upfront cash consideration of $33.2 million (as described in the table below), which included a working capital adjustment, plus additional contingent consideration of up to $17.0 million payable in cash only upon the achievement of certain net revenues for the period beginning on December 26, 2020 and ending on December 31, 2021 (the "Mevo Acquisition").

The Mevo Acquisition is complementary to the Company’s PC Webcams portfolio and will better enable us to offer end-to-end solutions for streaming and content creation.

Mevo 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 Mevo Acquisition consists of the following (in thousands):

		Consideration
Purchase price (cash)	$	33,186
Fair value of contingent consideration (earn-out)		3,430
Fair value of total consideration transferred	$	36,616

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

	Estimated Fair Value
Cash and cash equivalents	$ 418
Accounts receivable	1,125
Inventories, net	1,927
Other current assets	1,245
Fixed assets, net	156
Other long-term assets	968
Intangible assets	11,300
Other identifiable liabilities assumed, net	(3,390)
Net identifiable assets acquired	$ 13,749
Goodwill	22,867
Net assets acquired	$ 36,616

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

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

	Fair Value	Estimated Useful Life (years)
Developed technology	$ 10,400	5.0
Customer relationships	400	1.0
Trade name	500	2.0
Total identifiable intangible assets acquired	$ 11,300	

Intangible assets acquired as a result of the Mevo 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 $0.2 million during the year ended March 31, 2021 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 $0.05 million during the year ended March 31, 2021 is included in "Amortization of intangible assets and acquisition-related costs" in the consolidated statements of operations.

Developed technology relates to Mevo’s existing camera hardware with in-app software for live streaming and video conferencing software platform. The economic useful life was determined based on the technology cycle related to developed technology of the hardware and software components, as well as the cash flows anticipated over the forecasted periods and industry benchmarks.

Customer relationships represent the fair value of the underlying relationships with Mevo customers. The economic useful life was determined based on the estimated costs to recreate the customer relationships and industry benchmarks.

Trade name relates to the “Mevo” 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 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. Developed technology was valued using the royalty rate of 10% and was discounted at a rate of 13%.

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 Mevo Acquisition Date.

The Company included Mevo's estimated fair value of assets acquired and liabilities assumed in its consolidated financial statements beginning on the Mevo Acquisition Date. The results of operations for Mevo subsequent to the Mevo Acquisition Date have been included in, but are not material to, the Company's consolidated statements of operations for the year ended March 31, 2021. Mevo contributed less than 1% of the Company's net sales for the year.

On January 4, 2021, the Company made an immaterial technology acquisition for a total cash consideration of $11.0 million, including $3.0 million earn-out payable in cash upon the achievement of two technical development milestones required to be completed for periods ending December 31, 2021 and March 31, 2022, which was accounted for using the acquisition method. The Company retained 9% of the total consideration for the purpose of ensuring seller's representations and warranties.

On February 11, 2021, the Company made an immaterial technology acquisition for a total cash consideration of $3.5 million, which was accounted for as an asset acquisition. The Company retained 10% of the total consideration for the purpose of ensuring seller's representations and warranties.

Fiscal Year 2020 Acquisitions

Streamlabs Acquisition

On October 31, 2019 (the "Streamlabs Acquisition Date"), the Company acquired all equity interests of 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 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	

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 $3.6 million, and $1.5 million during the years ended March 31, 2021 and 2020, respectively, 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 $4.1 million and $1.7 million during the years ended March 31, 2021 and 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 in fiscal year 2020.

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.

Acquisition-related costs and pro forma results of operations

The Company incurred acquisition-related costs of approximately $0.6 million, $1.5 million and $1.7 million, in aggregate, for the years ended March 31, 2021, 2020 and 2019, 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 2021 and 2020 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,		
	2021	2020	2019
Net Income	$ 947,257	$ 449,723	$ 257,573
Shares used in net income per share computation:			
Weighted average shares outstanding - basic	168,523	166,837	165,609
Effect of potentially dilutive equivalent shares	3,252	2,544	3,356
Weighted average shares outstanding - diluted	171,775	169,381	168,965
Net income per share:			
Basic	$ 5.62	$ 2.70	$ 1.56
Diluted	$ 5.51	$ 2.66	$ 1.52

Share equivalents attributable to outstanding stock options, RSUs and employee share purchase plan ("ESPP") totaling 0.1 million, 1.7 million, and 1.8 million shares, respectively, during fiscal years 2021, 2020 and 2019 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. Except for fiscal year 2021, performance-based awards in the periods presented 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, 2021, 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 2021, 2020 and 2019 (in thousands):

	Years Ended March 31,		
	2021	2020	2019
Cost of goods sold	$ 6,438	$ 4,852	$ 3,812
Marketing and selling	36,788	26,835	20,630
Research and development	14,179	9,273	7,368
General and administrative	28,614	13,910	18,455
Total share-based compensation expense	86,019	54,870	50,265
Income tax benefit	(19,472)	(14,109)	(17,091)
Total share-based compensation expense, net of income tax benefit	$ 66,547	$ 40,761	$ 33,174

As of March 31, 2021, 2020 and 2019, the balance of capitalized stock-based compensation included in inventory was $1.1 million, $0.9 million, and $0.9 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, 2021	
	Unamortized Expense	Remaining Months
ESPP	$ 2,636	4
Stock Options	2,104	12
Time-based RSUs	84,143	24
Market-based and performance-based RSUs	34,816	22
Total unamortized share-based compensation expense	$ 123,699	

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 were reserved for issuance under the 1996 and 2006 ESPP plans. As of March 31, 2021, a total of 4.7 million shares were 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 were reserved for issuance under the 2006 Plan. As of March 31, 2021, a total of 7.8 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 2021, 2020 and 2019, 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 Total Shareholder Return ("TSR") relative to the performance of companies in the Russell 3000 Index for fiscal year 2021 and NASDAQ-100 Index for fiscal years 2020 and 2019 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. The aggregate fair value of shares that actually vested during the year is based on the actual number of stock units vested during the year based on the achievement of the financial metrics over the performance period.

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 were reserved for issuance under the 2012 Plan. As of March 31, 2021, 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,		
	2021	2020	2019	2021	2020	2019
Dividend yield	*	*	1.72 %	1.04 %	1.74 %	1.73 %
Risk-free interest rate	*	*	2.45 %	0.10 %	1.81 %	2.35 %
Expected volatility	*	*	33 %	47 %	24 %	31 %
Expected life (years)	*	*	6.2	0.5	0.5	0.5
Weighted average grant date fair value per share	*	*	$ 11.55	$ 24.67	$ 9.35	$ 9.33

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

RSUs with Market Conditions	Years Ended March 31,		
	2021	2020	2019
Dividend yield	1.24 %	1.76 %	1.59 %
Risk-free interest rate	0.21 %	2.11 %	2.51 %
Expected volatility	31 %	30 %	30 %
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 or the Russell 3000 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 2021, 2020 and 2019 is as follows:

	Number of Shares (In thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In thousands)
Outstanding, March 31, 2018	2,040			
Granted	649			
Exercised	(82)			$ 1,707
Canceled or expired	—			
Outstanding, March 31, 2019	2,607			
Granted	—			
Exercised	(573)			$ 19,339
Canceled or expired	(65)			
Outstanding, March 31, 2020	1,969	$ 22		
Granted	—			
Exercised	(1,347)	$ 17		$ 68,596
Canceled or expired	—	$ —		
Outstanding, March 31, 2021	622	$ 34	7.1	$ 43,625
Vested and exercisable, March 31, 2021	330	$ 30	6.3	$ 24,452

As of March 31, 2021, the exercise price of outstanding options ranged from $8 to $41 per share option.

The tax benefit realized for the tax deduction from options exercised during fiscal years 2021, 2020 and 2019 was $0.6 million, $0.1 million and $0.2 million, respectively.

A summary of the Company's time-based, market-based and performance-based RSU activities for fiscal years 2021, 2020 and 2019 is as follows:

	Number of Shares (In thousands)	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Vesting Period (Years)	Aggregate Fair Value (In thousands)
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)			$ 76,389
Canceled or expired	(561)			
Outstanding, March 31, 2020	3,951	$ 36		
Granted—time-based	1,046	$ 60		
Granted—market and performance-based	303	$ 67		
Vested	(1,444)	$ 31		$ 168,816
Canceled or expired	(213)	$ 42		
Outstanding, March 31, 2021	3,643	$ 45	1.2	$ 379,031

The RSUs outstanding as of March 31, 2021 above include 0.9 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 2021, 2020 and 2019 was $16.3 million, $12.1 million and $16.2 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 2021, 2020 and 2019, were $10.6 million, $8.6 million and $8.7 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 2021, 2020 and 2019 was as follows (in thousands):

	Years Ended March 31,		
	2021	2020	2019
Service costs	$ 12,121	$ 11,008	$ 10,564
Interest costs	1,047	1,055	1,301
Expected return on plan assets	(2,535)	(2,616)	(2,167)
Amortization:			
Net prior service credit recognized	(467)	(435)	(443)
Net actuarial loss recognized	2,144	1,386	450
Settlement	—	(97)	(97)
Total net periodic benefit cost	$ 12,310	$ 10,301	$ 9,608

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 2021 and 2020 were as follows (in thousands):

	Years Ended March 31,	
	2021	2020
Projected benefit obligations, beginning of the year	$ 160,914	$ 143,662
Service costs	12,121	11,008
Interest costs	1,047	1,055
Plan participant contributions	4,733	3,733
Actuarial gains	15,762	2,246
Benefits paid	(3,947)	(8,778)
Transfer of prior vested benefits	7,556	5,271
Plan amendment related to statutory change	—	—
Settlement	—	(941)
Administrative expense paid	(130)	(141)
Currency exchange rate changes and other	4,292	3,799
Projected benefit obligations, end of the year	$ 202,348	$ 160,914

The accumulated benefit obligation for all defined benefit pension plans as of March 31, 2021 and 2020 was $171.2 million and $135.0 million, respectively.

The following table presents the changes in the fair value of defined benefit pension plan assets for fiscal years 2021 and 2020 (in thousands):

	Years Ended March 31,	
	2021	2020
Fair value of plan assets, beginning of the year	$ 98,010	$ 90,365
Actual return on plan assets	11,706	(830)
Employer contributions	8,064	6,531
Plan participant contributions	4,733	3,733
Benefits paid	(3,947)	(8,778)
Transfer of prior vested benefits	7,556	5,271
Settlement	—	(941)
Administrative expenses paid	(130)	(141)
Currency exchange rate changes	2,069	2,800
Fair value of plan assets, end of the year	$ 128,061	$ 98,010

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, 2021 and 2020 (in thousands):

	March 31,					
	2021			2020		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash and cash equivalents	$ 21,715	$ —	$ 21,715	$ 14,213	$ —	$ 14,213
Equity securities	38,437	—	38,437	28,329	—	28,329
Debt securities	31,034	—	31,034	26,605	—	26,605
Swiss real estate funds	20,802	8,341	29,143	16,476	8,168	24,644
Hedge funds	—	2,730	2,730	—	1,882	1,882
Other	4,704	298	5,002	2,084	253	2,337
Total fair value of plan assets	$ 116,692	$ 11,369	$ 128,061	$ 87,707	$ 10,303	$ 98,010

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

	Years Ended March 31,	
	2021	2020
Fair value of plan assets	$ 128,061	$ 98,010
Less: projected benefit obligations	202,348	160,914
Underfunded status	$ (74,287)	$ (62,904)

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

	March 31,	
	2021	2020
Current liabilities	$ 2,738	$ 2,126
Non-current liabilities	71,549	60,778
Total liabilities	$ 74,287	$ 62,904

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

	March 31,		
	2021	2020	2019
Net prior service credits	$ 3,263	$ 3,647	$ 3,965
Net actuarial loss	(27,553)	(22,722)	(17,630)
Accumulated other comprehensive loss	(24,290)	(19,075)	(13,665)
Deferred taxes	1,090	(941)	(267)
Accumulated other comprehensive loss, net of tax	$ (23,200)	$ (20,016)	$ (13,932)

The following table presents the amounts included in accumulated other comprehensive loss as of March 31, 2021, which are expected to be recognized as a component of net periodic benefit cost in fiscal year 2022 (in thousands):

	Year Ended March 31, 2021
Amortization of net prior service credits	$ (453)
Amortization of net actuarial loss	1,277
Total	$ 824

The actuarial assumptions for the defined benefit plans for fiscal years 2021 and 2020 were as follows:

	Years Ended March 31, 2021	2020
Benefit Obligations:		
Discount rate	0.25% - 6%	0.50% - 6.75%
Estimated rate of compensation increase	2.00% - 10.00%	2.25% - 10.00%
Cash Balance Interest Credit Rate	0.00% - 1.75%	0.00% - 1.75%
Periodic Costs:		
Discount rate	0.50% - 6.75%	0.55% - 7.25%
Estimated rate of compensation increase	2.25% - 10.00%	2.50% - 10.00%
Expected average rate of return on plan assets	1% - 2.50%	0.89% - 3.00%
Cash Balance Interest Credit Rate	0.00% - 1.75%	1.75% - 2.00%

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,	
2022	$ 10,527
2023	10,177
2024	10,632
2025	11,157
2026	10,248
2027-2031	54,209
Total expected benefit payments by the plan	$ 106,950

The Company expects to contribute $6.7 million to its defined benefit pension plans during fiscal year 2022.

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 $24.8 million and $20.1 million as of March 31, 2021 and 2020, respectively, based on quoted market prices. The Company also had $24.8 million and $20.1 million in deferred compensation liability as of March 31, 2021 and 2020, 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,		
	2021	2020	2019
vestment income (loss) related to the deferred compensation plan	$ 5,916	$ (831)	$ 664
urrency exchange loss, net	(2,688)	(909)	(3,608)
ain (Loss) on investments, net	(5,910)	39,011	816
ther	893	941	1,692
Other income (expense), net	$ (1,789)	$ 38,212	$ (436)

Gain (Loss) 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.

In fiscal year 2021, the loss on investments is mostly related to losses recognized from the Company's equity method investments. 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 in fiscal year 2020.

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, 2021, 2020 and 2019 are included in the line “Other” above as a result of adopting ASU 2017-07, "Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost" (ASU 2017-07), effective April 1, 2018.

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 2021, 2020 and 2019 is summarized as follows (in thousands):

	Years Ended March 31,		
	2021	2020	2019
Swiss	$ 984,185	$ 238,303	$ 212,986
Non-Swiss	163,935	86,023	58,147
Income before taxes	$ 1,148,120	$ 324,326	$ 271,133

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

	Years Ended March 31,		
	2021	2020	2019
Current:			
Swiss	$ 121,199	$ 5,474	$ 1,364
Non-Swiss	45,056	29,078	24,334
Deferred:			
Swiss	31,558	(153,210)	—
Non-Swiss	3,050	(6,739)	(12,138)
Provision for (benefit from) income taxes	$ 200,863	$ (125,397)	$ 13,560

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,		
	2021	2020	2019
Expected tax provision at statutory income tax rates	$ 97,590	$ 27,568	$ 23,046
Income taxes at different rates	88,760	(5,592)	(10,113)
Research and development tax credits	(3,844)	(4,692)	(5,432)
Executive compensation	4,821	1,582	3,344
Stock-based compensation	(3,161)	(2,735)	(7,288)
Deferred tax effects from TRAF	1,944	(206,792)	—
Valuation allowance	(247)	(538)	1,891
Restructuring charges / (credits)	(5)	12	961
Unrecognized tax benefits	15,978	64,683	8,269
Other, net	(973)	1,107	(1,118)
Provision for (benefit from) income taxes	$ 200,863	$ (125,397)	$ 13,560

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

	March 31, 2021	March 31, 2020
Deferred tax assets:		
Tax attributes carryforward	$ 42,482	$ 73,975
Accruals	79,884	57,923
Depreciation and amortization	1,628	4,831
Tax step-up of goodwill from TRAF	134,122	151,220
Share-based compensation	12,784	10,947
Gross deferred tax assets	270,900	298,896
Valuation allowance	(28,926)	(29,171)
Deferred tax assets after valuation allowance	241,974	269,725
Deferred tax liabilities:		
Acquired intangible assets and other	(32,789)	(31,128)
Deferred tax liabilities	(32,789)	(31,128)
Deferred tax assets, net	$ 209,185	$ 238,597

Included in tax attributes carryforward above are net operating loss and tax credit carryforwards.

The canton of Vaud enacted TRAF, a major reform to better align the Swiss tax system with international tax standards, on March 10, 2020 that took effect as of January 1, 2020. The longstanding tax ruling from the canton of Vaud was applicable through December 31, 2019.

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 $28.9 million at March 31, 2021, compared to $29.2 million at March 31, 2020. The federal valuation allowance against tax credits in the amount of $0.9 million as of March 31, 2020 was released entirely as of March 31, 2021 due to sufficient taxable income available to utilize these credits. The Company had a valuation allowance of $28.5 million as of March 31, 2021 against deferred tax assets in the state of California, an increase from $27.7 million as of March 31, 2020 from activities during the year. The remaining valuation allowance primarily represents $0.4 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, 2021, the Company had foreign net operating loss and tax credit carryforwards for income tax purposes of $173.1 million and $67.5 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 2022.

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, 2021, the cumulative amount of unremitted earnings of non-Swiss subsidiaries for which no income taxes have been provided is approximately $153.1 million. The amount of unrecognized deferred income tax liability related to these earnings is estimated to be approximately $2.1 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, 2021 and 2020, the total amount of unrecognized tax benefits due to uncertain tax positions was $160.3 million and $140.8 million, respectively, all of which would affect the effective income tax rate if recognized.

As of March 31, 2021 and 2020, the Company had $59.2 million and $40.8 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 2021, 2020 and 2019 were as follows (in thousands).

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
Lapse of statute of limitations		(4,024)
Decreases in balances related to tax positions taken during prior years		—
Increases in balances related to tax positions taken during the year		23,780
March 31, 2021	$	163,253

Fiscal year 2020 includes gross unrecognized tax benefits recorded as a result of the enactment of TRAF in Switzerland:

The Company recognizes interest and penalties related to unrecognized tax positions in income tax expense. The Company recognized $1.1 million, $2.0 million, and $0.6 million in interest and penalties in income tax expense during fiscal years 2021, 2020 and 2019, respectively. As of March 31, 2021 and 2020, the Company had $4.9 million, and $4.5 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 2018. For other foreign jurisdictions such as the United States, the Company is generally not subject to tax examinations for years prior to fiscal year 2018. 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, 2021 and 2020 (in thousands):

	March 31,	
	2021	2020
Accounts receivable, net:		
Accounts receivable	$ 867,868	$ 597,939
Allowance for doubtful accounts	(1,161)	(1,894)
Allowance for sales returns	(14,438)	(6,599)
Allowance for cooperative marketing arrangements	(43,276)	(38,794)
Allowance for customer incentive programs	(76,200)	(55,741)
Allowance for pricing programs	(120,568)	(100,168)
	$ 612,225	$ 394,743
Inventories:		
Raw materials	$ 146,886	$ 56,052
Finished goods	514,230	173,197
	$ 661,116	$ 229,249
Other current assets:		
Value-added tax receivables	$ 67,710	$ 33,616
Prepaid expenses and other assets	67,940	41,304
	$ 135,650	$ 74,920
Property, plant and equipment, net:		
Plant, buildings and improvements	$ 66,055	$ 65,261
Equipment and tooling	244,962	185,760
Computer equipment	27,869	26,148
Software	56,087	56,091
	394,973	333,260
Less: accumulated depreciation and amortization	(303,460)	(270,387)
	91,513	62,873
Construction-in-process	19,637	10,441
Land	2,910	2,805
	$ 114,060	$ 76,119
Other assets:		
Deferred tax assets	$ 210,888	$ 240,528
Right-of-use assets	31,169	25,557
Trading investments for deferred compensation plan	24,809	20,085
Investment in privately held companies	43,402	45,949
Other assets	13,980	12,900
	$ 324,248	$ 345,019

The following table presents the components of certain balance sheet liability amounts as of March 31, 2021 and 2020 (in thousands):

	March 31,	
	2021	2020
Accrued and other current liabilities:		
Accrued customer marketing, pricing and incentive programs	$ 185,394	$ 130,220
Accrued personnel expenses	173,360	104,423
Income taxes payable - current	131,408	8,823
Accrued payables - non-inventory	52,392	11,548
VAT payable	50,620	12,757
Accrued sales return liability	43,178	30,267
Warranty accrual	33,228	25,905
Operating lease liability	13,101	10,945
Contingent consideration	6,967	23,284
Other current liabilities	168,969	96,852
	$ 858,617	$ 455,024
Other non-current liabilities:		
Employee benefit plan obligation	$ 72,321	$ 61,303
Obligation for deferred compensation plan	24,809	20,085
Operating lease liability	21,319	19,536
Warranty accrual	15,604	14,134
Deferred tax liability	1,679	1,931
Other non-current liabilities	3,770	2,285
	$ 139,502	$ 119,274

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, 2021			March 31, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets:						
Cash equivalents	$ 669,759	$ —	$ —	$ 564,952	$ —	$ —
Trading investments for deferred compensation plan included in other assets:						
Cash	$ 31	$ —	$ —	$ 846	$ —	$ —
Common stock	1,569	—	—	—	—	—
Money market funds	6,734	—	—	7,147	—	—
Mutual funds	16,475	—	—	12,092	—	—
Total of trading investments for deferred compensation plan	$ 24,809	$ —	$ —	$ 20,085	$ —	$ —
Currency derivative assets included in other current assets	$ —	$ 5,452	$ —	$ —	$ 129	$ —
Liabilities:						
Contingent consideration for business acquisition included in accrued and other current liabilities (Note 3)	$ —	$ —	$ 6,430	$ —	$ —	$ 23,284
Currency derivative liabilities included in accrued and other current liabilities	$ —	$ 100	$ —	$ —	$ 719	$ —

The following table summarizes the change in the fair value of the Company's contingent consideration balance during fiscal year 2021 (in thousands):

	Year Ended March 31, 2021	Year Ended March 31, 2020
Acquisition-related contingent consideration, beginning of the year	$ 23,284	$ —
Fair value of contingent consideration upon acquisition (1)	6,430	37
Change in fair value of contingent consideration	5,716	23,247
Settlement of contingent consideration (2)	(28,463)	—
Acquisition-related contingent consideration, end of the year	$ 6,967	$ 23,284

(1) The fair value of contingent consideration upon acquisition of $6.4 million includes the earn-out of $3.4 million from the Mevo Acquisition and an earn-out of $3.0 million from the other immaterial technology acquisition. See Contingent Consideration for Business Acquisition section below for details.

(2) As of June 30, 2020, the earn-out period was completed in connection with our acquisition of Streamlabs (discussed below). The earn-out payment of $29.0 million is based on the actual net sales of Streamlabs services during the earn-out period and is no longer subject to fair value measurement and was accordingly transferred out of Level 3. During the third quarter of fiscal year 2021, the fair value of $28.5 million of the contingent consideration was transferred from other current liabilities to equity upon settlement of the contingent consideration through the issuance of shares out of treasury stock. The remaining amount of $0.5 million is held back in escrow for claims made against the escrow and for the payment of taxes.

Trading Investments

The marketable securities for the Company's deferred compensation plan are recorded at a fair value of $24.8 million and $20.1 million as of March 31, 2021 and 2020, 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 2021, 2020 and 2019 were not material and are included in other income (expense), net in the consolidated statements of operations.

Contingent Consideration for Business Acquisitions

The contingent consideration for business acquisition arising from the Mevo Acquisition (see "Note 3—Business Acquisition" for more information) represents the future potential earn-out payments of up to $17.0 million payable in cash only upon the achievement of certain net sales for the period beginning on December 26, 2020 and ending on December 31, 2021. The fair value of the earn-out as of the Mevo Acquisition Date was $3.4 million which was determined by using a Black-Scholes-Merton valuation model to calculate the probability of the earn-out threshold being met, 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 Mevo 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 sales of Mevo products. For the year ended March 31, 2021, the change in fair value of the contingent consideration related to acquisition was not material.

The contingent consideration for business acquisition arising from the other immaterial technology acquisition represents the future potential earn-out payments of $3.0 million payable in cash upon the achievement of two technical development milestones required to be completed for periods ending December 31, 2021 and March 31, 2022. The fair value of the contingent amount was determined using a probability-weighted expected payment model and discounted at the estimated cost of debt.

On October 31, 2019, the Company acquired all of the equity interests of Streamlabs. In connection with the acquisition of Streamlabs, the Company agreed to pay a total earn out payment 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 fair value of the earn-out as of the Streamlabs Acquisition Date was $0.04 million, and increased to $23.3 million as of March 31, 2020, which was determined by using a Black-Scholes-Merton valuation model to calculate the probability of the earn-out threshold being met, times the value of the earn-out payment, and discounted at the risk-free rate. The fair value was increased by $5.7 million to $29.0 million as of June 30, 2020, based on actual sales. The fair value of the contingent consideration no longer needs to be remeasured after June 30, 2020, as the earn-out period has been completed.

During the third quarter of fiscal year 2021, Logitech issued 390,397 shares out of treasury shares to former security holders of Streamlabs, in satisfaction of payment of the contingent consideration that was earned during the earn-out period of January 1, 2020 through June 30, 2020. The issuances of such shares were deemed to be exempt from registration under the Securities Act of 1933 (the "Securities Act"), in reliance on Regulation D of the Securities Act as transactions by an issuer not involving a public offering.

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 $40.7 million and $42.1 million as of March 31, 2021 and 2020, respectively.

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 6% subordinated note due in 5 years, and a Series A preferred units and Series B common units in Marlin-SL Topco, LP ("Marlin"). As of March 31, 2021, the investment represents an ownership interest of approximately 10.8% in Marlin.

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.

The Company's maximum exposure to any losses incurred by Marlin is limited to its investment. For fiscal year 2021, the carrying value of the investment in Marlin was $26.7 million. The Company's investment related to this VIE was not individually significant to the Company's consolidated financial statements.

Unrealized gains (losses) related to Marlin and other equity investments for the fiscal year 2021 were not material and are included in other income (expense), net in the Company's consolidated statements of operations. There was no impairment of these assets during fiscal years 2021 and 2020.

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 2021, 2020 and 2019.

Financial Assets. 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. 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 was immaterial as of March 31, 2021 and 2020. During the fiscal year 2021, the Company recorded impairment charges of $2.0 million for its non-marketable equity securities which had an initial cost basis of $2.0 million as it was determined the carrying value of the investments were not recoverable. There was no impairment of these assets during fiscal year 2020.

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, 2021 and 2020.

The fair values of the Company's derivative instruments were not material as of March 31, 2021 or 2020 (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 2021, 2020 and 2019 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		
	2021	2020	2019	2021	2020	2019
Designated as hedging instruments:						
Cash flow hedges	$ (4,071)	$ 205	$ 1,781	$ 8,043	$ (813)	$ 1,810

Upon adoption of ASU 2017-12 "Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities" (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 five 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, 2021, the notional amounts of currency forward contracts outstanding related to forecasted inventory purchases was $164.5 million. As of March 31, 2020, the notional amounts of currency forward contracts outstanding related to forecasted inventory purchases was $48.0 million. The Company estimates that $3.7 million of net loss related to its cash flow hedges included in accumulated other comprehensive loss as of March 31, 2021 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 a 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, 2021 and 2020 were $123.8 million and $64.7 million, respectively. Open forward and swap contracts as of March 31, 2021 and 2020 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, 2020 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, 2020. 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 2021 and 2020 (in thousands):

	Years Ended March 31,	
	2021	2020
Beginning of the period	$ 400,917	$ 343,684
Acquisitions [1]	28,667	57,206
Currency exchange rate impact	20	27
End of the period	$ 429,604	$ 400,917

[1] Includes goodwill acquired from the Mevo Acquisition and an immaterial technology acquisition in January 2021. See Note 3 for more information.

The Company's acquired intangible assets subject to amortization were as follows (in thousands):

	March 31,					
	2021			2020		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks and trade names	$ 46,070	$ (25,153)	$ 20,917	$ 45,570	$ (19,061)	$ 26,509
Developed technology	134,406	(90,450)	43,956	118,807	(77,126)	41,681
Customer contracts/relationships	91,010	(44,261)	46,749	90,610	(31,859)	58,751
In-process R&D	3,526	—	3,526	—	—	—
	$ 275,012	$ (159,864)	$ 115,148	$ 254,987	$ (128,046)	$ 126,941

For fiscal years 2021, 2020 and 2019, amortization expense for intangible assets was, $31.8 million, $30.9 million and $24.2 million, respectively. The Company expects that annual amortization expense for fiscal years 2022, 2023, 2024, 2025 and 2026 will be $31.0 million, $24.9 million, $21.5 million, $17.0 million and $9.8 million, respectively, and $7.5 million thereafter.

The intangible assets include $3.5 million of IPR&D from an immaterial asset acquisition in February 2021. IPR&D is capitalized at fair value and the amortization commences upon completion of the underlying projects. Once research and development efforts are completed, the corresponding amount of IPR&D is reclassified as an amortizable purchased intangible asset and is amortized over its estimated useful life. As of March 31, 2021, there was no IPR&D amortized.

Note 12—Financing Arrangements

The Company had several uncommitted, unsecured bank lines of credit aggregating $143.2 million as of March 31, 2021. There are no financial covenants under these lines of credit with which the Company must comply. As of March 31, 2021, the Company had outstanding bank guarantees of $91.3 million under these lines of credit. There was no borrowing outstanding under the line of credit as of March 31, 2021 or March 31, 2020.

Note 13—Commitments and Contingencies

Product Warranties

Changes in the Company's warranty liability for fiscal years 2021 and 2020 were as follows (in thousands):

	Years Ended March 31,	
	2021	2020
Beginning of the period	$ 40,039	$ 34,229
Assumed from business acquisition	231	—
Provision	38,463	34,186
Settlements	(30,621)	(28,022)
Currency translation	720	(354)
End of the period	$ 48,832	$ 40,039

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, 2021, 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 4,798,723 were held in treasury shares as of March 31, 2021.

The Company 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. At 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, which authority expired on that date. At the 2020 Annual General Meeting, the shareholders of the Company authorized the Board of Directors to issue up to an additional 17,310,662 shares of the Company until September 9, 2022.

Dividends

Pursuant to Swiss corporate law, the payment of dividends is limited to certain amounts of unappropriated retained earnings (CHF 1,046.5 million, or $1,109.1 million based on the exchange rate at March 31, 2021) and is subject to shareholder approval.

In April 2021, the Board of Directors recommended that the Company pay cash dividends for fiscal year 2021 of CHF 147.0 million ($155.8 million based on the exchange rate on March 31, 2021). In September 2020, the Company declared and paid cash dividends of CHF 0.79 (USD equivalent of $0.87) per common share, totaling $146.7 million on the Company's outstanding common stock. In September 2019, the Company declared and paid cash dividends of CHF 0.73 (USD equivalent of $0.74) per common share, totaling approximately $124.2 million in U.S. Dollars, 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.

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 $10.2 million at March 31, 2021 (based on the exchange rate at March 31, 2021).

Share Repurchases

In March 2017, the Company's Board of Directors approved the 2017 share repurchase program, which authorizes the Company to use up to $250.0 million to purchase up to 17.3 million of Logitech shares. This share repurchase program expired in April 2020.

In May 2020, the Company's Board of Directors approved the 2020 share repurchase program, which authorized the Company to use up to $250.0 million to purchase up to 17.3 million of Logitech shares. The Company's share repurchase 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, 2021, $85.4 million is still available for repurchase under the 2020 share repurchase program before the Board of Directors' approval of the increase of this program in April 2021.

In April 2021, our Board of Directors approved an increase of $750.0 million of the 2020 share repurchase program, to an aggregate amount of $1.0 billion. This increase is subject to approval by the Swiss Takeover Board.

A summary of the approved and active share repurchase program is shown in the following table (in thousands, excluding transaction costs):

	Approved		Repurchased	
Share Repurchase Program	**Shares (1)**	**Amounts**	**Shares**	**Amounts**
March 2017	17,311	$ 250,000	2,902	$ 112,614
March 2020	17,311	$ 250,000	1,845	$ 164,618

(1) The approval of each of the share repurchase 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	Defined Benefit Plans	Deferred Hedging Gains (Losses)	Total
March 31, 2020	$ (100,418)	$ (20,016)	$ (226)	$ (120,660)
Other comprehensive income (loss)	10,957	(3,184)	3,972	11,745
March 31, 2021	$ (89,461)	$ (23,200)	$ 3,746	$ (108,915)

There was a $1.7 million reclassification of currency translation loss included in other income (expense), net for the year ended March 31, 2021 due to the liquidation of one of the Company's subsidiaries. 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,		
	2021	2020	2019
Pointing Devices	$ 680,907	$ 544,519	$ 536,890
Keyboards & Combos	784,488	571,720	536,619
PC Webcams	439,865	129,193	121,282
Tablet & Other Accessories	384,301	135,309	128,315
Gaming (1)	1,239,005	690,174	648,130
Video Collaboration	1,044,935	365,616	259,521
Mobile Speakers	174,895	221,791	230,378
Audio & Wearables	468,776	273,752	277,429
Smart Home	34,394	43,404	49,344
Other (2)	713	373	414
Total Sales	$ 5,252,279	$ 2,975,851	$ 2,788,322

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

(2) Other includes products that the Company currently intends to phase out, or has already phased out, because they are no longer strategic to the Company's business.

Sales by geographic region for fiscal years 2021, 2020 and 2019 (based on the customers' locations) were as follows (in thousands):

	Years Ended March 31,		
	2021	2020	2019
Americas	$ 2,206,552	$ 1,286,527	$ 1,190,216
EMEA	1,735,682	941,211	861,731
Asia Pacific	1,310,045	748,113	736,375
Total Sales	$ 5,252,279	$ 2,975,851	$ 2,788,322

Revenues from sales to customers in the United States represented 35%, 36% and 36% of sales in fiscal years 2021, 2020 and 2019, respectively. Revenues from sales to customers in Germany represented 16%, 15% and 18% of sales in fiscal years 2021, 2020 and 2019, 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 3%, 4% and 3% of sales in fiscal years 2021, 2020 and 2019, respectively.

Property, plant and equipment, net by geographic region were as follows (in thousands):

	March 31,	
	2021	2020
Americas	$ 20,810	$ 26,636
EMEA	8,019	5,052
Asia Pacific	85,231	44,431
Total property, plant and equipment	$ 114,060	$ 76,119

Property, plant and equipment, net in the United States and China were $20.5 million and $74.0 million, respectively, as of March 31, 2021, and $26.5 million and $36.6 million, respectively, as of March 31, 2020. No other countries represented more than 10% of the Company's total consolidated property, plant and equipment, net as of March 31, 2021 or 2020. Property, plant and equipment, net in Switzerland, the Company's home domicile, were $5.7 million and $2.3 million as of March 31, 2021 and 2020, 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, 2021. 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 following table summarizes restructuring-related activities during fiscal year 2021, 2020 and 2019 (in thousands):

	Restructuring - Continuing Operations		
	Termination Benefits	Lease Exit Costs	Total
Accrual balance at March 31, 2018	$ —	$ —	$ —
Credits, 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
Charges, net	(54)	—	(54)
Accrual balance at March 31, 2021	$ 627	$ —	$ 627

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's lease arrangements comprise of operating leases with various expiration dates through June 30, 2031. 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.

The total operating lease costs were $15.0 million and $14.1 million as of March 31, 2021 and 2020, respectively, and included short-term lease costs and sublease income. Total variable lease costs were immaterial during the year ended March 31, 2021 and 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.

Supplemental cash flow information related to operating leases (in thousands):

	Years Ended March 31,	
	2021	2020
Cash paid for amounts included in the measurement of operating lease liabilities	$ 13,865	$ 13,554
ROU assets obtained in the exchange for operating lease liabilities	$ 15,659	$ 6,123

Future lease payments included in the measurement of lease liabilities as of March 31, 2021 for the following five fiscal years and thereafter are as follows (in thousands):

		Operating Lease
Years Ending March 31,		
2022	$	13,827
2023		9,861
2024		4,650
2025		3,415
2026		1,706
Thereafter		2,649
Total lease payments		36,108
Less interest		(1,688)
Present value of lease liabilities	$	34,420

Average lease terms and discount rates were as follows:

	Years Ended March 31,	
	2021	**2020**
Weighted-average remaining lease terms (in years)	3.8	3.8
Weighted-average discount rate	2.7 %	3.0 %

Schedule II

LOGITECH INTERNATIONAL S.A.

VALUATION AND QUALIFYING ACCOUNTS

For the Fiscal Years Ended March 31, 2021, 2020 and 2019 (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)]	Claims and Adjustments Applied Against Allowances [(1)]	Balance at End of Year
Allowance for doubtful accounts:				
2021	$ 1,894	$ (533)	$ (200)	$ 1,161
2020	$ 84	$ 1,607	$ 203	$ 1,894
2019	$ 122	$ 840	$ (878)	$ 84
Allowance for sales returns:				
2021	$ 6,599	$ 122,803	$ (114,964)	$ 14,438
2020	$ 6,486	$ 107,980	$ (107,868)	$ 6,599
2019	$ 25,515	$ 94,381	$ (113,410)	$ 6,486
Allowance for cooperative marketing arrangements:				
2021	$ 38,794	$ 222,732	$ (218,250)	$ 43,276
2020	$ 35,080	$ 194,730	$ (191,015)	$ 38,794
2019	$ 30,389	$ 176,323	$ (171,632)	$ 35,080
Allowance for customer incentive programs:				
2021	$ 55,741	$ 256,755	$ (236,296)	$ 76,200
2020	$ 60,036	$ 248,966	$ (253,260)	$ 55,741
2019	$ 70,592	$ 237,580	$ (248,136)	$ 60,036
Allowance for pricing programs:				
2021	$ 100,168	$ 782,734	$ (762,334)	$ 120,568
2020	$ 88,353	$ 570,409	$ (558,594)	$ 100,168
2019	$ 141,369	$ 444,540	$ (497,556)	$ 88,353
Tax valuation allowance:				
2021	$ 29,171	$ (245)	$ —	$ 28,926
2020	$ 28,375	$ 796	$ —	$ 29,171
2019	$ 25,148	$ 3,244	$ (17)	$ 28,375

(1) The amounts for fiscal years 2021, 2020 and 2019 include immaterial impacts from the business acquisitions during the year. Refer to Note 3 to the consolidated financial statements.

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, 2021, 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 2020, 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 9, 2022 up to 17,310,662 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, 2021, 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 2021 and 2020, 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—Employee Benefit Plans of the consolidated financial statements of Logitech International S.A. in 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, 2021, 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 repurchase program, which authorized the Company to use up to $250.0 million to purchase its own shares. The Company's 2017 share repurchase program expired in April 2020.

In May 2020, the Company's Board approved the 2020 share repurchase program, which authorizes the Company to use up to $250 million to purchase its own shares within a three-year period. In April 2021, the Board approved an increase of $750.0 million of the 2020 share repurchase program to $1.0 billion. Following approval from the Swiss Takeover Board, the increase would give a total authorization of $835.0 million for repurchases over the remaining 27 months of the program through July 2023.

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 Acessorios 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
Mevo 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) S.A.	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
Logitech Services S.A.	Switzerland
Limited Liability Company "Mevo Ukraine"	Ukraine

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
Logitech Vietnam Company Limited	Vietnam

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), on Form S-3 (No. 333-249613) and on Form S-3ASR (No. 333-249638) of Logitech International S.A. of our report dated May 12, 2021, with respect to the consolidated balance sheets of Logitech International S.A. and subsidiaries (the Company) as of March 31, 2021 and 2020, 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, 2021, and the related notes and financial statement schedule II (collectively, the consolidated financial statements), and the effectiveness of internal control over financial reporting as of March 31, 2021, which report appears in the March 31, 2021 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 as of April 1, 2019 due to the adoption of new accounting standard.

/s/ KPMG LLP

San Francisco, California

May 12, 2021

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECURITIES AND EXCHANGE COMMISSION RULE 13a-14(a)

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 12, 2021

/s/ BRACKEN DARRELL

Bracken Darrell
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECURITIES AND EXCHANGE COMMISSION RULE 13a-14(a)

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 12, 2021

/s/ NATE OLMSTEAD

Nate Olmstead
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER AND CHIEF 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 12, 2021
/s/ BRACKEN DARRELL
Bracken Darrell
President and Chief Executive Officer

/s/ NATE OLMSTEAD
Nate Olmstead
Chief Financial Officer