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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, 2023

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	Trading Symbols(s)	Name of each exchange on which registered
Registered Shares	LOGN	SIX Swiss Exchange
Registered Shares	LOGI	Nasdaq Global Select Market

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 ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. Yes ☐ No ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). 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 30, 2022, the last business day of the registrant's second fiscal quarter on the Nasdaq Global Select Market, was $7,408,622,598. 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 May 3, 2023, there were 158,737,710 shares of the Registrant's share capital outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2023 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.

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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, current and future worldwide geopolitical, economic and capital market conditions, including fluctuations in currency exchange rates, inflation, and economic downturns;
- Our expectations regarding our restructuring efforts, including the timing thereof;
- Long-term, secular trends that impact our product categories;
- The scope, nature or impact of acquisition, strategic alliance, and divestiture activities
- 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 development, product development and innovation, and their impact on future operating results and anticipated operating costs for fiscal year 2024 and beyond;
- Opportunities for growth and our ability to execute on and take advantage of them, including our marketing initiatives and strategy and our expectations regarding the success thereof;
- Potential tariffs, their effects and our ability to mitigate their effects;
- 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; and
- The effects of environmental and other laws and regulations in the United States and other countries in which we operate.

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 of our Company,” “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

Founded in 1981, and headquartered in Lausanne, Switzerland, Logitech International is a Swiss public company listed on the SIX Swiss Exchange (LOGN) and on the Nasdaq Global Select Market (LOGI). Logitech's website address is www.logitech.com.

Logitech's mission is to help all people pursue their passions in a way that is good for people and the planet. We design, manufacture and sell products that help businesses thrive and bring people together when working, creating, gaming and streaming. We sell these products through a number of brands: Logitech, Logitech G (including ASTRO Gaming, Streamlabs, and Blue Microphones) and Ultimate Ears.

Our diverse portfolio includes:

- Creativity & Productivity: personal computer ("PC") mice and presentation tools (reported as Pointing Devices), PC keyboards and keyboard/mouse combination products (reported as Keyboards & Combos), PC-based webcams including streaming cameras (reported as PC Webcams), and tablet keyboards and styluses (reported as Tablet & Other Accessories);
- Gaming: gaming mice, keyboards, headsets, steering wheels and other control devices, and Streamlabs services;
- Video Collaboration: conference cameras for meeting rooms, webcams and headsets;
- Music-related products include wireless speakers (reported as Mobile Speakers), and PC speakers, headsets, microphones and earphones (reported as Audio & Wearables).

These products are all classified under a single operating segment: Peripherals (see Note 15 to our consolidated financial statements). They also are compatible with many cloud or cloud-based services: video conferencing platforms (e.g. Zoom, Microsoft Teams, Google Meet); esports or video games (e.g. League of Legends, Call of Duty, Valorant); music streaming platforms (e.g. Spotify, Apple Music); content streaming platforms (e.g. Twitch, YouTube); and creativity and productivity platforms (e.g. Google Workplace, Adobe Creative Cloud).

We sell our products to a broad network of international customers, in the Americas, Europe, the Middle East, and Africa ("EMEA") and Asia Pacific. This includes direct sales to retailers, e-tailers, and end consumers through our e-commerce platform, and indirect sales to end customers through distributors.

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.

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

Over the past decade, Logitech has reinvented itself as a design company, whereby design-led engineering is used as a strategic differentiator. Our key design centers are in Switzerland, Ireland, the United States, and Taiwan, where we have an internal team of designers who work in close collaboration with our engineering and manufacturing teams at the beginning of our innovation process. This capability has driven the transformation of our portfolio over the years. In addition, design significantly impacts Logitech's efforts to improve outcomes for all people and the planet through a program we call Design for Sustainability. All of this work has been recognized through various awards: in fiscal year 2023, we were honored with 116 design awards.

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, machine learning, artificial intelligence ("AI") and some core building blocks of navigation and tracking in augmented reality ("AR") or virtual reality ("VR"). Our engineering team has expertise in bringing together these many technologies, across hardware and software to develop an innovative portfolio. These engineering capabilities combined with our award-winning design team form the basis of Logitech's key innovation engine.

Go-To-Market

Logitech has an extensive global go-to-market network that is leveraged to 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 through existing products in existing and new retailers and e-tailers as well as through new products in existing and new retailers and e-tailers. Beyond e-tailers, retail and distribution channels, we have strengthened other commercial channels in areas such as computer and telecommunications stores, value-added resellers and online merchants. As we have increased our investments in the business-to-business ("B2B") channel, we have expanded our enterprise sales coverage through our sales force as well as various channel partners. Expansions into new channels also bring numerous cross-selling opportunities across our broad product portfolio.

Marketing

Across Logitech’s multiple categories, we focus on enhancing our marketing capabilities around brand strategy and execution, digital marketing, and marketing technology. With our products and design as a foundation, our marketing demonstrates the relevancy of our products in the lives of our customers, focusing on specific and diverse audiences. We continue to increase our presence when and where our products and messages are most relevant, which enables us to drive brand value.

Operations

Logitech’s operations capability consists of a hybrid model of in-house manufacturing (including a wholly-owned facility in Suzhou, China) and third-party contract manufacturers (principally in Asia), which allows us to effectively respond to rapidly changing demand, leverage economies of scale, protect intellectual property, and offer high quality production in even the most sophisticated of products. 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.

Environmental Sustainability

In recent years, we have accelerated our climate strategy, focused on eliminating our carbon footprint through Reduce, Renew, Restore, and Rethink programs. Reduce focuses on our life-cycle carbon footprint using Design for Sustainability ("DfS") principles across our value chain. Renew motivates us to drive ambitious uptake of renewable electricity and transition away from fossil fuels. In order to support and restore climate-impacted communities and ecosystems, the Restore lever supports annual investment in carbon offsets and removals. We are also Rethinking how we do business, innovating our materials, supply chains, and go-to-market opportunities.

Products

Logitech designs, manufactures and markets products that help businesses thrive and bring people together when working, creating, gaming and streaming, for use by consumers and 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 and Logi Bolt cross-operating system connectivity, these products represent the new paradigm for precise, fast, comfortable cross-computer digital navigation and digital creativity.

- The Logitech Wireless Mouse M650, which offers a new precise scrolling wheel, an 18-month battery life, Logi Bolt connectivity compatible with any operating system, side-buttons and comfortable design, and is available in Large, Medium and left-handed versions with sustainable materials.
- 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.
- Two recently introduced mice, Logitech Lift vertical mouse with Logi Bolt wireless technology and the new smart wheel available in right and left-handed version, and Pop Mouse for younger generations that offers more style at the desk.

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. We recently added the MX Keys mini wireless keyboard ideal for smaller spaces and creators and Logitech MX mechanical wireless keyboard.
- 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 are key products in this category and we recently added Logitech Brio 300 and Brio 500 to the portfolio.

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 Combo Touch for the iPad 9th Generation, iPad Air, iPad Pro 11 and iPad Pro 12.9, is our newest design offering a Smart Connected backlit full-size keyboard, any-angle kickstand for flexible viewing angles and a trackpad for gestures, clicks and navigation.
- The Rugged Folio Keyboard for the iPad 9th 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 Logitech Slim Folio Keyboard for the iPad Pro 11 and 12.9, 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 9th generation iPad for a light protection folio with a Bluetooth keyboard.
- The Rugged Combo Keyboard and Rugged Combo Touch, Made for Education are designed to provide the best keyboard and touchpad experience for the iPad Entry 9th generation in classrooms or at home, featuring drop protection, secure sealed keyboard and any angle viewing.

Gaming

Logitech G provides products for both gamers and creators, including mice, keyboards, headsets, and steering wheels, in addition to streaming software through Streamlabs. Incorporating innovative design and advanced technologies, some of the key products and solutions in this category include:

- The Logitech G PRO X Superlight Wireless Gaming Mouse that was designed in collaboration with the world's top esports professionals, featuring our LIGHTSPEED^{TM} professional grade wireless technology, and weighing in at less than 63 grams.
- The Logitech Pro Racing Wheel that features our exclusive TRUEFORCE feedback system that connects directly to in-game physics, and our new Direct Drive motor.
- The ASTRO A30 Wireless Headset that is compatible with PC, Xbox Series X|S, PlayStation5, Nintendo Switch, and mobile, portable gaming devices.

- Streamlabs software which provides streaming and monetization tools for content creators to manage their audience and broadcast.

Video Collaboration

The Video Collaboration category includes Logitech's conference room cameras, which combine enterprise-quality audio and high definition ("HD") 4K 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 which connects to any computer through 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 speakers for music on the go. The top revenue-generating product in our Mobile Speakers category during fiscal year 2023 was Ultimate Ears BOOM 3 ("BOOM3"), our ruggedized portable Bluetooth wireless speaker. During fiscal year 2023, our collection of portable Bluetooth speakers included WONDERBOOM3, BOOM3, MEGABOOM3, 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, in-ear headphones, premium wireless audio wearables designed to enhance the audio experience, and studio-quality Blue Microphones for professionals and consumers, such as Yeti, Yeti Nano and Yeti X.

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 2023, 2022 and 2021 were $280.8 million, $291.8 million and $226.0 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, and user interfaces to sustain our competitive position.

Sales and Distribution

Principal Markets

Sales by geographic region (based on customers' location) for fiscal years 2023, 2022 and 2021 are as follows (in thousands):

	Year Ended March 31,		
	2023	2022	2021
Americas	$ 1,930,908	$ 2,317,941	$ 2,206,552
EMEA	1,299,657	1,724,027	1,735,682
Asia Pacific	1,308,253	1,439,133	1,310,045
Total Sales	$ 4,538,818	$ 5,481,101	$ 5,252,279

Revenues from sales to customers in Switzerland, our country of domicile, represented 3% of our sales for each of fiscal years 2023, 2022 and 2021. In fiscal years 2023, 2022 and 2021, revenues from sales to customers in the United States represented 35%, 34% and 35% of our sales, respectively. In fiscal years 2023, 2022 and 2021, revenues from sales to customers in Germany represented 14%, 15% and 16% of our sales, respectively. Revenues from sales to customers in China represented 11% and 10% of our sales for fiscal year 2023 and 2022, respectively. No other country represented more than 10% of our sales for fiscal years 2023, 2022 or 2021.

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 2023, 2022 and 2021, Amazon Inc. and its affiliated entities together accounted for 19%, 17% and 13% of our gross sales, respectively. In fiscal years 2023, 2022 and 2021, Ingram Micro Inc. and its affiliated entities together accounted for 13%, 15% and 14% of our gross sales, respectively. TD Synnex and its affiliate entities together accounted for 15% and 14% of our gross sales for fiscal year 2023 and 2022, respectively. No other customer individually accounted for more than 10% of our gross sales during fiscal years 2023, 2022 or 2021.

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 outsourced operations as well as inhouse support teams located in countries across the world. Outsourced locations include the Philippines, the United Kingdom, Japan, Bulgaria and China, and inhouse support is primarily located in the United States and India with several other locations in each region. 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 and dedicated internal support teams 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. We also have multiple walk-in centers in Korea and China, managed by third-party providers, where consumers may obtain service for their Logitech products. Consumers who have purchased Logitech products can visit these locations for product inspection, testing and return or exchange of products.

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.

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 40% 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 principally 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, Thailand, Mexico, and Vietnam. 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, certain video conferencing 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. ("Apple"), Microsoft Corporation ("Microsoft"), Lenovo Group Ltd (“Lenovo”), Dell Technologies Inc. ("Dell"), 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. (“Shenzhen Rapoo”), and Xiaomi Corporation.

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 keyboards and combos from less-established brands, including house brands and local competitors in Asian markets, such as Shenzhen Rapoo, IKBC, and Xiaomi Corporation.

PC Webcams: Our primary competitors for PC webcams are Microsoft, Cisco and other manufacturers taking smaller market share such as Razer Inc ("Razer") and HIKVision.

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 smaller brands.

Gaming

Competitors for our gaming products include Razer, Corsair Gaming, Inc., SteelSeries (owned by GN), Turtle Beach Corporation and HyperX (owned by HP Inc.), among others.

Video Collaboration

Our competitors for Video Collaboration products include Cisco Systems, Inc., Poly (owned by HP Inc.), Jabra (owned by GN), AVer Information Inc., Neat and Yealink (Xiamen) Network Technology Co.Ltd, among others.

Music

Mobile Speakers: Our competitors for Bluetooth wireless speakers include Bose Corporation ("Bose"), Harman International Industries, Inc (owned by Samsung Electronics Co., Ltd., Harman owns JBL and has Harman Kardon as a division), and Beats Electronics LLC ("Beats") (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, and Creative Labs, Inc., among others.

For PC headsets, our main competitors include Poly (owned by HP Inc.) and Jabra (owned by GN), among others. In-ear headphones competitors include Beats, Bose, Apple, Sony Corporation ("Sony"), JBL and Sennheiser, among others.

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

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.

Material 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 below, 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 effect on our capital expenditures, competitive position, consolidated results of operations, earnings, or cash flows. Nonetheless, as discussed below, we believe that certain environmental, social and governance ("ESG") regulations could potentially materially impact our business.

For more information about such regulations and how they may impact us, see "Risks Related to our Global Operations and Regulatory Environment" and “We are subject to risks related to our environmental, social and governance ("ESG") activities and disclosures” in Item 1A "Risk Factors" and Note 7—Income Taxes in our Notes to consolidated financial statements below.

Environmental Regulation

We are subject to environmental regulations in a number of jurisdictions, including the following regulations:

Targeted Substances. Our operations are subject to regulation under various federal, state, local and foreign laws concerning the environment, including laws addressing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, and the cleanup of contaminated sites. We could incur costs, including cleanup costs, fines and civil or criminal sanctions, and third-party damage or personal injury claims, if we were to violate or become liable under environmental laws.

Our products are subject to various federal, state, local and foreign laws governing chemical substances in products and their safe use, including laws regulating the manufacture and distribution of chemical substances and laws restricting the presence of certain substances in electronics products.

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. There are 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 cost requirements are industry requirements and therefore do not represent an undue burden relative to Logitech's competitive position.

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 Responsible Minerals Assessment Program (“RMAP”). The RMAP standards are considered industry best practice and are developed to meet the requirements of the OECD Due Diligence Guidance, the Regulation ("EU") 2017/821 of the European Parliament and the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act.

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 existing or emerging similar legislation worldwide. We utilize our formalized commitment to the United Nations Global Compact ("UNGC") adherence to the RBA code of conduct and transparently report our programs to identify and eradicate slavery and human trafficking in our 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 Design for Sustainability ("DfS") and 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.

Our operations, supply chain and our products are expected to become increasingly subject to federal, state, local and foreign laws, regulations and international treaties relating to climate change, such as climate disclosure, carbon pricing or product energy efficiency requirements, requiring us to comply or potentially face market access limitations or other sanctions including fines. We strive to continually improve the energy and carbon efficiency of our operations, supply chain and product portfolio through our DfS deployment during product development. We are committed to carbon transparency through product carbon footprint labeling and ensuring that the consumer is engaged and aware of the impact of their purchase. We believe that this consumer centric approach is fundamental in moving towards a more sustainable future and we are collaborating with industry and business groups to find and promote ways to achieve broader adoption of this approach.

Energy: A number of our products are subject to various federal, state, local and foreign laws governing energy management or encouraging manufacturers and importers to produce products designed to minimize overall environmental impact.

The effects on Logitech's business of complying with these environmental regulations currently are limited to the cost of agency fees and testing required to obtain agency approvals. The costs and schedule requirements are industry requirements and therefore do not represent an undue burden relative to Logitech's competitive position.

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 in the first half of our fiscal year 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. 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

Our human capital resources include persons employed directly by us or indirectly through contingent workforce arrangements. As of March 31, 2023, we employed approximately 7,400 persons, of which approximately 2,400 were employed, directly and indirectly, in our Suzhou manufacturing operations. None of Logitech's U.S. direct 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 direct employees are located across Americas, EMEA and Asia-Pacific and bring a range of perspectives and skills to Logitech. As of March 31, 2023, 46% of our office employees were located in Asia-Pacific, 30% in the Americas, and 24% in EMEA. As of March 31, 2023, females represented 38% of our global office employees, 36% of our manufacturing workforce, and 34% 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 47% of our workforce, and 44% 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 2022, in which 85% 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 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.

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 17, 2023:

Name	Age	Nationality	Position
Bracken Darrell	60	U.S.	President, Chief Executive Officer and Director
Charles Boynton	55	U.S.	Chief Financial Officer
Prakash Arunkundrum	48	U.S.	Chief Operating Officer
Samantha Harnett	47	U.S.	Chief Legal Officer and Corporate Secretary

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.

Charles Boynton joined Logitech as Chief Financial Officer in February 2023. Prior to joining Logitech, Mr. Boynton served as the Executive Vice President, Chief Financial Officer of Plantronics, Inc. (dba Poly), a technology company specializing in video and video solutions as well as team collaboration, from March 2019 to October 2022. Prior to joining Poly, Mr. Boynton served as Executive Vice President and Chief Financial Officer of SunPower Corporation, a global energy company and provider of solar power solutions, from March 2012 to May 2018, and continued as an Executive Vice President until July 2018. Mr. Boynton also served as the Chairman and Chief Executive Officer of 8point3 General Partner LLC, the general partner of 8point3 Energy Partners LP, an affiliate of SunPower, from March 2015 to June 2018. From 2010 to 2018, Mr. Boynton held various leadership positions at SunPower, including Principal Accounting Officer, Acting Chief Financial Officer and Vice President, Finance and Corporate Development. Earlier in his career, Mr. Boynton held key financial positions at Intelliden, Commerce One, Inc., Kraft Foods, Inc., and Grant Thornton, LLP. Mr. Boynton currently serves on the Board of Directors of Nextracker Inc. Mr. Boynton earned his master's degree in business administration at the Kellogg School of Management at Northwestern University and holds a Bachelor of Science degree in Accounting from the Kelley School of Business at Indiana University Bloomington.

Prakash Arunkundrum is Logitech's Chief Operating Officer, a position he has held since February 2023. He was previously Logitech's Head of Global Operations & Sustainability, a role he held from 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 and became Chief Legal Officer in April 2023. 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 alerts 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.

- If we do not successfully execute on our growth opportunities, or if our growth opportunities are more limited than we expect, our operating results and future growth could be adversely affected.

- 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.

- 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 trade regulations, 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 and our business and 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.

- 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.

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

- Our business depends in part on access to third-party platforms or technologies, and if access thereto 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 success largely depends on our ability to manage, 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.

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

- As we continue our efforts to lower our costs and improve our operational efficiency, we may not fully realize our goals.

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

Risks Related to Global Nature of our Operations and Regulatory Environment

- Adverse global and regional economic and geopolitical conditions can materially adversely affect our business, results of operations and financial condition.

- 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 and regulations 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.

- We maintain cash and cash equivalents at financial institutions and are exposed to credit risk in the event of default by such financial institutions.

Risks Related to Confidential Information, Cybersecurity, Privacy, and Intellectual Property

- Losses or unauthorized access to or releases of confidential information could adversely affect our business and result in significant reputational, financial and legal consequences.

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

- 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.

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 share repurchase programs 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.

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.

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

Our future growth depends on growth opportunities and as a result, we are attempting to diversify our product category portfolio. 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 markets and increasing competition, market opportunities, and product innovation.

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.

In addition, we rely on our go-to-market capability to leverage on those growth opportunities, market our products and compete effectively with a goal of strengthening our sales. If we are not able to develop and maintain our go-to-market capabilities and processes, in particular the continued development of our enterprise salesforce and strategy, our business and results of operations could be adversely affected.

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 were to be delayed or constrained, 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 microcontrollers 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.

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 trade regulations, adverse tax consequences and pressure to move or diversify our manufacturing locations.

We produce approximately 40% 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, Thailand, Mexico, and Vietnam.

Our manufacturing operations in China have been in the past and could in the future be adversely affected by the COVID-19 pandemic, 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, such as the COVID-19 pandemic, by wars and armed conflicts, 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 have been exposed in the past and 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 and our business and operating results could be adversely affected.

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 or experience a build-up in inventory. As a result, we could lose sales or incur additional costs which could adversely affect our financial performance.

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, military conflicts, 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.

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 industry in which we operate 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. We also 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 a push model to a demand-generating pull model, 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 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.

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. 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 of this Annual Report on Form 10-K.

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, e-tailers and enterprise customers (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, in fiscal year 2023 and 2022 our gross sales were concentrated with three customers - Amazon Inc., Ingram Micro and TD Synnex - and their affiliated entities. We do not 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, Ingram Micro and TD Synnex, any adverse change in 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. 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. Certain product categories, such as Video Collaboration, 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.

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. 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.

In addition, market demand remains less predictable and more volatile than pre-COVID-19, partially due to the current macroeconomic and geopolitical conditions. As a result, we have experienced in the past and may continue experiencing large differences between our forecasts and actual demand for our products that may result in excess inventory or product unavailability, inventory and restructuring reserves, increases in operational logistics and other costs, damaged relationships with suppliers or customers, opportunities for our competitors, and lost market share and revenue. If we do not accurately predict product demand, our business and operating results could be adversely affected.

Our business depends in part on access to third-party platforms or technologies, and if access thereto 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 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.

Our success largely depends on our ability to manage, 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 an attractive working environment and 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, 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, including but not limited to our engineers, product managers and designers and other functions, we may fail to achieve our strategic and operational goals, including developing and introducing 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. 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, or pursuing strategic acquisitions and investments, which could have an adverse impact on our business.

We regularly review our product portfolio and update our non-strategic product categories and products. Discontinuing products with service components may 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 evaluate acquisition opportunities that could provide us with additional product or service offerings or with additional industry expertise, assets and capabilities. 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, restructuring charges, inventory write downs 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 significant impairment charges. 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.

As we continue our efforts to lower our costs and improve our operational efficiency, we may not fully realize our goals.

Our ability to achieve the desired and anticipated cost savings and other benefits from simplification, cost-cutting and restructuring activities, and within our desired and expected timeframes, are subject to many estimates and assumptions, and the actual savings and timing for those savings may vary materially based on factors such as local labor regulations, negotiations with third parties, and operational requirements. These estimates and assumptions are also subject to significant economic, competitive and other uncertainties, some of which are beyond our control. There can be no assurance that we will fully realize the desired and anticipated benefits from these activities. To the extent that we are unable to improve our operational efficiency, further restructuring measures may be required in the future. Furthermore, we are expecting to be able to use the anticipated cost savings from these activities to fund and support our current growth opportunities and incremental investments for future growth. If the cost-savings and other benefits from restructuring activities do not materialize as anticipated, or within our expected timeframes, our ability to invest in growth may be limited and our business and operating results may be adversely affected.

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

The products that we sell or third-party components included therein could contain defects in design or manufacture. 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.

Risks Related to Global Nature of our Operations and Regulatory Environment

Adverse global and regional economic and geopolitical conditions can materially adversely affect our business, results of operations and financial condition.

We conduct operations internationally and as a result, adverse global and regional economic and geopolitical conditions have in the past and can in the future materially adversely affect our business, results of operations and financial condition.

Such conditions, including but not limited to inflation, slower growth or recession, new or increased tariffs, trade restrictions, changes to fiscal and monetary policy, higher interest rates and currency fluctuations, and other conditions that are susceptible to impact consumer confidence and spending could adversely affect demand for our products. In fiscal year 2023, we were impacted by adverse macroeconomic and geopolitical conditions including but not limited to inflation, foreign currency fluctuations, and slowdown of economic activity around the world, in part due to changes in interest rates, and lower consumer and enterprise spending. In addition, the war in Ukraine increased global supply chain, logistics, and inflationary challenges. In the fourth quarter of fiscal year 2022, we indefinitely ceased all sales and shipments to Russia. Our sales in Ukraine have also been halted due to the ongoing military operations on the Ukrainian territory. We had no revenues from Russia and Ukraine in fiscal year 2023.

Global or regional economic and political conditions also have an impact on our suppliers, contract manufacturers, logistics providers, and distributors, causing volatility in cost of materials and shipping and transportation rates, and as a result impacting the pricing of our products. Price increases may not successfully offset cost increases or may cause us to lose market share and in turn adversely impact our operations.

All these and other global and regional economic and geopolitical factors can materially adversely affect our business, results of operations and financial condition.

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 increasing amounts of laws and regulations, including environmental, tax, import/export and anti-corruption laws, which vary from country to country, and the European Union legislation, 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, economic and financial instability, including due to the uncertainty associated with the ongoing sovereign debt issues in certain Euro zone countries, which may lead to reduced sales, currency exchange losses and collection difficulties or other losses;

- 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, including China's 2021 Anti-Foreign Sanctions Law;
- 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 and regulations 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 previously disclosed, we have invested significantly in manufacturing facilities in China and Southeast Asia. Given our manufacturing principally in those countries, and our lack of manufacturing elsewhere, policy or regulations changes in the United States or other countries present particular risks for us. We are constantly evaluating our manufacturing footprint globally including beyond Asia.

In addition, the current Chinese administration has imposed an increased volume of regulation creating a more challenging environment for non-Chinese companies operating in the region, including in the areas of intellectual property, trade, contract enforcement, data privacy, capital markets and human rights. As a result, such regulations may have the effect of limiting our growth and market share in China, and disrupting manufacturing and operations in the region.

For example, on June 10, 2021, the National People’s Congress Standing Committee of the People’s Republic of China passed China's new Anti-Foreign Sanctions Law. The Anti-Foreign Sanctions Law took immediate effect and allows China to take “retaliatory action” against any “discriminatorily restrictive measures” imposed by foreign countries against Chinese organizations and citizens. As a result, China may impose countermeasures against government and private entities and/or persons that formulate, implement or comply with any regulation deemed a “discriminatorily restrictive measure.” Penalties may include denial of entry to China, prohibition of doing business in or with China, freezing of assets and “any other necessary measures.”

New or increased tariffs could adversely affect more or all of our products. There also are risks associated with retaliatory tariffs and resulting trade wars. We cannot predict future trade policy and regulations in the United States and other countries, 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 regulations as well as 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.

In addition, as a result of Russia’s invasion of Ukraine in February 2022, sanctions and trade restrictions have been imposed on Russia, including banks, businesses, and individuals, by the U.S., the European Union and Switzerland. This conflict has driven and could continue to drive economic uncertainty, including inflation, and component availability, among other things.

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 trade policy and regulations in the United States and other countries as well as changes in trade agreements and tariffs and sanctions imposed on Russia 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 2023, approximately 51% 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 affect and have in the past adversely affected 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.

Concerns over climate change have resulted and may in the future result in new or additional legal, legislative and regulatory requirements to reduce or mitigate the effects of climate change on the environment, which could result in future tax, transportation and other cost increases that could adversely affect our business. Compliance with such requirements will also require additional expenditures by us or our suppliers, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

In addition, ESG reporting and disclosure requirements continue to evolve, with increasing global regulation and heightened investor expectations. Companies must develop an expanded set of metrics and measures, data collection and processing, controls, and reporting processes in order to meet regulatory requirements and stakeholder expectations. Failure to promptly and accurately meet these expectations and requirements may result in reputational and brand damage, regulatory penalties and litigation among other things.

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 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, sustainability, environmental, child labor and human rights 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, 2023, subject to certain transitional provisions, the revised Swiss Corporate Law incorporating the Swiss Federal Council Ordinance Against Excessive Compensation at Public Companies, became effective. The revised Swiss Corporate Law 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. 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 Financial Accounting Standard Board ("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.

As a result of the Federal Act on the Tax Reform and AHV Financing ("TRAF"), the canton of Vaud in Switzerland, where we are incorporated, 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, or changes in international tax reform by the Organization for Economic Co-operation and Development and similar organizations, 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 Switzerland, 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.

We maintain cash and cash equivalents at financial institutions and are exposed to credit risk in the event of default by such financial institutions.

We maintain cash and cash equivalents with various creditworthy financial institutions and while we have a policy to limit exposure with any one financial institution, we are 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. If such institutions were to fail, we could lose all or a portion of amounts held in excess of such insurance limits. Any material loss that we may experience in the future as a result could additionally have an adverse effect on our ability to pay or could delay payments of our operational expenses and other payments, including in connection with our dividend, share repurchases, payments to our vendors and employees and cause other operational impacts.

Risks Related to Confidential Information, Cybersecurity, Privacy, and Intellectual Property

Losses or unauthorized access to or releases of confidential information could adversely affect our business and result in significant reputational, financial and legal consequences.

We use and store confidential information, including but not limited to our business, financial, legal and governance information, as well as personal information about our employees, members of our Board of Directors and customers. In addition, 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 and data, 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, ransomware and other malware, attacks by computer hackers and other third parties, employee error or malfeasance, phishing and other means of social engineering, other data security issues, telecommunication failures, user error, employee or contractor negligence or malfeasance, catastrophes, downtime due to system or software upgrades, integration or migration, or other foreseeable and unforeseen events. Such risks extend not only to our own products, services, systems and networks, but also to those of customers, suppliers, contractors, business partners, vendors, and other third parties, particularly as all parties increasingly digitize their operations. To date, we are not aware of any such disruptions or issues impacting our systems or products having resulted in security incidents with a material impact on us, individually or in the aggregate.

Moreover, there is an increased risk that we may experience security breaches or incidents as a result of our employees, service providers and third parties working remotely. In addition, our growth and increased frequency and sophistication of cyber and product security attacks may increase the likelihood of our becoming a target of complex and damaging attacks that substantially disrupt operations and expose sensitive data.

While we have developed and implemented security measures and processes designed to protect against cyber and other security threats, such measures cannot provide absolute security and may not be successful in preventing future security breaches. Moreover, we may need to implement additional protective measures to reduce the risk of potential security breaches and security incidents, which could cause us to incur significant additional expenses.

Security incidents or breaches impacting the information we or our third-party service providers process or maintain, or our products, websites or information technology systems may result in loss, unavailability, corruption, or unauthorized collection, use, disclosure or other processing of personal data and other confidential information that we and our service providers maintain and otherwise process. Any such incidents or breaches, or the belief or perception that any such matters have occurred could result in disruptions of our operations, loss of intellectual property and loss, corruption, unavailability or other unauthorized processing of data. Any such event could also damage our brand and reputation or otherwise harm our business, and could result in government enforcement actions, litigation and potential liability for us. Any of these may adversely affect our business, results of operations and financial condition, potentially in a material manner.

In addition, while we carry cyber insurance, we cannot be certain that our insurance will be sufficient to cover losses and liabilities resulting from cyberattacks, security breaches and incidents, or other interruptions, that insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim, any of which could have a material adverse effect on our business, including our financial condition, results of operations and reputation.

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

In connection with our operations, we collect and otherwise process personal data, including that of our consumers. The processing of this information is increasingly subject to legislation, regulations and enforcement in numerous jurisdictions around the world. Global data privacy regulation is increasingly fragmented, with increasing enforcement efforts and penalties. Such fragmentation requires more complex and costly compliance structures, while heightened enforcement increases the cost and reputational risk associated with even minor compliance errors. For example, the General Data Protection Regulation ("GDPR"), which is applicable to us and to all companies processing data of people in the European Union, imposes significant fines and sanctions for violation of the Regulation. Compliance with the GDPR's international transfer rules has been made more difficult by the invalidation of the European Union-U.S. Privacy Shield and we are now required to put in place additional privacy protective measures for transfer of data of people in the European Union to certain countries outside of the European Economic Area. In the United States, several states have adopted broad privacy laws. Such laws and regulations are typically intended to protect the privacy and security of personal information and its collection, storage, transmission, use, disclosure and other processing. For example, California has enacted the California Consumer Privacy Act (the "CCPA"), which, among other things, requires covered companies to provide disclosures to California consumers and afford such consumers abilities to opt-out of certain sales of personal information. Additionally, the California Privacy Rights Act (the "CPRA"), was approved by California voters in November 2020. The CPRA significantly modifies the CCPA and has made compliance more uncertain and complex. Additionally, other U.S. states continue to propose, and in certain cases adopt, privacy-focused legislation. Other laws and regulations may follow, at state and federal levels.

In addition, because various jurisdictions have different laws and regulations concerning the use, storage, transmission and other processing 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 and processing of personal data also 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, variation between jurisdictions and risks presented by our processing of personal data could limit our ability to use data and develop new features and services, subject us to increased costs, require allocation of additional resources and changes to our policies and practices, which may be difficult to achieve in a commercially reasonable manner or at all. Any actual or perceived failure by us to comply with these laws, regulations, or other actual or asserted obligations relating to privacy or the collection, use or other processing of personal data may lead to significant fines, penalties, regulatory investigations, lawsuits, significant costs for remediation, damage to our reputation, or other liabilities, all of which could adversely affect our business.

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

We have been expanding the categories of products we sell. 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. This risk is heightened by the persistent lawsuits brought by holders of patents that do not have an operating business or are attempting to license broad patent portfolios 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.

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 inflation, foreign currency fluctuations, slowdown of economic activity around the world, in part due to rising interest rates, and lower consumer and enterprise spending, 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.

- From time to time, we engage in opportunistic marketing and sales activities, including advertising and promotional events to enhance our brand awareness. The effectiveness of our marketing and sales efforts is uncertain and it is difficult to predict whether our marketing and sales efforts will result in increased sales.

- 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.

- 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. 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 share repurchase programs 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 July 2022, our Board of Directors approved a $500 million increase to our current 2020 repurchase program of our registered shares up to $1.5 billion. The Swiss Takeover Board approved this increase and it became effective on August 19, 2022. As of March 31, 2023, $505.8 million was available for repurchase under the 2020 repurchase program. We have also paid cash dividends and increased the size of our dividend, each year since fiscal year 2013. Our share repurchase programs 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 programs do not obligate us to repurchase all or any of the dollar value of shares authorized for repurchase. The programs 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 programs or dividend may result in a decrease in our share price. The share repurchase programs 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 future corporate offices in San Jose, California (in the process of being relocated from our current corporate offices in Newark, California) and corporate offices in Hsinchu, Taiwan, together make up approximately 250,000 square feet of leased space. Both our Lausanne, Switzerland headquarters and San Jose, California future location are designed to 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 2023 to 2033.

As of March 31, 2023, 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 720,000 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 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 May 3, 2023, there were 173,106,620 shares issued (including 14,368,910 shares held as treasury stock) held by 49,807 holders of record, and the closing price of our shares was CHF 55.40 ($61.89 based on exchange rates on such date) per share on the SIX Swiss Exchange and $62.68 per share as reported by the Nasdaq Global Select Market.

Dividends

Under Swiss law, a corporation may only pay dividends upon a vote of its shareholders. This vote typically follows the recommendation of the corporation's Board of Directors. In May 2023, the Board of Directors recommended that the Company increase the cash dividend per share for fiscal year 2023 by approximately CHF 0.10 per share to CHF 1.06 per share (approximately $1.16 per share based on the exchange rate on March 31, 2023). Based on our shares outstanding, net of treasury shares, as of March 31, 2023 (159,343,273 shares), this would result in an aggregate gross dividend of approximately CHF 168.9 million (approximately $184.2 million based on the exchange rate on March 31, 2023). This amount may vary based on the number of shares outstanding, net of treasury shares, as of the record date for the dividend, but will not exceed approximately CHF 183.5 million (based on our shares currently issued or 173,106,620 shares). This recommendation will be voted on by our shareholders at the Company’s 2023 Annual General Meeting.

On September 14, 2022, Logitech's shareholders approved a cash dividend payment of CHF 0.96 per share out of retained earnings to Logitech's shareholders who owned shares on September 27, 2022. Eligible shareholders were paid CHF 0.96 per share ($0.98 per share in U.S. Dollars based on the exchange rate on the date of payment), totaling $158.7 million in U.S. Dollars on September 28, 2022.

On September 8, 2021, Logitech's shareholders approved a cash dividend payment of CHF 147.0 million out of retained earnings to Logitech shareholders who owned shares on September 21, 2021. Eligible shareholders were paid CHF 0.87 per share ($0.95 per share in U.S. Dollars), totaling $159.4 million in U.S. Dollars on September 22, 2021.

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 2023, the following approved share repurchase program was in place (in thousands):

Share Repurchase Program	Approved Shares	Approved Amounts (1)	
May 2020	17,311	$	1,500,000

(1) 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. The Swiss Takeover Board approved this increase and it became effective on May 21, 2021. In July 2022, our Board of Directors approved an increase of $500 million to the 2020 share repurchase program, to an aggregate amount of up to $1.5 billion. The Swiss Takeover Board approved this increase and it became effective on August 19, 2022.

The following tables present 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(1)	Weighted Average Price Per Share		Remaining Amount that May Yet Be Repurchased under the Program	
		CHF (LOGN)	USD (LOGI)		
March 31, 2021	1,845	81.35	89.20	$	85,382
March 31, 2022	4,607	82.15	89.36	$	423,696
March 31, 2023	7,562	52.94	55.25	$	505,844

(1) In fiscal year 2021, 2022 and 2023, the number of shares repurchased on the SIX was 1.0 million, 3.9 million, and 7.4 million, respectively, and the number of shares repurchased on NASDAQ was 0.9 million, 0.7 million, and 0.2 million, respectively.

During the three months ended March 31, 2023	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					
January 1, 2023 to January 27, 2023					
SIX	644	55.24	—	$	557,808
Month 2					
January 28, 2023 to February 24, 2023					
SIX	202	53.61	—		546,102
Nasdaq	54		59.00		542,904
Month 3					
February 24, 2023 to March 31, 2023					
SIX	695	49.11	—		505,844
	1,595	52.33	56.68	$	505,844

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.

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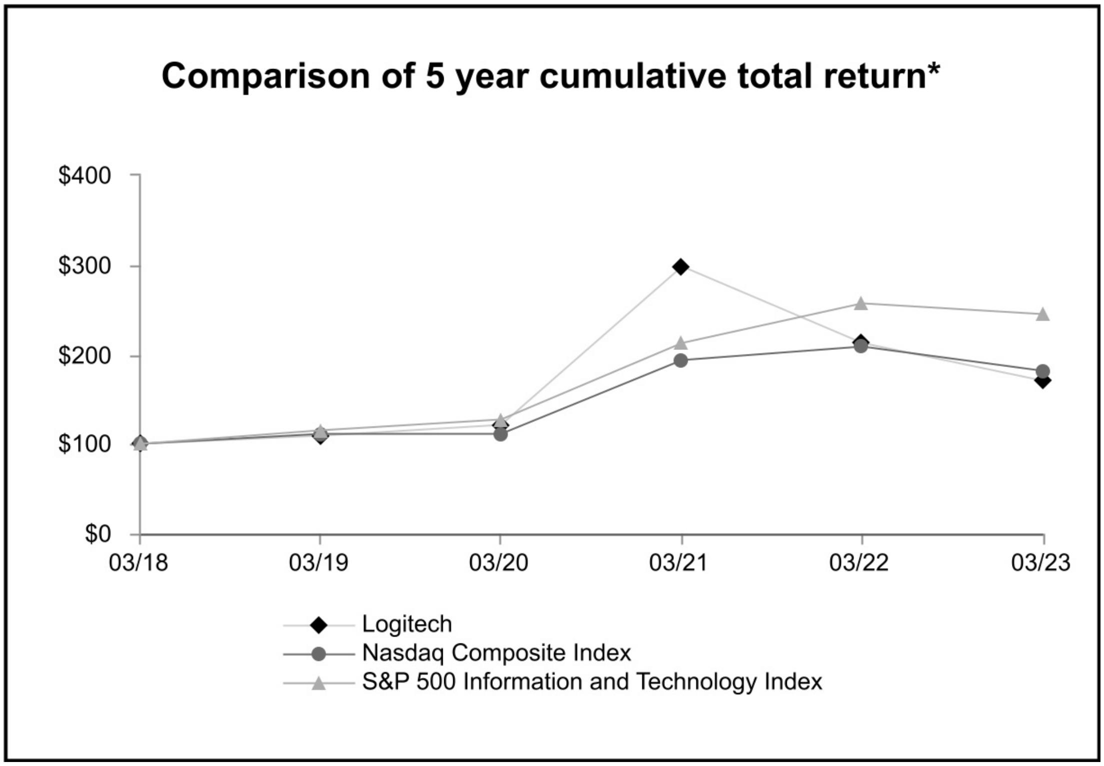
The following graph compares the cumulative total stockholder return on our shares, the Nasdaq Composite Index, and the S&P 500 Information and Technology Index. The graph assumes that $100 was invested in our LOGI shares, the Nasdaq Composite Index and the S&P 500 Information and Technology Index on March 31, 2018 and calculates the annual return through March 31, 2023. The stock price performance on the following graph is not necessarily indicative of future stock price performance.



*$100 invested on March 31, 2018, in stock or index, including reinvestment of dividends.
Fiscal year ending March 31.

	March 31,					
	2018	2019	2020	2021	2022	2023
Logitech	$ 100	$ 109	$ 121	$ 298	$ 212	$ 171
Nasdaq Composite Index	$ 100	$ 111	$ 111	$ 193	$ 209	$ 181
S&P 500 Information and Technology Index	$ 100	$ 115	$ 127	$ 212	$ 257	$ 245

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's mission is to help all people pursue their passions in a way that is good for people and the planet. We design, manufacture, and sell products that help businesses thrive and bring people together when working, creating, gaming and streaming. We sell these products through a number of brands: Logitech, Logitech G (including ASTRO Gaming, Streamlabs, and Blue Microphones) and Ultimate Ears.

Our products address primarily four large market opportunities: Creativity & Productivity, Gaming, Video Collaboration and Music. We sell our products to a broad network of international customers, including direct sales to retailers, e-tailers, and end consumers through our e-commerce platform, and indirect sales to end customers through distributors.

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.

Impacts of Macroeconomic and Geopolitical Conditions on our Business

In fiscal year 2023, our business was impacted by adverse macroeconomic and geopolitical conditions. These conditions included inflation, foreign currency fluctuations, and slowdown of economic activity around the world, in part due to rising interest rates, and lower consumer and enterprise spending. In addition, the war in Ukraine resulted in global supply chain, logistics, and inflationary challenges. We had no revenue in Russia and Ukraine in fiscal year 2023 as we have indefinitely ceased all sales and shipments to Russia and sales in Ukraine have also been halted due to the ongoing military operations on the Ukrainian territory.

The global and regional economic and political conditions adversely affect demand for our products. These conditions also had an impact on our suppliers, contract manufacturers, logistics providers, and distributors, causing volatility in cost of materials and shipping and transportation rates, and as a result, impacting the pricing of our products.

For additional information, see "Liquidity and Capital Resources" below and Item 1A "*Risk Factors*," including under the caption "*Adverse global and regional economic and geopolitical conditions can materially adversely affect our business, results of operations and financial condition,*" *"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," "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 trade regulations, adverse tax consequences and pressure to move or diversify our manufacturing locations," "If we do not accurately forecast market demand for our products, our business and operating results could be adversely affected," and "If we do not successfully coordinate the worldwide manufacturing and distribution of our products, we could lose sales and our business and operating results could be adversely affected."*

Trends and Uncertainties

Several long-term secular-trends offer long-term structural growth opportunities across Logitech's product portfolio, including work and learn from anywhere (hybrid work), video everywhere, the rise of social gaming for participants and spectators, and the democratization of digital content creation. We design, create and sell products that benefit from these secular trends. The culture of hybrid work and learn provides an opportunity to equip meeting rooms, classrooms and personal workspaces, at home or in the office. It also provides an opportunity for increased commercial and consumer adoption of video conferencing. Our video collaboration products are compatible with a variety of video conference platforms, including Zoom, Microsoft Teams, Google Meet, etc. Moving from work to play, Logitech gaming and streaming products benefit from social gaming which continues to gain popularity through online gaming, multi-platform experiences and esports. In addition, the democratization of digital content creation presents an opportunity for anyone to be a content creator because of the accessibility of the tools necessary to code, design, create, make music, game or broadcast to professional standards.

While we believe we will further benefit from these secular trends, we have experienced and will continue to experience challenges that impact our business and financial results. These challenges include (i) the current macroeconomic environment, including interest rate fluctuations, inflation, foreign exchange movements and low economic growth in certain regions, (ii) low consumer confidence and recent declines in enterprise spending leading to reduced demand for some of our products, (iii) the uncertainty in strategy and timing of enterprises' "return-to-office" impacting demand for our Video Collaboration and Creativity & Productivity products, and (iv) the timing of further development of our business-to-business go-to-market capabilities.

We expect these challenges to continue in the near-term. We have taken steps to mitigate the impact of these challenges, including but not limited to: (i) reduction in our operating expenses as revenues have declined in order to maintain margins and size the business for the current market, (ii) reduction in inventories to more appropriately align with demand, (iii) continued investment in our business-to-business direct sales channel in order to improve performance, and (iv) release of new products to increase the value proposition of our portfolio.

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. 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 in the first half of our fiscal year 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.

Summary of Financial Results

Our total sales for fiscal year 2023 decreased 17%, compared to fiscal year 2022, primarily driven by a decline in sales of all of our product categories as a result of lower demand and unfavorable changes in currency exchange rates.

Sales for fiscal year 2023 decreased 25%, 17% and 9% in the EMEA, Americas and Asia Pacific regions, respectively, compared to fiscal year 2022.

Gross margin for fiscal year 2023 decreased by 340 basis points to 37.9%, compared to fiscal year 2022, primarily due to inflationary pressure on costs and unfavorable impacts from changes in currency exchange rates, partially offset by a reduction in our use of expedited shipping.

Operating expenses for fiscal year 2023 were $1,261.0 million, or 27.8% of sales, compared to $1,489.0 million, or 27.2% of sales, for fiscal year 2022. The decrease in operating expenses was primarily driven by a reduction in marketing and advertising spend.

Included in the income tax provision of $98.9 million and $131.3 million in fiscal year 2023 and 2022 was $48.3 million and $88.7 million, respectively, of tax expense from Switzerland.

Net income for fiscal year 2023 was $364.6 million, compared to $644.5 million for fiscal year 2022, reflecting lower sales and gross margin, partially offset by a reduction in operating expenses.

Critical Accounting Estimates

The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires us to make assumptions, judgments, and estimates 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 assumptions, judgments and estimates on historical experience and various other factors that we believe to be reasonable under the circumstances. Although these assumptions, judgments, and estimates are based on management's best knowledge of current events and actions that may impact us in the future, actual results could differ. 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 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.

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.

Inflation Reduction Act in the U.S.

On August 16, 2022, the “Inflation Reduction Act” (H.R. 5376) ("IRA") was signed into law in the U.S. The IRA establishes a new corporate alternative minimum tax based on financial statement income adjusted for certain items. The new minimum tax is effective for tax years beginning after December 31, 2022. We do not expect the IRA will have a material impact to our financial statements when it becomes effective.

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 rate fluctuations 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.

References 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, 2023 compared to the year ended March 31, 2022. For a discussion of the year ended March 31, 2022 compared to the year ended March 31, 2021, 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 18, 2022.

Net Sales

Our sales in fiscal year 2023 decreased 17%, compared to fiscal year 2022, driven by a decline in sales of all of our product categories. Our sales were negatively impacted from lower demand and unfavorable changes in currency exchange rates. If currency exchange rates had been constant in fiscal years 2023 and 2022, our sales decline in constant currency would have been 13%.

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 Renminbi, Japanese Yen, Australian Dollar, Canadian Dollar, Pound Sterling and New Taiwan Dollar. For the years ended March 31, 2023 and 2022, approximately 51% and 50%, respectively, 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 2023 compared with fiscal year 2022:

	2023 vs. 2022	
	Sales Growth Rate	Sales Growth Rate in Constant Currency
Americas	(17)%	(17)%
EMEA	(25)	(17)
Asia Pacific	(9)	(3)

Americas:

The decrease in sales in the Americas region for fiscal year 2023, compared to fiscal year 2022, was primarily driven by decreases in sales for Gaming, Video Collaboration, PC Webcams and Audio & Wearables.

EMEA:

The decrease in sales in the EMEA region for fiscal year 2023, compared to fiscal year 2022, was primarily driven by decreases in sales in Gaming, Keyboards & Combos, PC Webcams and Pointing Devices.

Asia Pacific:

The decrease in sales in the Asia Pacific region for fiscal year 2023, compared to fiscal year 2022, was primarily driven by decreases in sales of Keyboards & Combos, PC Webcams, Audio & Wearables, and Video Collaboration, partially offset by an increase in sales of Gaming.

Sales by Product Categories

Sales by product categories for fiscal years 2023 and 2022 were as follows (Dollars in thousands):

	Years Ended March 31,		Change
	2023	2022	2023 vs. 2022
Pointing Devices	$ 728,357	$ 781,108	(7)%
Keyboards & Combos	836,432	967,301	(14)
PC Webcams	227,692	403,651	(44)
Tablet & Other Accessories	254,374	310,123	(18)
Gaming (1)	1,211,485	1,451,883	(17)
Video Collaboration	887,517	997,164	(11)
Mobile Speakers	111,649	149,782	(25)
Audio & Wearables	274,231	401,424	(32)
Other (2)	7,081	18,665	(62)
Total Sales	$ 4,538,818	$ 5,481,101	(17)%

(1) Gaming includes streaming services revenue generated by Streamlabs.
(2) Other includes Smart Home.

Creativity & Productivity market:

Pointing Devices

Our Pointing Devices category comprises PC- and Mac-related mice including trackballs, touchpads and presentation tools.

During fiscal year 2023, Pointing Devices sales decreased 7%, compared to fiscal year 2022, primarily driven by the decrease in sales of cordless and corded mice, particularly in our low end products.

Keyboards & Combos

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

During fiscal year 2023, Keyboards & Combos sales decreased 14%, compared to fiscal year 2022, primarily driven by the decrease in sales of our cordless combos and corded PC keyboards, particularly in our low end products.

PC Webcams

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

During fiscal year 2023, PC Webcams sales decreased 44%, compared to fiscal year 2022, primarily driven by the decrease in sales of our HD Pro Webcam C920, 1080p Pro Stream Webcam, and Webcam C260.

Tablet & Other Accessories

Our Tablet & Other Accessories category primarily comprises tablet keyboards and styluses.

During fiscal year 2023, Tablet & Other Accessories sales decreased 18%, compared to fiscal year 2022, primarily driven by the decrease in sales of most of our products, partially offset by increases in sales of our Rugged Combo 3 Touch.

Gaming market:

Gaming

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

During fiscal year 2023, Gaming sales decreased 17%, compared to fiscal year 2022, primarily driven by the decrease in sales of gaming mice, keyboards, and headsets.

Video Collaboration market:

Video Collaboration

Our Video Collaboration category includes Logitech’s conference room cameras, which combine affordable enterprise-quality audio and high definition 4K video to bring video conferencing to businesses of any size, as well as webcams and headsets that turn any desktop into an instant collaboration space.

During fiscal year 2023, Video Collaboration sales decreased 11%, compared to fiscal year 2022, primarily due to the decrease in sales of webcams, partially offset by an increase in sales of conference room cameras and docks. Sales for Video Collaboration for fiscal year 2023 were negatively impacted by a slowdown in enterprise spending.

Music market:

Mobile Speakers

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

During fiscal year 2023, Mobile Speakers sales decreased 25%, compared to fiscal year 2022, primarily due to a decrease in sales of most of our Mobile Speaker sub-categories, partially offset by the sales of our Ultimate Ears Wonderboom 3 mini speakers, introduced in the second quarter of fiscal year 2023.

Audio & Wearables

Our Audio & Wearables category comprises PC speakers, PC headsets, in-ear headphones, premium wireless earbuds and studio-quality Blue Microphones for professionals and consumers.

During fiscal year 2023, Audio & Wearables sales decreased 32%, compared to fiscal year 2022, primarily due to the decrease in sales of almost all sub-categories.

Gross Profit

Gross profit for fiscal years 2023 and 2022 was as follows (Dollars in thousands):

	Years Ended March 31,		
	2023	2022	Change
Net sales	$ 4,538,818	$ 5,481,101	(17.2)%
Gross profit	$ 1,719,515	$ 2,263,006	(24.0)%
Gross margin	37.9 %	41.3 %	

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 decreased by 340 basis points to 37.9% during fiscal year 2023, compared to fiscal year 2022. The decrease in gross margin was primarily due to inflationary pressure on costs and unfavorable impacts from changes in currency exchange rates, partially offset by a reduction in our use of expedited shipping.

Operating Expenses

Operating expenses for fiscal years 2023 and 2022 were as follows (Dollars in thousands):

	Years Ended March 31,	
	2023	2022
Marketing and selling	$ 809,182	$ 1,025,899
% of sales	17.8 %	18.7 %
Research and development	280,796	291,844
% of sales	6.2 %	5.3 %
General and administrative	124,652	148,648
% of sales	2.7 %	2.7 %
Amortization of intangible assets and acquisition-related costs	11,843	16,947
% of sales	0.3 %	0.3 %
Impairment of intangible assets	—	7,000
% of sales	N/A	0.1 %
Change in fair value of contingent consideration for business acquisition	—	(3,509)
% of sales	N/A	(0.1)%
Restructuring charges, net	34,573	2,165
% of sales	0.8 %	— %
Total operating expenses	$ 1,261,046	$ 1,488,994
% of sales	27.8 %	27.2 %

The decrease in total operating expenses during fiscal year 2023, compared to fiscal year 2022, was mainly due to decreases in marketing and selling expenses, partially offset by an increase in restructuring charges.

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 2023, marketing and selling expenses decreased $216.7 million, compared to fiscal year 2022, primarily driven by our reduction in third-party marketing and advertising spend.

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 2023, research and development expenses decreased $11.0 million, compared to fiscal year 2022, primarily driven by lower personnel-related costs, partially offset by higher outsourcing expenses. Research and development expenses as a percentage of sales increased from 5.3% in fiscal year 2022 to 6.2% in fiscal year 2023 reflecting our continued investment in innovation.

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 2023, general and administrative expenses decreased $24.0 million, compared to fiscal year 2022, primarily driven by lower personnel-related costs.

Amortization of Intangible Assets and Acquisition-Related Costs

Amortization of intangible assets included in operating expense and acquisition-related costs during fiscal years 2023 and 2022 were as follows (in thousands):

	Years Ended March 31,	
	2023	2022
Amortization of intangible assets	$ 11,542	$ 16,156
Acquisition-related costs	301	791
Total	$ 11,843	$ 16,947

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 decrease in amortization of intangible assets and acquisition-related costs from fiscal year 2022 to 2023 was primarily due to certain acquired intangible assets becoming fully amortized and the write-off of Jaybird intangible assets in fiscal year 2022.

Impairment of Intangible Assets

During fiscal year 2022, we recognized a pre-tax impairment charge of $7.0 million, related to the intangibles acquired as part of the Jaybird acquisition due to our decision to discontinue Jaybird-branded products.

Restructuring Charges (Credits), Net

During the second quarter of fiscal year 2023, we initiated a restructuring plan to realign our business group and engineering structure with our go-to-market strategy to more effectively compete within the enterprise market and to better serve end-users. During the fourth quarter of fiscal year 2023, we undertook further actions to remove organization layers as well as streamline our marketing organization to increase efficiency. As a result, we recorded pre-tax restructuring charges totaling $34.6 million primarily related to employee severance and other termination benefits. We expect to substantially complete these restructuring activities within the next twelve months.

The restructuring charges of $2.2 million for fiscal year 2022, were recorded as a result of our decision to exit Jaybird-branded products during the third quarter of fiscal year 2022. This restructuring plan has been substantially completed.

See Note 16 to our consolidated financial statements for additional information.

Interest Income

Interest income for fiscal years 2023 and 2022 was as follows (in thousands):

	Years Ended March 31,	
	2023	2022
Interest Income	$ 18,331	$ 1,246

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 increase in interest income for fiscal year 2023, compared to fiscal year 2022, was primarily driven by the increase in interest rates.

Other Income (Expense), Net

Other income (expense), net for fiscal years 2023 and 2022 was as follows (in thousands):

	Years Ended March 31,	
	2023	2022
Investment gain (loss) related to the deferred compensation plan	$ (1,961)	$ 1,231
Currency exchange loss, net	(7,337)	(4,604)
Loss on investments, net	(14,073)	(1,683)
Non-service cost net pension income (expense) and other	10,093	5,616
Total	$ (13,278)	$ 560

Investment gain (loss) related to the deferred compensation plan for fiscal years 2023 and 2022 represents earnings, gains, and losses on marketable securities related to a deferred compensation plan offered by one of our subsidiaries. The decrease in investment income for fiscal year 2023 compared to fiscal year 2022 primarily relates to the change in market performance of the underlying securities.

Currency exchange loss, net, relates to balances denominated in currencies other than the functional currency in our subsidiaries, as well as the sale of currencies, and 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. The loss for fiscal year 2023 was primarily related to the weakening of the Brazilian Real and Australian Dollar against U.S. Dollar. The loss for fiscal year 2022 was primarily related to the strengthening of the Chinese Renminbi against the U.S. Dollar.

Loss on investments, net, includes unrealized gain (loss) from the fair value change of investment, gain (loss) on equity-method investments and impairment of investments during the periods presented, as applicable. The loss on investments, net for fiscal year 2023 was primarily due to the impairment charge related to one of our equity method investments, partially offset by the unrealized gain related to one of our equity investments without readily determinable fair value resulting from observable price changes. See Note 9 to our consolidated financial statements for additional information.

Non-service cost net pension income (expense) and other increased in fiscal year 2023, compared to fiscal year 2022, primarily due to the curtailment gain recognized in fiscal year 2023 for one of our defined benefit plans as a result of the restructuring actions undertaken by the Company (see Notes 5 and 16 to our consolidated financial statements).

Provision for Income Taxes

The provision for income taxes and effective income tax rates for fiscal years 2023 and 2022 were as follows (Dollars in thousands):

	Years Ended March 31,	
	2023	2022
Provision for income taxes	$ 98,947	$ 131,305
Effective income tax rate	21.3 %	16.9 %

The change in the effective income tax rate between fiscal years 2023 and 2022 was primarily due to the mix of income and losses in the various tax jurisdictions in which we operate.

We recognized excess tax benefits from share-based payments, net of shortfalls of $1.3 million and $16.3 million in the United States in fiscal years 2023 and 2022, respectively, and recognized income tax benefit from the reversal of uncertain tax positions from the expiration of statutes of limitations in the amount of $4.3 million and $4.9 million in fiscal years 2023 and 2022, respectively. In addition, we recognized income tax benefit of $3.7 million from the reversal of uncertain tax positions from an effective settlement of a foreign income tax audit in fiscal year 2022.

As of March 31, 2023 and 2022, the total amount of unrecognized tax benefits due to uncertain tax positions was $186.8 million and $176.0 million, respectively, all of which would affect the effective income tax rate if recognized.

As of March 31, 2023 and 2022, we had $106.4 million and $83.4 million, respectively, in non-current income taxes payable, including interest and penalties, related to our income tax liability for uncertain tax positions. We recognized $2.7 million and $1.5 million, in interest and penalties related to unrecognized tax positions in income tax expense during fiscal years 2023 and 2022, respectively. As of March 31, 2023 and 2022, we had $6.1 million and $3.6 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 2019. For other material foreign jurisdictions such as the United States and China, we are generally not subject to tax examinations for years prior to fiscal year 2020 and calendar year 2020, respectively. In the United States, the federal and state tax agencies have the authority to examine periods prior to fiscal year 2020, to the extent allowed by law, where tax attributes were generated, carried forward, and being utilized in subsequent years. We are under examination 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.

Pursuant to the Tax Cuts and Jobs Act of 2017, research and development expenses are required to be capitalized and amortized over five years for U.S. tax purposes if the research and development activities are performed in the U.S. effective for tax year beginning after December 31, 2021. The provision was effective for us beginning in fiscal year 2023. However, the provision which delays the deductibility of research and development expenses is not applicable to our existing research and development activities in the U.S. We evaluate our business activities regularly should the provision become applicable.

Liquidity and Capital Resources

Cash Balances, Available Borrowings, and Capital Resources

As of March 31, 2023, we had cash and cash equivalents of $1,149.0 million, compared with $1,328.7 million as of March 31, 2022. Our cash and cash equivalents consist of bank demand deposits and short-term time deposits, of which 78% is held in Switzerland and 12% is held in China (including Hong Kong). We do not expect to incur any material adverse tax impact except for what has already been recognized, or to be significantly inhibited by any country in which we do business from the repatriation of funds to Switzerland, our country of domicile.

As of March 31, 2023, our working capital was $1,555.1 million, compared to $1,651.8 million as of March 31, 2022. The decrease was primarily driven by lower inventories, lower cash balances resulting from share repurchases and payments of cash dividends, and lower accounts receivable, net, partially offset by decreases in accounts payable and accrued liabilities.

We had several uncommitted, unsecured bank lines of credit aggregating $181.3 million as of March 31, 2023. There are no financial covenants under these lines of credit with which we must comply. As of March 31, 2023, we had outstanding bank guarantees of $13.6 million under these lines of credit.

The following table presents selected financial information and statistics as of March 31, 2023 and 2022 (Dollars in thousands):

	March 31,			
	2023		2022	
Accounts receivable, net	$	630,382	$	675,604
Accounts payable	$	406,968	$	636,306
Inventories	$	682,893	$	933,124
Days sales in accounts receivable (DSO)(Days)[1]		59		49
Days accounts payable outstanding (DPO) (Days)[2]		59		78
Inventory turnover (ITO)(x)[3]		3.6		3.2

(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 annualized cost of goods sold (based on the most recent quarterly cost of goods sold).

DSO as of March 31, 2023 increased by 10 days to 59 days, as compared to 49 days as of March 31, 2022, primarily due to lower revenues resulting from softened demand, partially offset by timing of sales within the quarter.

DPO as of March 31, 2023 decreased 19 days, compared to March 31, 2022, primarily due to a reduction in inventory purchases and lower marketing spend, partially offset by softened demand.

ITO as of March 31, 2023 increased 0.4, compared to March 31, 2022, primarily due to a lower inventory balance as of March 31, 2023, partially offset by softened demand.

If we are not successful in launching and phasing in our new products, or market competition increases, or we are not able to sell the new products at the prices planned, it could have a material impact on our sales, gross margin, operating results including operating cash flow, and inventory turnover in the future.

The following table summarizes our consolidated statement of cash flows for the year ended March 31, 2023 (Dollars in thousands):

	Year ended March 31, 2023	
Net cash provided by operating activities	$	534,010
Net cash used in investing activities		(105,730)
Net cash used in financing activities		(583,353)
Effect of exchange rate changes on cash and cash equivalents		(24,620)
Net decrease in cash and cash equivalents	$	(179,693)

For fiscal year 2023, net cash provided by operating activities was $534.0 million resulting from net income of 364.6 million, a favorable impact from adding back non-cash expenses totaling $213.1 million, and an unfavorable net change in operating assets and liabilities of $43.6 million. Non-cash expenses were primarily related to depreciation and amortization, share-based compensation expense, and deferred income taxes. The decrease in accounts receivable, net was primarily driven by lower sales, partially offset by the timing of sales within the quarter. The decrease in inventories was primarily driven by a reduction in inventory purchases to align with lower demand. The decrease in accounts payable was primarily driven by the reduction in inventory purchases. The decrease in accrued and other liabilities was primarily driven by a lower annual bonus accrual and lower marketing spend.

For fiscal year 2023, net cash used in investing activities was $105.7 million, primarily due to $92.4 million purchases of property, plant, and equipment. Our expenditures for property, plant and equipment during fiscal year 2023 were primarily for tooling and equipment, building improvements, and computer hardware and software.

For fiscal year 2023, net cash used in financing activities was $583.4 million, resulting from repurchases of our registered shares of $418.3 million, payments of cash dividends of $158.7 million, and tax withholdings related to net share settlements of restricted stock units of $29.2 million, partially offset by proceeds from exercise of stock options and purchase rights of $28.8 million.

During fiscal year 2023, there was a $24.6 million loss from currency exchange rate effect on cash and cash equivalents, primarily due to exchange rate fluctuations of Euro, Swiss Franc, Chinese Renminbi, and Australian Dollar versus the U.S. Dollar and timing of our cash transactions over the period.

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. Market volatility driven by the current macroeconomic and geopolitical environment may increase our costs of capital and otherwise adversely affect our business, results of operations, financial condition and liquidity.

In May 2023, the Board of Directors recommended that we pay cash dividends for fiscal year 2023 of CHF 1.06 per share (approximately $1.16 per share based on the exchange rate on March 31, 2023). Based on our shares outstanding, net of treasury shares, as of March 31, 2023 (159,343,273 shares), this would result in an aggregate gross dividend of approximately CHF 168.9 million (approximately $184.2 million based on the exchange rate on March 31, 2023). In fiscal year 2023, we paid a cash dividend of CHF 0.96 per share, or CHF 156.1 million (U.S. Dollar amount of $158.7 million based on the exchange rate on the date of payment) out of fiscal year 2022 retained earnings. In fiscal year 2022, we paid a cash dividend of CHF 0.87 per share, or CHF 147.0 million (U.S. Dollar amount of $159.4 million) out of fiscal year 2021 retained earnings. In fiscal year 2021, we paid a cash dividend of CHF 0.79 per share, or CHF 134.0 million (U.S. Dollar amount of $146.7 million) out of fiscal year 2020 retained earnings.

In May 2020, our Board of Directors approved the 2020 share repurchase program, which authorized us to invest up to $250.0 million to purchase our own shares. In April 2021, our Board of Directors approved an increase of $750.0 million to the 2020 share repurchase program, to an aggregate amount of $1.0 billion. The Swiss Takeover Board approved this increase and it became effective on May 21, 2021. In July 2022, our Board of Directors approved an increase of $500 million to the 2020 share repurchase program, to an aggregate amount of up to $1.5 billion to purchase up to 17.3 million of Logitech shares. The Swiss Takeover Board approved this increase and it became effective on August 19, 2022. As of March 31, 2023, $505.8 million was available for repurchase under the 2020 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 for a period of three years through July 27, 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.

For over ten years, we have generated positive cash flows from our operating activities, including cash from operations of $534.0 million and $298.3 million during fiscal years 2023 and 2022, 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, 2023, we had non-cancelable purchase commitments of $368.1 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 within the next 12 months. 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, 2023, the liability for these purchase commitments was $46.6 million and is recorded in accrued and other current liabilities in the consolidated balance sheet.

We have firm purchase commitments of $26.3 million for capital expenditures, primarily related to commitments for tooling and equipment for new and existing products and commitments to vendors to fit out and furnish office facilities. 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 to reschedule or adjust our requirements based on business needs prior to delivery of goods or performance of services.

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 2033. See Note 17 - Leases in our Notes to the consolidated financial statements included in this report for more information on leases.

Income Taxes Payable

As of March 31, 2023, we had $106.4 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.

Indemnifications

We indemnify certain 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, 2023, no material 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 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 company with global operations, 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 accumulated other comprehensive income (loss) ("AOCI") 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 approximately 30 currencies worldwide, of which the most significant to operations are the Euro, Chinese Renminbi, Japanese Yen, Australian Dollar, Canadian Dollar, Pound Sterling and New Taiwan Dollar. For the year ended March 31, 2023, approximately 51% of our sales were in non-U.S. denominated currencies, with 23% of our sales denominated in Euro. The mix of our costs 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 compared to the favorable impact on our cost of goods sold and 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 contracts generally mature within approximately 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 $17.0 million and $24.4 million as of March 31, 2023 and 2022, respectively. The adverse effect as of March 31, 2023 and 2022 is after consideration of the offsetting effect of approximately $8.1 million and $15.9 million, respectively, from foreign exchange contracts in place as of such dates.

We enter into cash flow hedge contracts to protect against exchange rate exposure of forecasted inventory purchases. These hedging contracts mature within approximately four months. Gains and losses in the fair value of the effective portion of the hedges are deferred as a component of AOCI 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%, the amount recorded in AOCI related to our foreign exchange contracts before tax effect as of March 31, 2023 and 2022 would have been approximately $7.3 million and $12.5 million lower, 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.

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, 2023.

The effectiveness of the Company's internal control over financial reporting as of March 31, 2023 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 the Company's internal control over financial reporting during the fourth quarter of fiscal year 2023 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 the 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.

ITEM 9C.   DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

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 2023 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 through 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 2023 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 2023 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 2023 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 2023 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				Filed Herewith
			Form	File No.	Filing Date	Exhibit No.	
3.1		Articles of Incorporation of Logitech International S.A., as amended					X
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 14, 2022	DEFA14A	0-29174	7/26/2022	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	**	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	
10.11	**	Employment Agreement between Logitech Inc. and Bracken Darrell, dated as of December 18, 2015	10-Q	0-29174	1/22/2016	10.1	
10.12	**	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	
10.13	**	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	
10.14	**	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	
10.15	**	Employment Agreement between Logitech Inc. and Nathan Olmstead, dated as of July 22, 2019	8-K	0-29174	7/23/2019	10.1	
10.16	**	Employment Agreement between Logitech Inc. and Prakash Arunkundrum, dated as of May 26, 2020	10-Q	0-29174	7/23/2020	10.1	

10.17	**	Employment Agreement between Logitech Inc. and Samantha Harnett, dated as of July 1, 2020	10-Q	0-29174	7/23/2020	10.2	
10.18	**	Employment Agreement between Logitech Inc. and Charles Boynton, dated as of February 6, 2023					X
10.19	**	Offer Letter between Logitech Inc, and Charles Boynton, dated January 30, 2023					X
10.20	**	Representative form of restricted stock unit agreement (Leadership Team and other employees) under the Logitech International S.A. 2006 Stock Incentive Plan	10-Q	0-29174	7/28/2022	10.1	
10.21	**	Representative form of performance share unit agreement (Group Management Team (executive officers), Leadership Team and other employees) under the Logitech International S.A. 2006 Stock Incentive Plan	10-Q	0-29174	7/28/2022	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.

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/ Charles Boynton

Charles Boynton
Chief Financial Officer

May 17, 2023

POWER OF ATTORNEY AND SIGNATURES

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Bracken Darrell and Charles Boynton, 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 17, 2023
/s/ Bracken Darrell Bracken Darrell	President, Chief Executive Officer and Director (Principal Executive Officer)	May 17, 2023
/s/ Charles Boynton Charles Boynton	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	May 17, 2023
/s/ Patrick Aebischer Patrick Aebischer	Director	May 17, 2023
/s/ Edouard Bugnion Edouard Bugnion	Director	May 17, 2023
/s/ Guy Gecht Guy Gecht	Director	May 17, 2023
/s/ Christopher Jones Christopher Jones	Director	May 17, 2023
/s/ Marjorie Lao Marjorie Lao	Director	May 17, 2023
/s/ Neela Montgomery Neela Montgomery	Director	May 17, 2023
/s/ Kwok Wang Ng Kwok Wang Ng	Director	May 17, 2023
/s/ Michael Polk Michael Polk	Director	May 17, 2023
/s/ Deborah Thomas Deborah Thomas	Director	May 17, 2023
/s/ Sascha Zahnd Sascha Zahnd	Director	May 17, 2023

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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, 2023 and 2022, 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, 2023, 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, 2023, 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, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended March 31, 2023, 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, 2023 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

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.

Evaluation of the significant 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 $211.0 million and accrued Customer Program liabilities totaling $206.5 million as of March 31, 2023 for various cooperative marketing 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 allowances and 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 internal control related to the process to determine the breakage rates estimate. This included a control 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 year 2022 to actual subsequent breakage in fiscal year 2023.

Assessment of the accruals for certain Customer Programs

As discussed in Notes 2 and 8 to the consolidated financial statements, the Company recorded accrued Customer Program liabilities of $206.5 million as of March 31, 2023. The Company records these accruals as a reduction of revenue at the time of sale. For certain of these accruals, the Company estimated the amounts 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.

We identified the assessment of the accruals for certain Customer Programs as a critical audit matter. Historical experience being predictive of Customer Programs' earned amounts is the significant assumption used to estimate the accruals for 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 Customer Programs' earned amounts and the Company's validation of the underlying channel inventory data used to estimate the accruals for Customer Programs. We assessed the historical experience used in estimating the accruals for certain Customer Programs using a combination of the Company's internal historical information of sales, 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 certain Customer Programs. We analyzed channel inventory data trends by product and by region comparing fiscal year 2023 quarterly channel inventory weeks on-hand ratios to prior fiscal years. In addition, we evaluated the Company's ability to estimate the accruals for certain Customer Programs by comparing recorded accruals from fiscal year 2022 to actual subsequent Customer Programs' earned amounts in fiscal year 2023.

/s/ KPMG LLP

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

San Francisco, California

May 17, 2023

LOGITECH INTERNATIONAL S.A.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Years Ended March 31,		
	2023	2022	2021
Net sales	$ 4,538,818	$ 5,481,101	$ 5,252,279
Cost of goods sold	2,806,438	3,204,072	2,903,215
Amortization of intangible assets	12,865	14,023	13,329
Gross profit	1,719,515	2,263,006	2,335,735
Operating expenses:			
Marketing and selling	809,182	1,025,899	770,284
Research and development	280,796	291,844	226,023
General and administrative	124,652	148,648	166,577
Amortization of intangible assets and acquisition-related costs	11,843	16,947	19,064
Impairment of intangible assets	—	7,000	—
Change in fair value of contingent consideration for business acquisition	—	(3,509)	5,716
Restructuring charges (credits), net	34,573	2,165	(54)
Total operating expenses	1,261,046	1,488,994	1,187,610
Operating income	458,469	774,012	1,148,125
Interest income	18,331	1,246	1,784
Other income (expense), net	(13,278)	560	(1,789)
Income before income taxes	463,522	775,818	1,148,120
Provision for income taxes	98,947	131,305	200,863
Net income	$ 364,575	$ 644,513	$ 947,257
Net income per share:			
Basic	$ 2.25	$ 3.85	$ 5.62
Diluted	$ 2.23	$ 3.78	$ 5.51
Weighted average shares used to compute net income per share:			
Basic	162,302	167,447	168,523
Diluted	163,704	170,414	171,775

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,		
	2023	2022	2021
Net income	$ 364,575	$ 644,513	$ 947,257
Other comprehensive income (loss):			
Currency translation gain (loss):			
Currency translation gain (loss), net of taxes	1,373	(14,051)	12,695
Reclassification of cumulative translation adjustments included in other income (expense), net	219	1,051	(1,738)
Defined benefit plans:			
Net gain (loss) and prior service costs, net of taxes	16,089	22,328	(4,701)
Reclassification of amortization included in other income (expense), net	(8,069)	(2,623)	1,517
Hedging gain (loss):			
Deferred hedging gain (loss), net of taxes	2,625	6,308	(4,071)
Reclassification of hedging loss (gain) included in cost of goods sold	(8,391)	(8,221)	8,043
Total other comprehensive income	3,846	4,792	11,745
Total comprehensive income	$ 368,421	$ 649,305	$ 959,002

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, 2023	March 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 1,149,023	$ 1,328,716
Accounts receivable, net	630,382	675,604
Inventories	682,893	933,124
Other current assets	142,876	135,478
Total current assets	2,605,174	3,072,922
Non-current assets:		
Property, plant and equipment, net	121,503	109,807
Goodwill	454,610	448,175
Other intangible assets, net	63,173	83,779
Other assets	316,293	320,722
Total assets	$ 3,560,753	$ 4,035,405
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 406,968	$ 636,306
Accrued and other current liabilities	643,139	784,848
Total current liabilities	1,050,107	1,421,154
Non-current liabilities:		
Income taxes payable	106,391	83,380
Other non-current liabilities	146,695	132,133
Total liabilities	1,303,193	1,636,667
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, 2023 and 2022		
Additional shares that may be issued out of conditional capital — 50,000 at March 31, 2023 and 2022		
Additional shares that may be issued out of authorized capital — 17,311 at March 31, 2023 and 2022		
Additional paid-in capital	127,380	129,925
Shares in treasury, at cost — 13,763 and 7,855 shares at March 31, 2023 and 2022, respectively	(977,266)	(632,893)
Retained earnings	3,177,575	2,975,681
Accumulated other comprehensive loss	(100,277)	(104,123)
Total shareholders' equity	2,257,560	2,398,738
Total liabilities and shareholders' equity	$ 3,560,753	$ 4,035,405

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,		
	2023	2022	2021
Cash flows from operating activities:			
Net income	$ 364,575	$ 644,513	$ 947,257
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	76,309	88,361	50,752
Amortization of intangible assets	24,407	30,179	31,818
Impairment of intangible assets	—	7,000	—
Loss on investments	14,073	1,683	5,910
Share-based compensation expense	70,782	93,479	86,019
Deferred income taxes	30,714	27,334	34,484
Change in fair value of contingent consideration for business acquisition	—	(3,509)	5,716
Pension curtailment gains	(4,225)	—	—
Other	1,005	1,140	(1,784)
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable, net	51,185	(71,510)	(201,220)
Inventories	247,309	(276,640)	(427,501)
Other assets	5,634	(18,169)	(67,708)
Accounts payable	(219,051)	(181,303)	553,960
Accrued and other liabilities	(128,707)	(44,240)	440,935
Net cash provided by operating activities	534,010	298,318	1,458,638
Cash flows from investing activities:			
Purchases of property, plant and equipment	(92,353)	(89,152)	(76,189)
Investment in privately held companies	(4,357)	(1,463)	(4,115)
Acquisitions, net of cash acquired	(8,527)	(16,236)	(43,523)
Proceeds from return of strategic investments	—	—	2,934
Purchases of short-term investments	—	(10,000)	—
Proceeds from the sale of short-term investments	—	8,260	—
Purchases of deferred compensation investments	(6,702)	(5,058)	(12,336)
Proceeds from sales of deferred compensation investments	6,209	5,786	13,247
Net cash used in investing activities	(105,730)	(107,863)	(119,982)
Cash flows from financing activities:			
Payment of cash dividends	(158,680)	(159,410)	(146,705)
Payment of contingent consideration for business acquisition	(5,954)	(880)	—
Purchases of registered shares	(418,346)	(412,022)	(164,952)
Proceeds from exercises of stock options and purchase rights	28,790	29,649	43,810
Tax withholdings related to net share settlements of restricted stock units	(29,163)	(64,156)	(32,082)
Net cash used in financing activities	(583,353)	(606,819)	(299,929)
Effect of exchange rate changes on cash and cash equivalents	(24,620)	(5,247)	(3,966)
Net (decrease) increase in cash and cash equivalents	(179,693)	(421,611)	1,034,761
Cash and cash equivalents at beginning of the period	1,328,716	1,750,327	715,566
Cash and cash equivalents at end of the period	$ 1,149,023	$ 1,328,716	$ 1,750,327
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	$ 8,593	$ 11,890	$ 16,819
Non-cash payment for contingent consideration for acquisition	$ —	$ 292	$ 28,463
Fair value of contingent consideration in accrued and other liabilities	$ 2,151	$ 9,013	$ —
Supplemental cash flow information:			
Income taxes paid, net	$ 71,955	$ 192,898	$ 23,041

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, except per share amounts)

	Registered shares		Additional paid-in capital	Treasury shares		Retained earnings	Accumulated other comprehensive loss	Total
	Shares	Amount		Shares	Amount			
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	—	—	—	—	—	(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
Total comprehensive income	—	—	—	—	—	644,513	4,792	649,305
Purchases of registered shares	—	—	—	4,607	(412,022)	—	—	(412,022)
Sale of shares upon exercise of stock options and purchase rights	—	—	12,971	(410)	16,678	—	—	29,649
Issuance of shares upon vesting of restricted stock units	—	—	(105,972)	(1,137)	41,816	—	—	(64,156)
Issuance of shares from contingent consideration	—	—	116	(4)	176	—	—	292
Share-based compensation	—	—	93,291	—	—	—	—	93,291
Cash dividends ($0.95 per share)	—	—	—	—	—	(159,410)	—	(159,410)
March 31, 2022	173,106	$ 30,148	$ 129,925	7,855	$ (632,893)	$ 2,975,681	$ (104,123)	$ 2,398,738
Total comprehensive income	—	—	—	—	—	364,575	3,846	368,421
Purchases of registered shares	—	—	—	7,562	(418,346)	—	—	(418,346)
Sale of shares upon exercise of stock options and purchase rights	—	—	(5,636)	(686)	34,426	—	—	28,790
Issuance of shares upon vesting of restricted stock units	—	—	(68,710)	(968)	39,547	—	—	(29,163)
Share-based compensation	—	—	71,801	—	—	—	—	71,801
Cash dividends ($1.00 per share)	—	—	—	—	—	(162,681)	—	(162,681)
March 31, 2023	173,106	$ 30,148	$ 127,380	13,763	$ (977,266)	$ 3,177,575	$ (100,277)	$ 2,257,560

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 sells products that help businesses thrive and bring people together when working, creating, gaming and streaming.

The Company sells its products to a broad network of international customers, including direct sales to retailers, e-tailers and end consumers through the Company's e-commerce platform, and indirect sales to end customers 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 Hautemorges, 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.

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.

Reference to Sales

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

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 and accompanying notes. 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

Impacts of Macroeconomic and Geopolitical Conditions on the Company's Business

In fiscal year 2023, the Company's business was impacted by adverse macroeconomic and geopolitical conditions. These conditions included inflation, foreign currency fluctuations, and slowdown of economic activity around the world, in part due to rising interest rates, and lower consumer and enterprise spending. In addition, the war in Ukraine resulted in global supply chain, logistics, and inflationary challenges. The Company had no revenue in Russia and Ukraine in fiscal year 2023 as it has indefinitely ceased all sales and shipments to Russia and sales in Ukraine have also been halted due to the ongoing military operations on the Ukrainian territory.

The global and regional economic and political conditions adversely affect demand for the Company's products. These conditions also had an impact on the Company's suppliers, contract manufacturers, logistics providers, and distributors, causing volatility in cost of materials and shipping and transportation rates, and as a result impacting the pricing of the Company's products.

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 income (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 services 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, 2023 and March 31, 2022 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 generally 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 and Customer Programs 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, 2023, 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.

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 sheets.

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, 2023 and 2022, 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, 2023 and 2022, 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 2023, 2022 and 2021 were $341.1 million, $628.9 million and $450.0 million, respectively, out of which $24.8 million, $267.8 million, and $168.2 million, respectively, were included as operating expense in the consolidated statements of operations.

Cash Equivalents

The Company classifies all highly liquid instruments purchased, such as bank time deposits, 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.

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 creditworthy financial institutions and has a policy 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 periodically assesses the credit risk associated with these financial institutions.

The Company sells to large distributors, retailers, and e-tailers 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,		
	2023	2022	2021
Customer A	13 %	15 %	14 %
Customer B	19 %	17 %	13 %
Customer C [(1)]	15 %	14 %	N/A[(1)]

(1) The Company's two customers merged during fiscal year 2022 and the percentages for fiscal year 2023 and 2022 reflect the gross sales to the combined company. The percentage for fiscal year 2021 is not disclosed as gross sales to each customer accounted for less than 10% of the Company's gross sales.

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

	March 31,	
	2023	2022
Customer A	12 %	15 %
Customer B	21 %	17 %
Customer C	15 %	15 %

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

Allowances for Doubtful Accounts

Allowances for doubtful accounts are maintained for 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 the Company's 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.

The Company recorded liabilities 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 preliminary project stage and post implementation 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

The Company determines if an arrangement is a lease or contains a lease at contract inception. The Company determines if a lease is an operating or finance lease and recognizes right-of-use ("ROU") assets and lease liabilities upon lease commencement. 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 sheets. 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 component and related non-lease component 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 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 leases. 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 ROU assets include prepaid lease payments and exclude lease incentives.

Intangible Assets

The Company's intangible assets principally include goodwill, acquired technology, trademarks, and customer contracts and related relationships. Intangible assets with finite lives, which include acquired technology, trademarks, customer contracts and related relationships, 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. IPR&D is reclassified as intangible assets with finite lives and amortized over its estimated useful life upon completion of the underlying projects.

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 long-lived 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, 2023, the Company elected to perform a qualitative assessment and concluded that it was more likely than not that the fair value of its reporting unit exceeds its carrying amount.

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 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 investments, as they are intended to fund the deferred compensation plan's long-term liability. 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. These securities are recorded at fair value based on quoted market prices. Earnings, gains and losses on deferred compensation investments are included in other income (expense), net in the consolidated statements of operations.

The Company also holds certain non-marketable investments that are accounted for as equity method investments and included in other assets in the consolidated balance sheets. In addition, the Company has certain equity 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 statements 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.

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 service-based restricted stock units ("RSUs") is calculated based on the market price on the date of grant, reduced by estimated dividend yield prior to vesting. The grant date fair value of restricted stock units which vest upon meeting certain market- and performance-based conditions ("PSUs") is estimated using the Monte-Carlo simulation method including the effect of the market condition. Stock-based compensation expense is recognized ratably over the respective requisite service periods of the awards and forfeitures are accounted for when they occur. For PSUs, the Company recognizes compensation expense using its estimate of probable outcome at the end of the performance period (i.e., the estimated performance against the performance targets). The Company periodically adjusts the cumulative stock-based compensation expense recorded when the probable outcome for the PSUs is updated based upon changes in actual and forecasted financial results.

Product Warranty

All of the Company's products are covered by standard 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 standard warranty does not provide a service beyond assuring that the product complies with agreed-upon specifications and is not sold separately. The standard 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.

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, the vesting of restricted stock units, and acquisitions, 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 or losses from changes in the fair value of forward contracts that offset transaction 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.

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 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.

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, and are expensed when incurred. Termination benefits are calculated based on regional benefit practices and local statutory requirements.

Recent Accounting Pronouncements Adopted

In October 2021, the Financial Accounting Standard Board issued Accounting Standards Update 2021-08, "Business Combinations (Topic 805): *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*" ("ASU 2021-08"). The update requires an acquirer in a business combination to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*, as if it had originated the contracts. The standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022. The Company early adopted the standard effective April 1, 2022 and applied the standard prospectively to business combinations that occurred on or after April 1, 2022. The adoption of ASU 2021-08 did not have a material impact on the Company's consolidated financial statements.

Note 3—Net Income Per Share

The following table summarizes the computations of basic and diluted net income per share for fiscal years 2023, 2022 and 2021 (in thousands except per share amounts):

	Years Ended March 31,		
	2023	2022	2021
Net income	$ 364,575	$ 644,513	$ 947,257
Shares used in net income per share computation:			
Weighted average shares outstanding - basic	162,302	167,447	168,523
Effect of potentially dilutive equivalent shares	1,402	2,967	3,252
Weighted average shares outstanding - diluted	163,704	170,414	171,775
Net income per share:			
Basic	$ 2.25	$ 3.85	$ 5.62
Diluted	$ 2.23	$ 3.78	$ 5.51

Share equivalents attributable to outstanding stock options, RSUs, PSUs and employee share purchase plans ("ESPP") totaling 2.0 million, 2.0 million, and 0.1 million shares during fiscal years 2023, 2022 and 2021, respectively, were excluded from the calculation of diluted net income per share because their effect would have been anti-dilutive.

For fiscal years 2023 and 2022, a small number of performance-based awards were not included in the dilutive net income per share calculation because all necessary conditions had 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 performance contingency period.

Note 4—Employee Stock-Based Compensation

As of March 31, 2023, the Company offers the 2006 Employee Share Purchase Plan (Non-U.S.), as amended and restated ("2006 ESPP)", the 1996 Employee Share Purchase Plan (U.S.), as amended and restated ("1996 ESPP"), and the 2006 Stock Incentive Plan ("2006 Plan") as amended and restated. Shares issued to employees as a result of purchases or exercises under these plans are generally issued from shares held in treasury stock.

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, 2023, a total of 3.6 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, and restricted stock units. 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. On June 29, 2022, the Board authorized 3.3 million additional shares for issuance under the 2006 Plan. An aggregate of 33.8 million shares were reserved for issuance under the 2006 Plan. As of March 31, 2023, a total of 8.4 million shares were available for new awards under this plan.

Stock options granted to employees under the 2006 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.

Service-based restricted stock units ("RSUs") granted to employees under the 2006 Plan generally vest in four equal annual installments on the grant date anniversary. 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.

Restricted stock units with certain market- and performance-based conditions ("PSUs") granted to employees under the 2006 Plan 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 over the same three years period.

The following table summarizes share-based compensation expense and total income tax benefit recognized for fiscal years 2023, 2022 and 2021 (in thousands):

	Years Ended March 31,		
	2023	2022	2021
Cost of goods sold	$ 5,635	$ 6,695	$ 6,438
Marketing and selling	34,707	37,796	36,788
Research and development	15,292	18,356	14,179
General and administrative	15,148	30,632	28,614
Total share-based compensation expense	70,782	93,479	86,019
Income tax benefit	(9,750)	(26,987)	(19,472)
Total share-based compensation expense, net of income tax benefit	$ 61,032	$ 66,492	$ 66,547

Share-based compensation costs capitalized as part of inventory were $5.6 million, $5.2 million, and $4.3 million for the fiscal year ended March 31, 2023, 2022 and 2021, respectively.

As of March 31, 2023, there was $125.2 million of total future stock-based compensation cost to be recognized over a weighted-average period of 2.4 years.

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 stock options and ESPP using the Black-Scholes-Merton option-pricing valuation model and the grant date fair value of the PSUs using the Monte-Carlo simulation method are determined with the following assumptions and values:

	Stock Options(1)	Employee Stock Purchase Plans		
	Year Ended March 31,	Years Ended March 31,		
	2022	2023	2022	2021
Expected dividend rate	1.18 %	1.78 %	1.03 %	1.04 %
Risk-free interest rate	1.99 %	3.86 %	0.27 %	0.10 %
Expected volatility	34 %	46 %	35 %	47 %
Expected term (years)	6.2	0.5	0.5	0.5
Weighted average grant date fair value per share	$ 25.88	$ 16.32	$ 23.55	$ 24.67

(1) No stock options were granted for fiscal years 2023 and 2021.

PSUs	Years Ended March 31,		
	2023	2022	2021
Expected dividend rate	1.46 %	0.78 %	1.24 %
Risk-free interest rate	2.78 %	0.31 %	0.21 %
Expected volatility	39 %	37 %	31 %
Expected term (years)	3.0	3.0	3.0

The expected dividend rate assumption is based on the Company's history and future expectations of dividend payouts. The unvested PSUs or unexercised options are not eligible for these dividends. The expected term is based on the purchase offerings periods expected to remain outstanding for employee stock purchase plan or the performance period for PSUs. The expected term for stock options represents the estimated period of time until option exercise. Since the Company has limited historical stock option exercise experience, the Company used the simplified method in estimating the expected term, which is calculated as the average of the sum of the vesting term and the original contractual term of the stock options. Expected volatility is based on historical volatility using the Company's daily closing prices, or including the volatility of components of the Russell 3000 Index for PSUs, over the expected term. 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 term of the Company's share-based awards.

For PSUs, 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 2023, 2022 and 2021 is as follows:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	(In thousands)		(Years)	(In thousands)
Outstanding, March 31, 2020	1,969			
Exercised	(1,347)			$ 68,596
Outstanding, March 31, 2021	622			
Granted	842			
Exercised	(71)			$ 5,573
Outstanding, March 31, 2022	1,393	$ 62	8.3	$ 21,830
Exercised	(155)	$ 21		$ 6,482
Forfeited	(118)	$ 80		
Outstanding, March 31, 2023	1,120	$ 66	7.6	$ 7,491
Vested and exercisable, March 31, 2023	396	$ 39	5.2	$ 7,491

The tax benefit realized for the tax deduction from options exercised during fiscal years 2023, 2022 and 2021 was $0.1 million, $1.2 million and $0.6 million, respectively.

A summary of the Company's RSU and PSU activities for fiscal years 2023, 2022 and 2021 is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value	Aggregate Fair Value
	(In thousands)		(In thousands)
Outstanding, March 31, 2020	3,951	$ 36	
Granted—RSUs	1,046	$ 60	
Granted—PSUs	303	$ 67	
Vested	(1,444)		$ 168,816
Forfeited	(213)		
Outstanding, March 31, 2021	3,643	$ 45	
Granted—RSUs	868	$ 103	
Granted—PSUs	203	$ 124	
Vested	(1,463)		$ 133,977
Forfeited	(205)		
Outstanding, March 31, 2022	3,046	$ 68	
Granted—RSUs	1,584	$ 53	
Granted—PSUs	407	$ 69	
Vested	(1,143)	$ 48	$ 85,152
Forfeited	(438)	$ 68	
Outstanding, March 31, 2023	3,456	$ 66	

The shares outstanding as of March 31, 2023 above include 0.8 million shares of PSUs. The Company presents the number of PSUs at 100 percent of the performance target; however, the aggregate fair value of shares vested during the year is based on the actual number of stock units vested based on the achievement of the financial metrics over the performance period.

The tax benefit realized for the tax deduction from RSUs and PSUs that vested during fiscal years 2023, 2022 and 2021 was $11.1 million, $25.2 million and $16.3 million, respectively.

Note 5—Employee Benefit Plans

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 generally 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 2023, 2022 and 2021 was as follows (in thousands):

	Years Ended March 31,		
	2023	2022	2021
Service costs	$ 13,195	$ 14,693	$ 12,121
Interest costs	2,408	920	1,047
Expected return on plan assets	(3,754)	(2,930)	(2,535)
Amortization:			
Net prior service credit recognized	(458)	(465)	(467)
Net actuarial loss (gain) recognized	(3,047)	(2,158)	2,144
Curtailment gain	(4,225)	—	—
Settlement gain	(339)	—	—
Total net periodic benefit cost	$ 3,780	$ 10,060	$ 12,310

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

The changes in projected benefit obligations for fiscal years 2023 and 2022 were as follows (in thousands):

	Years Ended March 31,	
	2023	2022
Projected benefit obligations, beginning of the year	$ 207,551	$ 202,348
Service costs	13,195	14,693
Interest costs	2,408	920
Plan participant contributions	6,870	6,092
Actuarial gain	(22,965)	(31,198)
Benefits paid	(2,646)	(3,904)
Transfer of prior vested benefits	11,579	14,963
Settlement	(15,348)	—
Curtailment	(3,923)	—
Administrative expense paid	(147)	(130)
Currency exchange rate changes	(1,238)	3,767
Projected benefit obligations, end of the year	$ 195,336	$ 207,551

The accumulated benefit obligation for all defined benefit pension plans as of March 31, 2023 and 2022 was $170.3 million and $178.5 million, respectively.

Actuarial gains related to the change in the benefit obligation for the Company's pension plans for fiscal years 2023 and 2022 were primarily due to an increase in discount rate.

The following table presents the changes in the fair value of defined benefit pension plan assets for fiscal years 2023 and 2022 (in thousands):

	Years Ended March 31,	
	2023	2022
Fair value of plan assets, beginning of the year	$ 156,118	$ 128,061
Actual return on plan assets	(6,008)	(2,156)
Employer contributions	11,645	10,877
Plan participant contributions	6,870	6,092
Benefits paid	(2,646)	(3,904)
Transfer of prior vested benefits	11,579	14,963
Settlement	(15,348)	—
Administrative expenses paid	(147)	(130)
Currency exchange rate changes	536	2,315
Fair value of plan assets, end of the year	$ 162,599	$ 156,118

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, 28% in bonds, 28% in real estate, 4% in cash and cash equivalents and the remaining in other investments. The Company 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, 2023 and 2022 (in thousands):

	March 31,					
	2023			2022		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash and cash equivalents	$ 7,071	$ —	$ 7,071	$ 16,317	$ —	$ 16,317
Equity securities	51,963	—	51,963	48,591	—	48,591
Debt securities	43,493	—	43,493	38,513	—	38,513
Real estate funds	21,197	23,710	44,907	25,146	13,077	38,223
Hedge funds	606	7,907	8,513	—	8,076	8,076
Other	6,248	404	6,652	6,034	364	6,398
Total fair value of plan assets	$ 130,578	$ 32,021	$ 162,599	$ 134,601	$ 21,517	$ 156,118

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

	Years Ended March 31,	
	2023	2022
Fair value of plan assets	$ 162,599	$ 156,118
Less: projected benefit obligations	195,336	207,551
Underfunded status	$ (32,737)	$ (51,433)

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

	March 31, 2023	March 31, 2022
Current liabilities	$ 1,407	$ 1,677
Non-current liabilities	31,330	49,756
Total liabilities	$ 32,737	$ 51,433

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

	March 31, 2023	March 31, 2022
Net prior service credits	$ 2,201	$ 2,883
Net actuarial gain (loss)	5,690	(4,304)
Accumulated other comprehensive income (loss)	7,891	(1,421)
Deferred taxes	(3,366)	(2,074)
Accumulated other comprehensive income (loss), net of tax	$ 4,525	$ (3,495)

The actuarial assumptions for the defined benefit plans were as follows:

	Years Ended March 31, 2023	Years Ended March 31, 2022
Benefit Obligations:		
Discount rate	1.00% - 7.25%	1.00% - 6.75%
Estimated rate of compensation increase	2.25% - 10.00%	2.00% - 10.00%
Cash balance interest credit rate	0.00% - 1.75%	0.00% - 1.75%

	Years Ended March 31, 2023	Years Ended March 31, 2022	Years Ended March 31, 2021
Net Periodic Costs:			
Discount rate	0.50% - 6.75%	0.25% - 6.00%	0.50% - 6.75%
Estimated rate of compensation increase	2.00% - 10.00%	2.00% - 10.00%	2.25% - 10.00%
Expected average rate of return on plan assets	1.00% - 2.50%	1.00% - 2.25%	1.00% - 2.50%
Cash balance interest credit rate	0.00% - 1.75%	0.00% - 1.75%	0.00% - 1.75%

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

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

Years Ending March 31,	
2024	$ 26,765
2025	11,728
2026	12,046
2027	14,440
2028	12,772
Next five fiscal years	66,302
Total expected benefit payments by the plan	$ 144,053

The Company expects to contribute $9.4 million to its defined benefit pension plans during fiscal year 2024.

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 2023, 2022 and 2021, were $14.4 million, $13.9 million and $10.6 million, respectively.

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 were recorded at a fair value of $28.2 million and $28.4 million as of March 31, 2023 and 2022, respectively, based on quoted market prices (see Note 9). The Company also had deferred compensation liability of $28.2 million and $28.4 million, which are included in other non-current liabilities on the consolidated balance sheets as of March 31, 2023 and 2022, respectively. Earnings, gains and losses on deferred compensation 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 in the consolidated statements of operations (see Note 6).

Note 6—Other Income (Expense), net

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

	Years Ended March 31,		
	2023	2022	2021
Investment (loss) gain related to the deferred compensation plan	$ (1,961)	$ 1,231	$ 5,916
Currency exchange loss, net	(7,337)	(4,604)	(2,688)
Loss on investments, net (1)	(14,073)	(1,683)	(5,910)
Non-service cost net pension income (expense) and other (2)	10,093	5,616	893
Other income (expense), net	$ (13,278)	$ 560	$ (1,789)

(1) Includes realized gain (loss) on sales of investments, unrealized gain (loss) from the change in fair value of investments, gain (loss) on equity-method investments, and impairment of investments during the periods presented, as applicable, (see Note 9).

(2) Includes the components of net periodic benefit cost of defined benefit plans other than the service cost component (see Note 5).

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 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 2023, 2022 and 2021 is summarized as follows (in thousands):

	Years Ended March 31,		
	2023	2022	2021
Swiss	$ 282,970	$ 579,258	$ 984,185
Non-Swiss	180,552	196,560	163,935
Income before taxes	$ 463,522	$ 775,818	$ 1,148,120

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

	Years Ended March 31,		
	2023	2022	2021
Current:			
Swiss	$ 19,405	$ 59,659	$ 121,199
Non-Swiss	48,829	44,094	45,056
Deferred:			
Swiss	26,629	29,198	31,558
Non-Swiss	4,085	(1,646)	3,050
Provision for income taxes	$ 98,947	$ 131,305	$ 200,863

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,		
	2023	2022	2021
Expected tax provision at statutory income tax rates	$ 39,399	$ 65,945	$ 97,590
Income taxes at different rates	38,467	61,296	88,760
Research and development tax credits	(152)	(5,957)	(3,844)
Executive compensation	749	4,683	4,821
Stock-based compensation	5,736	(9,141)	(3,161)
Deferred tax effects from TRAF	—	—	1,944
Valuation allowance	908	887	(247)
Impairment	1,881	—	—
Restructuring charges / (credits)	(1,764)	—	(5)
Unrecognized tax benefits	13,284	16,577	15,978
Audit settlement	—	(3,655)	—
Other, net	439	670	(973)
Provision for income taxes	$ 98,947	$ 131,305	$ 200,863

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

	March 31,	
	2023	2022
Deferred tax assets:		
Tax attributes carryforward	$ 36,700	$ 34,736
Accruals	85,786	88,060
Depreciation and amortization	707	585
Tax step-up of goodwill from TRAF	100,514	118,000
Share-based compensation	11,093	13,152
Gross deferred tax assets	234,800	254,533
Valuation allowance	(30,766)	(29,858)
Deferred tax assets after valuation allowance	204,034	224,675
Deferred tax liabilities:		
Acquired intangible assets and other	(34,848)	(33,008)
Deferred tax liabilities	(34,848)	(33,008)
Deferred tax assets, net	$ 169,186	$ 191,667

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

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 $30.8 million at March 31, 2023, compared to $29.9 million at March 31, 2022. The Company had a valuation allowance of $30.8 million as of March 31, 2023 against deferred tax assets in the state of California, an increase from $29.7 million as of March 31, 2022 from activities during the year. 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, 2023, the Company had net operating loss carryforwards in Switzerland for income tax purposes of $17.7 million which will begin to expire in fiscal year 2028. The Company had net operating loss and tax credit carryforwards in the United States for income tax purposes of $60.2 million and $74.6 million, respectively. Unused net operating loss carryforwards will expire at various dates beginning in fiscal year 2030. 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 2030.

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, 2023, the cumulative amount of unremitted earnings of non-Swiss subsidiaries for which no income taxes have been provided is approximately $323.8 million. The amount of unrecognized deferred income tax liability related to these earnings is estimated to be approximately $9.5 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, 2023 and 2022, the total amount of unrecognized tax benefits due to uncertain tax positions was $186.8 million and $176.0 million, respectively, all of which would affect the effective income tax rate if recognized.

As of March 31, 2023 and 2022, the Company had $106.4 million and $83.4 million, respectively, in non-current income taxes payable, including interest and penalties, related to the Company's income tax liability for uncertain tax positions.

The aggregate changes in gross unrecognized tax benefits in fiscal years 2023, 2022 and 2021 were as follows (in thousands).

March 31, 2020	$	143,497
Lapse of statute of limitations		(4,024)
Increases in balances related to tax positions taken during the year		23,780
March 31, 2021	$	163,253
Lapse of statute of limitations		(4,232)
Settlements with taxing authorities		(2,015)
Increases in balances related to tax positions taken during the year		22,366
March 31, 2022	$	179,372
Lapse of statute of limitations		(3,586)
Increases in balances related to tax positions taken during the year		15,214
March 31, 2023	$	191,000

Fiscal year 2020 includes gross unrecognized tax benefits recorded as a result of the enactment of the Tax Reform and AHV Financing ("TRAF") in Switzerland.

The Company recognizes interest and penalties related to unrecognized tax positions in income tax expense. The Company recognized $2.7 million, $1.5 million, and $1.1 million in interest and penalties in income tax expense during fiscal years 2023, 2022 and 2021, respectively. As of March 31, 2023 and 2022, the Company had $6.1 million, and $3.6 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 2019. For other material foreign jurisdictions such as the United States and China, the Company is generally not subject to tax examinations for years prior to fiscal year 2020 and calendar year 2020, respectively. In the United States, the federal and state tax agencies have the authority to examine periods prior to fiscal year 2020, to the extent allowed by law, where tax attributes were generated, carried forward, and being utilized in subsequent years. The Company is under examination 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. In fiscal year 2022, uncertain tax positions decreased by $4.2 million from an effective settlement of an income tax audit in a foreign jurisdiction.

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 $5.0 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, 2023 and 2022 (in thousands):

	March 31,	
	2023	2022
Accounts receivable, net:		
Accounts receivable	$ 851,576	$ 964,766
Allowance for doubtful accounts	(86)	(2,212)
Allowance for sales returns	(10,146)	(12,321)
Allowance for cooperative marketing arrangements	(40,495)	(56,372)
Allowance for customer incentive programs	(71,645)	(97,460)
Allowance for pricing programs	(98,822)	(120,797)
	$ 630,382	$ 675,604
Inventories:		
Raw materials	$ 171,790	$ 226,155
Finished goods	511,103	706,969
	$ 682,893	$ 933,124
Other current assets:		
VAT receivables	$ 60,343	$ 58,850
Prepaid expenses and other assets	82,533	76,628
	$ 142,876	$ 135,478
Property, plant and equipment, net:		
Plant, buildings and improvements	$ 69,360	$ 68,477
Equipment and tooling	309,151	268,164
Computer equipment	31,535	31,562
Software	79,118	72,391
	489,164	440,594
Less: accumulated depreciation and amortization	(396,855)	(349,606)
	92,309	90,988
Construction-in-process	26,399	15,915
Land	2,795	2,904
	$ 121,503	$ 109,807
Other assets:		
Deferred tax assets	$ 171,989	$ 193,629
Right-of-use assets	67,330	40,661
Investments in privately held companies	33,323	43,068
Investments for deferred compensation plan	28,213	28,431
Other assets	15,438	14,933
	$ 316,293	$ 320,722

The following table presents the components of certain balance sheet liability amounts as of March 31, 2023 and 2022 (in thousands):

	March 31,	
	2023	2022
Accrued and other current liabilities:		
Accrued customer marketing, pricing and incentive programs	$ 206,546	$ 232,393
Accrued personnel expenses	103,592	165,090
Accrued sales return liability	49,462	40,507
Accrued loss for inventory purchase commitments	46,608	46,361
VAT payable	33,328	39,602
Warranty liabilities	28,861	32,987
Income taxes payable	18,788	35,355
Operating lease liabilities	12,655	13,690
Contingent consideration	6,629	8,042
Other current liabilities	136,670	170,821
	$ 643,139	$ 784,848
Other non-current liabilities:		
Operating lease liabilities	$ 58,361	$ 28,207
Employee benefit plan obligations	32,421	50,741
Obligation for deferred compensation plan	28,213	28,431
Warranty liabilities	12,025	13,232
Deferred tax liabilities	2,803	1,962
Contingent consideration	—	4,217
Other non-current liabilities	12,872	5,343
	$ 146,695	$ 132,133

Note 9—Fair Value Measurements

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, 2023			March 31, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets:						
Cash equivalents	$ 661,884	$ —	$ —	$ 762,055	$ —	$ —
Investments for deferred compensation plan included in other assets:						
Cash	$ 41	$ —	$ —	$ 108	$ —	$ —
Common stock	988	—	—	2,329	—	—
Money market funds	9,606	—	—	6,765	—	—
Mutual funds	17,578	—	—	19,229	—	—
Total of investments for deferred compensation plan	$ 28,213	$ —	$ —	$ 28,431	$ —	$ —
Currency derivative assets included in other current assets	$ —	$ 107	$ —	$ —	$ 1,517	$ —
Liabilities:						
Contingent consideration included in accrued and other current liabilities	$ —	$ —	$ 6,629	$ —	$ —	$ 8,042
Contingent consideration included in other non-current liabilities	$ —	$ —	$ —	$ —	$ —	$ 3,971
Currency derivative liabilities included in accrued and other current liabilities	$ —	$ 2,187	$ —	$ —	$ 165	$ —

Contingent Consideration for Business Acquisitions

The following table summarizes the change in the Company's contingent consideration balance during fiscal year 2023 and 2022 (in thousands):

	Year Ended March 31,	
	2023	2022
Beginning of the period	$ 12,259	$ 6,967
Fair value of contingent consideration upon acquisition	2,151	9,973
Change in fair value of contingent consideration	—	(3,509)
Settlements of contingent consideration	(5,954)	(1,172)
Effect of foreign currency exchange rate changes	$ (1,827)	—
End of the period	$ 6,629	$ 12,259

On May 19, 2021, the Company made a technology acquisition for a total cash consideration of $25.6 million, which included contingent consideration of $10.0 million payable in cash upon the achievement of three technical development milestones to be completed as of December 31, 2021, June 30, 2022, and June 30, 2023. The fair value of the contingent consideration was $10.0 million at the acquisition date, which was determined using a probability-weighted expected payment model and discounted at the estimated cost of debt. During fiscal year 2022, the Company paid $0.9 million for the contingent consideration related to the first technical development milestone. During fiscal year 2023, the Company paid $4.0 million for the contingent consideration related to the second technical development milestone. The Company expects to pay the contingent consideration for the third technical development milestone within the next twelve months.

On February 17, 2021, the Company acquired all equity interests of Mevo Inc. ("Mevo") for a total cash consideration of $33.2 million, plus additional contingent consideration of up to $17.0 million payable in cash only upon the achievement of certain net revenues for the period from December 26, 2020 to December 31, 2021. The fair value of the contingent consideration as of the 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 included 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. Projected sales were based on the Company's internal projections, including analysis of the target market and historical sales of Mevo products. As of March 31, 2021 the fair value of the contingent consideration remained as $3.4 million. As of December 31, 2021, the fair value of the contingent consideration was released from other current liabilities as the net sales milestone was not achieved upon completion of the earn-out period.

On January 4, 2021, the Company made a technology acquisition for a total cash consideration of $11.0 million, which included contingent consideration of $3.0 million payable in cash upon the achievement of two technical development milestones to be completed as of December 31, 2021 and March 31, 2022. The fair value of the contingent consideration was determined using a probability-weighted expected payment model and discounted at the estimated cost of debt. During fiscal year 2023, the Company paid $2.0 million for the contingent consideration related to the first technical development milestone. The Company expects to pay the remaining $1.0 million for the second technical development milestone within the next twelve months.

In connection with the acquisition of Streamlabs on October 31, 2019, 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 from January 1, 2020 to June 30, 2020. During fiscal year 2021 and 2022, the Company issued 390,397 and 4,010 shares, respectively, out of treasury stock to former security holders of Streamlabs, in satisfaction of payment of the contingent consideration that was earned during the earn-out period. 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 the estimate of contingent consideration is based on management’s best knowledge of current events, the estimate 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 an impact on future results of operations.

Investments for Deferred Compensation Plan

The marketable securities for the Company's deferred compensation plan are recorded at a fair value of $28.2 million and $28.4 million as of March 31, 2023 and 2022, respectively, based on quoted market prices. Quoted market prices are observable inputs that are classified as Level 1 within the fair value hierarchy. Unrealized gains (losses) related to marketable securities for fiscal years 2023, 2022 and 2021 are included in other income (expense), net in the consolidated statements of operations (see Note 6).

Equity Method Investments

The Company has certain non-marketable investments included in other assets that are accounted for as equity method investments, with a carrying value of $20.5 million and $40.2 million as of March 31, 2023 and 2022, respectively. Gains (losses) related to equity method investments for fiscal years 2023, 2022 and 2021 were not material and are included in other income (expense), net in the Company's consolidated statements of operations (see Note 6).

During fiscal year 2023, the Company recorded an impairment charge, before tax, of $21.4 million for one of its equity method investments as it was determined that the carrying value of the investment was not recoverable. The impairment charge is included in other income (expense), net in the Company's consolidated statement of operations for fiscal year 2023. There was no impairment of equity method investments during fiscal years 2022 and 2021.

Assets Measured at Fair Value on a Nonrecurring Basis

Financial Assets. The Company has certain equity 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 equity investments without readily determinable fair value included in other assets was $12.6 million and $2.9 million as of March 31, 2023 and 2022, respectively. During fiscal year 2023, the Company recorded an unrealized gain, before tax, of $6.9 million for its investment in a private company as a result of observable price changes for similar securities issued by this company (level 2 fair value measurement). There was no impairment of these investments during fiscal year 2022 and the impairment charges related to these investments were not material during fiscal years 2023 and 2021.

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 the Company is required to evaluate these non-financial assets for impairment, whether due to certain triggering events or because of the required annual impairment test, and a resulting impairment is recorded to reduce the carrying value to the fair value, the non-financial assets are measured at fair value during such period. See Note 2 for additional information about how the Company tests various asset classes for impairment. There was no impairment of non-financial assets during the fiscal years of 2023 and 2021. During fiscal year 2022, the Company recorded impairment charges of $7.0 million for the Jaybird-related intangible assets (see Note 11).

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 and accrued and other current liabilities on the consolidated balance sheets as of March 31, 2023 and 2022. See Note 9 for the fair values of the Company’s derivative instruments as of March 31, 2023 and 2022.

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 approximately four months. Gains and losses in the fair value of the effective portion of the hedges are deferred as a component of accumulated other comprehensive loss until the hedged inventory purchases are sold, at which time the gains or losses are reclassified to cost of goods sold. Cash flows from such hedges are classified as operating activities in the consolidated statements of cash flows. Hedging relationships are discontinued when hedging contract is no longer eligible for hedge accounting, or is sold, terminated or exercised, or when the Company removes hedge designation for the contract. Gains and losses in the fair value of the effective portion of the discontinued hedges continue to be reported in accumulated other comprehensive loss until the hedged inventory purchases are sold, unless it is probable that the forecasted inventory purchases will not occur by the end of the originally specified time period or within an additional two-month period of time thereafter.

The notional amounts of foreign currency exchange forward contracts outstanding related to forecasted inventory purchases were $72.6 million and $125.4 million as of March 31, 2023 and 2022, respectively. The Company had $3.9 million of net losses related to its cash flow hedges included in accumulated other comprehensive loss as of March 31, 2023, which will be reclassified into earnings within the next twelve months.

The following table presents the amounts of gain (loss) on the Company's derivative instruments designated as hedging instruments for fiscal years 2023, 2022 and 2021 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		
	2023	2022	2021	2023	2022	2021
Cash flow hedges	$ 2,625	$ 6,308	$ (4,071)	$ (8,391)	$ (8,221)	$ 8,043

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 and such amount is not material for all periods presented.

Other Derivatives

The Company also enters into foreign currency exchange forward and swap contracts to reduce the short-term effects of currency exchange rate fluctuations on certain receivables or payables denominated in currencies other than the functional currencies of its subsidiaries. These contracts generally mature within approximately 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 not material and included 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, 2023 and 2022 were $111.2 million and $226.5 million, respectively. Foreign currency exchange forward and swap contracts outstanding as of March 31, 2023 primarily consisted of contracts in Brazilian Real, Japanese Yen, and Mexican Peso to be settled at future dates at pre-determined exchange rates.

The fair value of all foreign currency exchange 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 conducts its impairment analysis of goodwill annually at December 31 or more frequently if changes in facts and circumstances indicate that it is more likely than not that the fair value of the Company's reporting unit may be less than its carrying amount. The Company conducted its annual impairment analysis of goodwill as of December 31, 2022 by performing a qualitative assessment and concluded that it was more likely than not that the fair value of its reporting unit exceeded its carrying amount. In assessing the qualitative factors, the Company considered the impact of change in industry and competitive environment, the Company's market capitalization and budgeted-to-actual revenue performance for the twelve months ended December 31, 2022. There have been no triggering events identified affecting the valuation of goodwill subsequent to the annual impairment test.

The following table summarizes the activities in the Company's goodwill balance (in thousands):

	Years Ended March 31,	
	2023	2022
Beginning of the period	$ 448,175	$ 429,604
Acquisitions	7,976	20,721
Effects of foreign currency translation	(1,541)	(2,150)
End of the period	$ 454,610	$ 448,175

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

	March 31,					
	2023			2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks and trade names	$ 36,790	$ (26,774)	$ 10,016	$ 36,790	$ (22,295)	$ 14,495
Developed technology	121,730	(94,792)	26,938	119,407	(83,540)	35,867
Customer contracts/relationships	71,110	(47,688)	23,422	71,110	(40,971)	30,139
In-process R&D	3,526	—	3,526	3,826	—	3,826
Effects of foreign currency translation	(1,021)	292	(729)	(634)	86	(548)
Total	$ 232,135	$ (168,962)	$ 63,173	$ 230,499	$ (146,720)	$ 83,779

During fiscal year 2022, the Company recognized a pre-tax impairment charge of $7.0 million to Jaybird-related intangible assets, primarily related to customer contracts and relationships, as a result of its decision to discontinue Jaybird-branded products.

For fiscal years 2023, 2022 and 2021, amortization expense for intangible assets was $24.4 million, $30.2 million and $31.8 million, respectively. The Company expects that annual amortization expense for fiscal years

2024, 2025, 2026, 2027 and 2028 will be $20.3 million, $18.2 million, $11.9 million, $4.9 million and $3.3 million, respectively, and $1.0 million thereafter.

Note 12—Financing Arrangements

The Company had several uncommitted, unsecured bank lines of credit aggregating $181.3 million and $195.0 million as of March 31, 2023 and 2022, respectively. There are no financial covenants under these lines of credit with which the Company must comply. As of March 31, 2023 and 2022, the Company had outstanding bank guarantees of $13.6 million and $25.5 million, respectively, under these lines of credit. There was no borrowing outstanding under these lines of credit as of March 31, 2023 and 2022.

Note 13—Commitments and Contingencies

Product Warranties

Changes in the Company's warranty liabilities for fiscal years 2023 and 2022 were as follows (in thousands):

	Years Ended March 31,	
	2023	2022
Beginning of the period	$ 46,219	$ 48,832
Provision	31,089	29,812
Settlements	(35,919)	(32,082)
Effects of foreign currency translation	(503)	(343)
End of the period	$ 40,886	$ 46,219

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, 2023, no material 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 that 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 condition, 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 condition, 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 13,763,347 were held in treasury shares as of March 31, 2023.

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 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, which was authorized at the 2022 Annual General Meeting to be extended to September 14, 2024.

Dividends

Pursuant to Swiss corporate law, the payment of dividends is limited to certain amounts of unappropriated retained earnings (approximately CHF 1.2 billion, or USD equivalent of $1.3 billion as of March 31, 2023) and is subject to shareholder approval.

In May 2023, the Board of Directors recommended that the Company pay cash dividends for fiscal year 2023 of CHF 1.06 per share (USD equivalent of approximately $1.16 per share, which would result in a gross aggregate dividend of approximately $184.2 million, based on the exchange rate and shares outstanding, net of treasury shares, on March 31, 2023).

In September 2022, the Company paid gross cash dividends of CHF 0.96 (USD equivalent of $0.98) per common share, totaling $158.7 million on the Company's outstanding common shares. In September 2021, the Company paid cash dividends of CHF 0.87 (USD equivalent of $0.95) per common share, totaling $159.4 million on the Company’s outstanding common shares. In September 2020, the Company 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 shares.

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 $10.4 million at March 31, 2023 (based on the exchange rate at March 31, 2023).

Share Repurchases

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. 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.

In April 2021, the Company's Board of Directors approved an increase of $750.0 million of the 2020 share repurchase program, to an aggregate amount of $1.0 billion. The Swiss Takeover Board approved this increase and it became effective on May 21, 2021.

In July 2022, the Company’s Board of Directors approved an increase of $500 million to the 2020 share repurchase program, to an aggregate amount of up to $1.5 billion to purchase up to 17.3 million of Logitech shares. The Swiss Takeover Board approved this increase and it became effective on August 19, 2022. The 2020 share repurchase program is expected to remain in effect for a period of three years through July 27, 2023. As of March 31, 2023, $505.8 million was available for repurchase under the 2020 repurchase program.

A summary of the approved and active share repurchase program in fiscal year 2023 is shown in the following table (in thousands, excluding transaction costs):

	Approved		Repurchased	
Share Repurchase Program	**Shares [(1)]**	**Amounts**	**Shares**	**Amounts**
May 2020	17,311	$ 1,500,000	14,014	$ 994,156

(1) The approval of the share repurchase program 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):

	Currency Translation Adjustment	Defined Benefit Plans	Deferred Hedging Gains (Losses)	Total
March 31, 2022	$ (102,461)	$ (3,495)	$ 1,833	$ (104,123)
Other comprehensive income (loss)	1,592	8,020	(5,766)	3,846
March 31, 2023	$ (100,869)	$ 4,525	$ (3,933)	$ (100,277)

Note 15—Segment Information

The Company operates in a single operating segment that encompasses the design, manufacturing and marketing of peripherals for PCs, tablets, gaming, video conferencing, 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 and impairment of intangible assets, acquisition-related costs and change in fair value of contingent consideration from business acquisitions.

Sales by product categories were as follows (in thousands):

	Years Ended March 31,		
	2023	2022	2021
Pointing Devices	$ 728,357	$ 781,108	$ 680,907
Keyboards & Combos	836,432	967,301	784,488
PC Webcams	227,692	403,651	439,865
Tablet & Other Accessories	254,374	310,123	384,301
Gaming (1)	1,211,485	1,451,883	1,239,005
Video Collaboration	887,517	997,164	1,044,935
Mobile Speakers	111,649	149,782	174,895
Audio & Wearables	274,231	401,424	468,776
Other (2)	7,081	18,665	35,107
Total Sales	$ 4,538,818	$ 5,481,101	$ 5,252,279

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

(2) Other includes Smart Home.

Sales by geographic region (based on the customers' locations) for fiscal years 2023, 2022 and 2021 were as follows (in thousands):

	Years Ended March 31,		
	2023	2022	2021
Americas	$ 1,930,908	$ 2,317,941	$ 2,206,552
EMEA	1,299,657	1,724,027	1,735,682
Asia Pacific	1,308,253	1,439,133	1,310,045
Total Sales	$ 4,538,818	$ 5,481,101	$ 5,252,279

Revenues from sales to customers in the United States represented 35%, 34% and 35% of sales in fiscal years 2023, 2022 and 2021, respectively. Revenues from sales to customers in Germany represented 14%, 15% and 16% of sales in fiscal years 2023, 2022 and 2021, respectively. Revenues from sales to customers in China represented 11% and 10% of sales in fiscal years 2023 and 2022, respectively. No other country represented more than 10% of sales during these periods presented herein. Revenues from sales to customers in Switzerland, the Company's country of domicile, represented 3% of sales in each of fiscal years 2023, 2022 and 2021.

Property, plant and equipment, net (excluding software) and right-of-use assets by geographic region were as follows (in thousands):

	March 31,	
	2023	2022
Americas	$ 59,183	$ 22,578
EMEA	38,890	23,830
Asia Pacific	69,939	87,265
Total	$ 168,012	$ 133,673

Property, plant and equipment, net (excluding software) and right-of-use assets in the United States, China, and Ireland were $58.7 million, $48.8 million, and $17.7 million, respectively, as of March 31, 2023. Property, plant and equipment, net (excluding software) and right-of-use assets in the United States and China were $21.7 million and $66.8 million, respectively, as of March 31, 2022. Property, plant and equipment, net (excluding software) and right-of-use assets in Switzerland, the Company's country of domicile, were $13.7 million and $13.6 million as of March 31, 2023 and 2022, respectively. No other countries represented more than 10% of the Company's total consolidated property, plant and equipment, net (excluding software) and right-of-use assets as of March 31, 2023 or 2022.

Note 16—Restructuring

The following table summarizes restructuring-related activities during fiscal years 2023 and 2022 (in thousands):

	Termination Benefits	Contract Termination and Other	Total
Accrued restructuring liability at March 31, 2021 (1)	$ 627	$ —	$ 627
Charges, net	879	1,286	2,165
Cash payments	(945)	(390)	(1,335)
Accrued restructuring liability at March 31, 2022 (1)	$ 561	$ 896	$ 1,457
Charges, net	27,631	6,942	34,573
Cash payments	(14,015)	(2,481)	(16,496)
Accrued restructuring liability at March 31, 2023 (1)	$ 14,177	$ 5,357	$ 19,534

(1) The accrual balances are included in accrued and other current liabilities on the Company's consolidated balance sheets.

During the second quarter of fiscal year 2023, the Company initiated a restructuring plan to realign its business group and engineering structure with its go-to-market strategy to more effectively compete within the enterprise market and to better serve end-users. During the fourth quarter of fiscal year 2023, the Company undertook further actions to remove organization layers as well as streamline its marketing organization to increase efficiency. These actions resulted in charges related to employee severance and other termination benefits as well as contract termination and other costs. The Company recorded pre-tax charges totaling $34.6 million in restructuring charges, net in the consolidated statement of operations for the year ended March 31, 2023. The Company expects to substantially complete these restructuring activities within the next twelve months.

During the third quarter of fiscal year 2022, as part of the Company's strategic review, the Company decided to cease future product launches under the Jaybird brand within the Audio & Wearables product category. As a result, the Company recorded $7.6 million in cost of goods sold related to write-offs for excess inventories, $7.0 million impairment to the intangible assets acquired as part of the Jaybird acquisition (see Note 11), and $2.2 million in restructuring charges, net, related to production cancellation costs and employee severance and other termination benefits, for the year ended March 31, 2022. This restructuring plan has been substantially completed during fiscal year 2023.

Note 17 — Leases

The Company is a lessee in various noncancellable operating leases, primarily real estate facilities for office space. As of March 31, 2023, the Company's lease arrangements are comprised of operating leases with various expiration dates through November 30, 2033. 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 the Company's 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 including short-term lease costs were $21.2 million, $17.3 million and $15.0 million as of March 31, 2023, 2022, and 2021, respectively. Total variable lease costs were not material during the year ended March 31, 2023, 2022 and 2021. 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 statements of operations.

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

	Years Ended March 31,		
	2023	2022	2021
Cash paid for amounts included in the measurement of operating lease liabilities	$ 16,565	$ 15,400	$ 13,865
ROU assets obtained in the exchange for operating lease liabilities	$ 43,093	$ 22,174	$ 15,659

Future lease payments included in the measurement of operating lease liabilities as of March 31, 2023 for the following five fiscal years and thereafter are as follows (in thousands):

Years Ending March 31,	
2024	$ 13,409
2025	13,657
2026	10,769
2027	10,155
2028	9,107
Thereafter	40,889
Total lease payments	$ 97,986
Less: imputed interest	(15,416)
Less: tenant improvement allowance [1]	(11,554)
Present value of lease liabilities	$ 71,016

(1) The operating leases for two real estate facilities in the Americas region provide for tenant improvement allowances, for which the lessors reimburse the Company for the costs of constructing leasehold improvements up to $11.6 million.

Weighted-average lease terms and discount rates were as follows:

	Years Ended March 31,	
	2023	2022
Weighted-average remaining lease terms (in years)	8.1	4.6
Weighted-average discount rate	3.7 %	2.8 %

Schedule II

LOGITECH INTERNATIONAL S.A.

VALUATION AND QUALIFYING ACCOUNTS

For the Fiscal Years Ended March 31, 2023, 2022 and 2021 (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:				
2023	$ 2,212	$ (2,019)	$ (107)	$ 86
2022	$ 1,161	$ 1,691	$ (640)	$ 2,212
2021	$ 1,894	$ (533)	$ (200)	$ 1,161
Allowance for sales returns:				
2023	$ 12,321	$ 157,619	$ (159,794)	$ 10,146
2022	$ 14,438	$ 162,381	$ (164,498)	$ 12,321
2021	$ 6,599	$ 122,803	$ (114,964)	$ 14,438
Allowance for cooperative marketing arrangements:				
2023	$ 56,372	$ 262,363	$ (278,240)	$ 40,495
2022	$ 43,276	$ 286,116	$ (273,020)	$ 56,372
2021	$ 38,794	$ 222,732	$ (218,250)	$ 43,276
Allowance for customer incentive programs:				
2023	$ 97,460	$ 329,666	$ (355,481)	$ 71,645
2022	$ 76,200	$ 348,072	$ (326,812)	$ 97,460
2021	$ 55,741	$ 256,755	$ (236,296)	$ 76,200
Allowance for pricing programs:				
2023	$ 120,797	$ 784,835	$ (806,810)	$ 98,822
2022	$ 120,568	$ 885,228	$ (884,999)	$ 120,797
2021	$ 100,168	$ 782,734	$ (762,334)	$ 120,568
Tax valuation allowance:				
2023	$ 29,858	$ 908	$ —	$ 30,766
2022	$ 28,926	$ 887	$ 45	$ 29,858
2021	$ 29,171	$ (245)	$ —	$ 28,926

(1) The amounts for fiscal years 2023, 2022 and 2021 include immaterial impacts from the business acquisitions during the year.

Exhibit 3.1

LOGITECH INTERNATIONAL S.A.

ARTICLES OF INCORPORATION

TITLE I

CORPORATE NAME – REGISTERED OFFICE – PURPOSE – DURATION

Article 1

There exists under the corporate name

"Logitech International S.A."

a corporation (*société anonyme*) governed by these Articles of Incorporation and by Title twenty-six of the Swiss Code of Obligations (the "CO").

The duration of the Company shall be indefinite.

The registered office is in Hautemorges.

Article 2

The Company shall be a holding company with the purpose of coordinating the activities of various Swiss and foreign subsidiaries of the Logitech group.

In addition, it shall have as a purpose the acquisition and management of shareholdings in other companies, and in particular the acquisition, holding and/or assignment of shareholdings in other commercial, industrial, financial or real property companies and enterprises, in Switzerland or abroad, directly or indirectly, in its own name and for its own account, or for the accounts of third parties, as investments or for other reasons, as well as for the financing of affiliated companies.

The Company may conduct, in Switzerland or abroad, any manner of activities, create branch offices, and undertake any real estate, financial or commercial operations which relate directly or indirectly to its purpose.

TITLE II

SHARE CAPITAL AND SHARES

Article 3

The share capital is fixed at CHF 43,276,655 (forty-three million two hundred seventy-six thousand six hundred fifty-five Swiss francs), entirely paid-in.

It is divided into 173,106,620 (one hundred seventy-three million one hundred and six thousand six hundred twenty) registered shares with a nominal value of CHF 0.25 (twenty-five centimes) each.

Article 4

The shares shall be registered.

The general meeting of shareholders (the "General Meeting") shall have the authority to convert the registered shares into bearer shares by means of an amendment to these Articles of Incorporation.

Subject to the paragraph below, the registered shares of the Company will be uncertificated securities (in terms of the Swiss Code of Obligations) and book entry securities (in terms of the Swiss Book Entry Securities Act).

A shareholder registered in the Company's shareholders' register may request from the Company a statement of the shareholder's registered shares at any time. Shareholders do not have a right to the printing and delivery of share certificates. The Company may, however, print and deliver certificates for shares at any time at its option. The Company may also, at its option, withdraw uncertificated shares from the custodian system where they have been registered and, with the consent of the shareholder, cancel issued certificates that are returned to the Company.

Article 5

Each share shall confer the right to a proportional part of the profit resulting from the balance sheet and the proceeds of liquidation.

Shareholders shall only have those obligations specified in these Articles of Incorporation, and shall not be personally liable for the debts of the Company.

Shares shall be indivisible; the Company shall recognize only one representative per share.

The ownership of a share shall entail acceptance of the provisions of these Articles of Incorporation.

Article 6

The Company shall maintain a share register which lists the names of the owners and beneficiaries of the shares as well as their domiciles.

Only those persons entered in the share register as owners shall be deemed to be shareholders of the Company.

The transfer of ownership of certificated shares shall require delivery of the properly endorsed share certificate to the purchaser.

The transfer of ownership of shares held as book entry securities shall be carried out according to the provisions of the Swiss Book Entry Securities Act.

Registered shares not incorporated into a certificate and that are not held as book entry securities as well as the respective rights associated therewith which are not incorporated into any certificate may
be transferred only by assignment. Such assignment shall be valid only if the Company has been notified thereof.

Article 7

Should a shareholder change his address, he must so inform the Company. As long as a shareholder has not provided notice of a change of address to the Company, any written communication shall be validly made to his last address entered in the share register.

TITLE III

THE ORGANIZATION OF THE COMPANY

A. GENERAL MEETING OF SHAREHOLDERS

Article 8

The General Meeting shall be the supreme authority of the Company. It holds the inalienable rights provided by law.

The General Meeting shall convene at the place designated by the Board of Directors.

As from January 1, 2023, the Board of Directors may also decide to hold General Meetings in several locations or virtually without any physical place of meeting.

One or more shareholders who represent together at least ten percent of the 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 (1) percent of the share capital or (ii) an aggregate nominal value of CHF 1,000,000 (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 and to include an item on the agenda shall be made in writing and shall describe the matters to be considered and any proposals to be made to the shareholders. Such written request shall be received by the Board of Directors at least sixty (60) days before the date proposed for the General Meeting.

Article 9

General Meetings shall be called at least twenty days before the date of the meeting by a single notice published in the media specified in Article 24 below.

A General Meeting can alternatively be called by means of a notice sent to shareholders at the address entered in the share register. In such a case, the twenty-day notice period referred to above shall begin on the day following the date on which the notice shall have been mailed.

Article 10

Each share confers the right to one vote.

Article 11

Any shareholder may appoint a representative who need not be a shareholder, provided that person holds a written proxy. Members of the Board of Directors who are present shall decide whether to accept or refuse such proxies.

Statutory provisions relating to the representations of shareholders by the independent proxy are reserved.

Article 12

The General Meeting shall be presided over by the Chairman of the Board of Directors or any other member of the Board of Directors. In the absence of such persons, the chairman shall be appointed by the General Meeting.

The Chairman of the General Meeting shall appoint the secretary of the General Meeting and the scrutineers.

Article 13

In the absence of any provision to the contrary in the law or these Articles of Incorporation, the General Meeting shall make resolutions and proceed to elections by a simple majority of the votes cast. In the event of a tie vote, the vote of the Chairman of the General Meeting shall decide.

As a general rule, voting and elections shall be conducted by a show of hands; however, a secret ballot shall be used when the Chairman of the General Meeting so orders or when 25 shareholders present at the meeting shall so request. An electronic vote shall be deemed a secret ballot.

B. BOARD OF DIRECTORS

Article 14

The Board of Directors of the Company shall be composed of at least three members elected individually by the General Meeting for a term of office expiring after completion of the subsequent Annual General Meeting and who shall be indefinitely re-eligible.

The Chairman of the Board of Directors shall also be appointed by the General Meeting for a term of office expiring after completion of the subsequent Annual General Meeting and who shall be indefinitely re-eligible.

Unless provided otherwise in the law or these Articles of Incorporation, the Board of Directors shall organize itself. It shall be entitled to elect one or more vice-chairmen, who shall assume the responsibilities of the Chairman of the Board of Directors if the latter is incapacitated.

Article 15

The Board of Directors shall make decisions and proceed to elections by a majority vote of the members present at the meeting. In the event of a tie vote, the vote of the Chairman shall decide.

The decisions of the Board of Directors may be made in the form of a written consent (given by letter, fax or telegram) to a proposal, such consent representing a majority of all the members of the Board of Directors inasmuch as the proposal was submitted to all the members of the Board of Directors, unless a discussion is requested by one of them.

Article 16

The Board of Directors shall have the non-transferable and inalienable powers provided for under Art. 716a of the CO.

It may make decisions on any matters which have not been reserved to another corporate body of the Company pursuant to the law or these Articles of Incorporation.

Article 17

The Board of Directors may, in compliance with the organizational regulations, entrust the management and the representation of the Company to one or more of its members or to other natural persons who need not be shareholders (the "Management Team").

Article 17 bis

No member of the Board of Directors shall assume more than ten (10) mandates in supreme management or supervisory bodies of legal entities outside the Logitech group, of which no more than four (4) may be in listed companies. In addition, Members of the Board of Directors may assume up to ten (10) mandates in the governing bodies of charitable or similar organizations. The Chairman of the Board of Directors must be informed of such mandates.

The limits contemplated in the preceding paragraph do not apply to mandates:

a) for companies controlled by the Company or that control the Company;
b) that a member of the Board of Directors assumes at the request of the Company or of a company controlled by it; and
c) for companies that are not required to be registered in the commercial registry in Switzerland or in an equivalent registry outside of Switzerland.

Mandates for legal entities under common control or at the request of such legal entities are counted as one single mandate for the purpose of this Article 17 bis.

Article 17 ter

The Board of Directors shall establish a Compensation Committee. The Compensation Committee shall be composed of at least two members of the Board of Directors, who shall be elected individually by the General Meeting for a term of office expiring after completion of the subsequent Annual General Meeting and who shall be indefinitely re-eligible.

The chairman of the Compensation Committee shall be appointed by the Board of Directors. The Compensation Committee shall otherwise organize itself.

The Compensation Committee shall support the Board of Directors in establishing and reviewing the Company's compensation strategy, guidelines and the performance targets, as well as in preparing the proposals to the General Meeting regarding the compensation of the Board of Directors and of the Management Team. It may submit proposals to the Board of Directors in other compensation-related issues.

The Board of Directors shall set out in the organizational regulations (i) for which positions of the Board of Directors and of the Management Team the Compensation Committee shall submit proposals for the compensation, and (ii) for which positions the Compensation Committee shall determine such compensation in accordance with these Articles of Incorporation and the compensation guidelines.

The Board of Directors may delegate further tasks and powers to the Compensation Committee.

Article 18

In countries where laws or customs require for companies that important documents, or those subject to certain conditions of form have a seal, a seal may be affixed next to the signature.

The Board of Directors shall determine those seals and set the rules regarding the use thereof.

C. MANAGEMENT TEAM

Article 18 bis

The Company or companies controlled by it may enter into agreements relating to the compensation of the members of the Management Team (the "employment agreements"). Fixed-term employment agreements shall run for a maximum period of one year. Employment agreements entered into for an indefinite period of time shall be subject to a maximum notice period of one year.

Employment agreements entered into with members of the Management Team may contemplate a prohibition of competition after termination of the relevant employment agreement. The total consideration for a prohibition of competition that applies after termination of an employment agreement and expiration of the applicable notice period, if any, shall not exceed, with respect to the entire period during which the prohibition of competition applies, the total annual compensation of the relevant member of the Management Team.

Article 18 ter

No member of the Management Team may assume more than five (5) mandates in supreme management or supervisory bodies of legal entities outside the Logitech group, of which no more than two (2) may be in listed companies. In addition, Members of the Management Team may assume up to five (5) mandates in the governing bodies of charitable or similar organizations. Any such mandate shall require the approval of the Board of Directors.

This restriction does not include mandates:
a) for companies controlled by the Company or that control the Company;
b) that a member of the Management Team assumes at the request of the Company or of a company controlled by it; and
c) for companies that are not required to be registered in the commercial registry in Switzerland or in an equivalent registry outside of Switzerland.

Mandates for legal entities under common control are counted as one single mandate for the purpose of this Article 18 ter.

D. AUDITORS

Article 19

The General Meeting shall appoint one or several auditors as statutory auditors. It may appoint substitute auditors.

The term of office of the auditors shall be one year; it shall end after completion of the subsequent Annual General Meeting. Reappointment shall be possible.

TITLE IV

COMPENSATION

Article 19 bis

The compensation of the members of the Board of Directors who do not have delegated management responsibilities shall consist of cash payments and shares or share equivalents. The value of cash compensation and shares or share equivalents shall correspond to a fixed amount, which shall reflect
the functions and responsibilities assumed. The value of shares or share equivalents shall be calculated at market value.

Members of the Board of Directors who have delegated management responsibilities shall be compensated in the manner contemplated in Article 19 ter below.

The Company shall reimburse the expenses incurred by the members of the Board of Directors. Expenses reimbursements are not part of the compensation.

Article 19 ter

The principal components of the compensation of the Management Team shall be: (i) base salary; (ii) performance-based cash compensation, in the form of incentive cash payments and (iii) equity incentive awards.

The base salary shall reward the relevant members of the Management Team for their individual contribution to the Company and their expected day-to-day services.

The performance-based cash compensation shall take appropriate account of the achievement of the Company's, individual employees' or other performance goals. The target level of the performance-based cash compensation elements shall be determined as a percentage of the base salary. The performance-based cash compensation may amount up to a pre-determined multiplier of the target level. Its amount may also reflect an overall assessment of the relevant employee's performance or the Company's objectives.

Equity incentive awards shall provide, in particular, a direct incentive for future performances and align the interest of the Management Team with those of the Company's shareholders. Equity incentive awards shall be governed by performance metrics that take into account strategic or other objectives of the Company or by reference to the duration of the relevant employee's service to the Company or companies controlled by it.

The Board of Directors or, to the extent delegated to it, the Compensation Committee, shall determine performance metrics and target levels applicable to performance-based cash compensation and equity incentive awards, as well as their achievement.

Compensation may be paid or granted in the form of cash, shares, other benefits or in kind; compensation to members of the Management Team may also be paid or granted in the form of financial instruments or similar units. The Board of Directors or, to the extent delegated to it, the Compensation Committee shall decide upon each grant as well as the applicable vesting, blocking, exercise and forfeiture conditions; they may provide for continuation, acceleration or removal of vesting and exercise conditions, for payment or grant of compensation assuming target achievement or for forfeiture in the event of pre-determined events such as termination of employment or office or change of control. Compensation may be paid by the Company or companies controlled by it.

Members of the Management Team may participate in share purchase plans established by the Company or companies controlled by it, under the terms of which eligible employees may allocate a portion of their compensation to the purchase of shares of the Company at a discount to market price.

The Company shall reimburse the expenses incurred by the members of the Management Team. Expenses reimbursements are not part of the compensation.

Article 19 quater

Upon proposal of the Board of Directors, the General Meeting approves the maximum aggregate amount of the compensation of:

a) the Board of Directors, for the period up to the next Annual General Meeting; and
b) the Management Team, for the next business year.

The Board of Directors may submit to the General Meeting for approval proposals in respect of maximum aggregate amounts and/or individual compensation components for other time periods and/
or propose the payment of additional amounts for special or extraordinary services of some or all of the members of the Board of Directors or of the Management Team.

If the General Meeting rejects a proposal submitted by the Board of Directors, the latter shall submit an alternative proposal to the same or a subsequent General Meeting.

The Company or companies controlled by it may grant or pay compensation subject to subsequent ratification at a General Meeting and claw-back by the Company in case of rejection by the General Meeting.

Article 19 quinquies

If the maximum aggregate amount of compensation already approved by the General Meeting is not sufficient to also cover the compensation of one or more persons who become members of the Management Team during a compensation period for which the General Meeting has already approved the compensation of the Management Team (new hire), the Company or companies controlled by it shall be authorized to pay an additional amount with respect to the compensation period already approved. Such additional amount shall not exceed:

a) for the head of the Management Team (CEO), one hundred and forty percent (140%) of the total annual compensation of the former CEO; and
b) for any new hire other than the CEO, one hundred and forty percent (140%) of the highest total annual compensation of any member of the Management Team other than the CEO.

Article 19 sexies

Subject to Article 19 quarter, paragraph 4, above, Members of the Board of Directors and the Management Team shall not receive credits or loans from the Company or from a company controlled by it.

Compensation paid to members of the Board of Directors or Management Team for activities in companies that are controlled by the Company shall be permitted. This compensation shall be included in the total compensation payable to the Board of Directors or Management Team, as applicable, which shall be subject to the approval of the General Meeting.

Pension contributions and benefits shall be made or provided in accordance with the regulations applicable to the pension schemes in which the Company or the companies controlled by it participate in Switzerland or abroad.

TITLE V

BUSINESS YEAR, ANNUAL ACCOUNTS AND ALLOCATION OF PROFITS

Article 20

The business year shall begin on April 1st and end on March 31st.

Article 21

Five percent of the annual profits shall be allocated to the general reserve until such reaches twenty percent of the paid in share capital. Should the general reserve be used in any amount the allocation of profits shall be made until this level is reached again.

The balance of the profits arising from the balance sheet shall be distributed according to the resolutions of the General Meeting, upon proposition of the Board of Directors; however, the mandatory legal provisions of the law relating to the legal reserve must be complied with.

Article 22

Dividends shall be paid at the time specified by the Board of Directors. Any dividend which has not been claimed within five years of it becoming due is time-barred by statute of limitations and shall be forfeited to the Company by simple right and automatically.

TITLE VI

LIQUIDATION

Article 23

The General Meeting shall retain its right to approve the accounts at the time of liquidation and shall have the authority to discharge the liquidators with respect to their activities in connection therewith.

After payment of liabilities, the assets of the dissolved Company shall be distributed among the shareholders *pro rata* according to the par value of each such shareholders' shares.

TITLE VII

PUBLIC NOTICES – COMMUNICATIONS

Article 24

Public notices by the Company shall be made in the *Feuille Officielle Suisse du Commerce* (Swiss Official Commercial Gazette).

TITLE VIII

CONDITIONAL CAPITAL AND AUTHORIZED CAPITAL

Article 25

By the exercise of share option or other rights granted to certain employees, officers and directors of the group according to the group's employee equity incentive plans, the share capital of the Company may be increased at most by CHF 6,250,000 (six million two hundred fifty thousand Swiss Francs) by way of the issue of 25,000,000 (twenty-five million) registered shares with a nominal value of CHF 0.25 (twenty-five centimes) each.

The shareholders' preferential subscription rights shall be eliminated for such new shares.

Article 26

By the exercise of conversion rights which are granted in relation with the issue of convertible bonds, the share capital of the Company shall be increased by a maximum aggregate amount of CHF 6,250,000 (six million, two hundred fifty thousand Swiss Francs) through the issuance to the holders of such bonds of a maximum of 25,000,000 (twenty-five million) fully paid-in registered shares with a nominal value of CHF 0.25 (twenty-five centimes) each.

The shareholders shall not have the right to subscribe by preference for the shares issuable on conversion of the bonds.

The Board of Directors may 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 7 (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.

Article 27

The Board of Directors is authorized at any time until September 14, 2024 to increase the share capital of the Company by a maximum aggregate amount of CHF 4,327,666 through the issuance of not more than 17,310,662 registered shares with a par value of CHF 0.25 each, which will have to be fully paid in.

Increases in partial amounts are permitted. The Board of Directors may authorize the issuance of new shares by means of an underwriting or similar process carried out by one or more banks or other financial institutions with a view to offering the new shares to existing shareholders or to third parties. The Board of Directors shall 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 shall become entitled to dividends. The Board of Directors may authorize, restrict or exclude the trading of preferential subscription rights.

If preferential subscription rights are granted, but not exercised, the Board of Directors shall use the rights associated with the relevant shares in the interest of the Company.

The Board of Directors may restrict or withdraw the preferential subscription rights of existing shareholders, and allocate such rights to third parties or to the Company 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.

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These articles of incorporation were approved on June 24th, 1993, and modified on June 27th, 1996, February 13th, 1998, June 25th, 1998, June 23rd and June 29th, 2000, March 19th, 2001, May 1st, 2001, June 1st and 28th, 2001, June 26th and 27th, 2002, June 24th, 2004, June 16th, 2005, June 16th, 2006, June 19th, June 20th, 2007, September 10, 2008, September 11, 2008, September 8, 2010, September 5, 2012, December 18, 2014, September 5, 2018, September 9, 2020 and September 14, 2022.

The above text is a translation of the original French articles of incorporation (*statuts*), which constitute the definitive text and are binding in law.

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 Incorporation(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 Route de Pampigny 20, Hautemorges, 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, 2023, 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 as in effect until December 31, 2022, 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. With effect as of January 1, 2023, Swiss law introduced the concept of a capital band (*marge de fluctuation*), which replaces the concept of “authorized share capital”. Authorized share capital provisions that were in place on January 1, 2023 are grandfathered until they expire in accordance with their terms.

In September 2022, the Company's shareholders approved an authorized share capital that authorizes the Board of Directors of the Company (the "**Board**") to issue until September 14, 2024 up to 17,310,662 new registered shares with a par value of CHF 0.25 each.

Under the authorized share capital, 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 favorable 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, 2023, 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 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 2023 and 2022, respectively, 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 4 - Employee Stock-Based Compensation 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 granted 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, 2023, 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 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 the delivery of the properly endorsed share certificate to the purchaser to be effective. 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 be notified to the Company to be valid .

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 confirm 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 on its audited statutory financial statements prepared pursuant to Swiss law and after allocations to legal reserves as required by Swiss law and the corporation's articles of association. 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 and the absolute majority of the par value of the shares, each as represented at the general meeting, 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 may generally only acquire its 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 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 May 2021 and August 2022, the Company increased the 2020 share repurchase program in two steps to an aggregate of $1.5 billion. As of March 31, 2023, $505.8 million was available for repurchase under the 2020 share repurchase program.

2.4. Liquidation rights

The general meeting of shareholders, by a resolution approved by at least two-thirds of the votes and the absolute majority of the nominal value of shares, each as represented at the general meeting, 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, the 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 in accordance with the Articles 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, together with a short explanation thereof, as well as the proposals of the shareholders (including a short explanation thereof) 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, alone or together with other shareholders, at least five per cent of the Company's share capital or voting rights may request that a general meeting be called. One or more shareholders representing alone or together with other shareholders at least 0.5percent of the Company's stated share capital or voting rights may request that an item be included on the agenda for a shareholders' meeting. These thresholds are effective as of January 1, 2025, or upon an earlier amendment to that effect to the Articles at general meeting of shareholders; until then, the relevant thresholds are ten per cent to call a general meeting and the lower of (i) one percent of the share capital or (ii) an aggregate nominal value of CHF 1,000,000 to request that an item be put on the agenda of a general 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 a 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 shares 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 proxy 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 at a general meeting. The independent proxy is elected by shareholders at 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.

Swiss law requires that shareholders be allowed to give instructions to the independent proxy by electronic means.

Quorums, majorities

The Company's Articles do not provide any presence quorum requirements applicable to general meetings of the Company's shareholders.

Unless otherwise required by law or the Articles, the general meeting of shareholders takes resolutions and proceeds to elections by a simple majority of the votes cast. In the event of a tied vote, the chairperson has a casting vote.

According to Swiss law, a number of resolutions may only be passed with a majority of two-thirds of the votes and the absolute majority of the aggregate par value of the shares, each as represented at the general meeting, 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 a capital band or conditional share capital;
- capital increases out of equity, against contributions in kind, or by set-off with a claim;
- grant of special benefits;
- any change in the currency of the share capital;
- suppression or limitation of the shareholders' preferential subscription right;
- a delisting of the Company’s shares from a stock exchange;
- change of the registered office of the Company; and
- liquidation of the Company.

The same majority 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 10.18

LOGITECH INC.

EMPLOYMENT AGREEMENT

February 6, 2023

WHEREAS, Charles Boynton ("Executive") is a member of the Group Management Team of Logitech International, S.A., a Swiss corporation (the "Parent");

WHEREAS, Executive is currently employed by Logitech Inc. (the "Company"), a wholly-owned subsidiary of the Parent (the Parent and its direct and indirect subsidiaries – including the Company – are collectively referred to as "Logitech") and is a party to an offer letter;

WHEREAS, the Parent is subject to compliance with Swiss corporate law prohibiting excessive compensation in Swiss listed companies; and

WHEREAS, Swiss corporate law restricts the ability of the Parent to have severance or change of control agreements or arrangements with members of its Group Management Team.

NOW, THEREFORE, Executive and the Company hereby agree, effective as of the date first written above:

1. This Employment Agreement (this "Agreement") sets forth certain terms of Executive's employment with the Company, as well as the parties' understanding with respect to any termination of that employment relationship.

2. Executive will be employed by the Company as Chief Financial Officer, and will serve in the positions assigned to Executive by the Chief Executive Officer of the Company (the "Company CEO") and, in his or her capacity as and to the extent he or she is designated by the Board of the Parent as a member of the Group Management Team of the Parent, by the Board of Directors of the Parent (the "Board") or the Chief Executive Officer of the Parent (the "Parent CEO"), as applicable, from time to time. Executive agrees to devote his or her full business time, energy and skill to the assigned duties. Executive agrees that, without the approval of the Board, the Parent CEO or the Company CEO, as applicable, Executive shall not, during the period of employment with the Company, devote any time to any business affiliation which would interfere with or derogate from Executive's obligations under this Agreement. Executive understands that this Agreement does not give him or her any claim to be or remain a member of the Group Management Team.

3. Executive will be compensated for his or her services to the Company as follows:

(a) Cash Compensation: Executive will receive his or her base salary as currently assigned in accordance with normal payroll procedures, and remain eligible to participate in the Logitech Management Performance Bonus Plan, which may be amended from time to time. Executive's compensation will be reviewed by the Board or the Compensation Committee of the Board (the "Compensation Committee") from time to time and may be subject to adjustment based on various factors including, but not limited to, individual performance, Logitech's performance and the approval of the compensation of the Group Management Team by the shareholders of the Parent in compliance with the Parent's Articles of Incorporation and Swiss corporate law. Any adjustment to Executive's compensation shall be in the sole discretion of the Board or the Compensation Committee.

(b) Benefits: Executive will have the right, on the same basis as other employees of the Company, to participate in and to receive benefits under any applicable medical, disability or other group insurance plans, as well as under the Company's business expense reimbursement, vacation policy and other policies. The Company reserves the right to cancel or change the benefit plans, programs and policies it offers to its employees at any time.

4. Executive agrees to provide the Company with up to nine (9) months of notice prior to the effective date of any termination of employment, with the length of notice (if any) within that range to be at the discretion of Executive (the "Executive Notice Period"). Except in cases where the Company terminates Executive's employment for Cause (as defined below), the Company agrees to provide Executive with nine (9) months of notice prior to the effective date of any termination of employment (the "Company Notice Period"; the Executive Notice Period or the Company Notice Period, as applicable, is referred to in this Agreement as the "Notice Period"). Notice of termination by either party shall be provided in writing. Executive shall remain a full-time employee of the Company during the Notice Period and shall not accept employment with any other entity during the Notice Period. Subject to specific terms contemplated in equity award agreements or equity or bonus plans, during the Notice Period, Executive shall continue to receive his or her base salary at the rate in effect as of the date either party has provided the other party with a notice of termination of employment (the "Date of Notice"), and Executive shall remain eligible for (i) all employee benefits in accordance with the provisions of the plans under which the benefits are provided, (ii) the payment of bonuses to the extent they become payable during the Notice Period or that become payable after the Notice Period but relate to a performance period that commenced during any portion of the Notice Period, with the bonus amount determined at the discretion of the Board or the Compensation Committee acting in good faith based on the Executive's target bonus (currently calculated as a percentage of base salary) in effect as of the Date of Notice and on the attainment level of the performance goals and metrics (corporate, business group and individual, as applicable) established by the Board or Compensation Committee for Executive within the applicable fiscal year bonus program and in accordance with the applicable bonus plans, and payable at the time all other members of the Group Management Team are paid their bonuses; provided, however, that any bonus relating to a performance period that ends following the last day of the Notice Period shall be prorated based on the number of days Executive is employed during the performance period, and (iii) continued vesting of awards to acquire, or that are denominated in, shares of the Parent ("Equity Awards") that were outstanding as of the Date of Notice. Executive shall be entitled to the acceleration of vesting of Equity Awards that were outstanding as of the Date of Notice in connection with a change of control of the Parent, termination of Executive's employment, or both, to the extent set forth in any agreement evidencing the Equity Awards and only to the extent permitted under the Laws (as defined in Section 10 below) of Switzerland and California. Executive shall not be entitled to any new Equity Awards, bonuses, promotions, or salary increases during the Notice Period. As of the Date of Notice and at any time during the Notice Period, the Company may at its absolute discretion decide to release Executive from his or her duty to perform any services in favor of the Company during the Notice Period. As of the Date of Notice and at any time during the Notice Period, Executive may at his or her absolute discretion waive the Notice Period and be released from his or her obligation not to accept employment with any other entity during the Notice Period, in which event Executive's employment will terminate upon the effective date of such waiver and Executive shall only be entitled to base salary, any accrued and unused vacation benefits, and any other compensation earned through the date of termination, and such waiver shall constitute a waiver of the compensation, benefits and continued vesting of Equity Awards set forth in this Section as of the effective date of such waiver.

5. The Company may terminate Executive's employment at any time without notice for Cause, including during any Notice Period, as determined in the Company's sole discretion and in good faith. Where the Company terminates Executive for Cause, the termination of employment shall

occur with immediate effect. Upon the effective date of Executive's termination for Cause, Executive shall only be entitled to base salary, any accrued and unused vacation benefits, and any other compensation, earned through the date of termination.

For purposes of this Agreement, "Cause" means Executive's: (i) willful dishonesty or fraud with respect to the business affairs of Logitech; (ii) intentional falsification of any employment or Logitech records; (iii) misappropriation of or intentional damage to the business or property of Logitech, including (but not limited to) the improper use or disclosure of the confidential or proprietary information of Logitech (excluding misappropriation or damage that results in a loss of little or no consequence to the business or property of Logitech); (iv) conviction (including any plea of guilty or nolo contendere) of a felony that, in the judgment of the Board (excluding Executive), materially impairs Executive's ability to perform his or her duties for Logitech or adversely affects Logitech's standing in the community or reputation; (v) willful misconduct that is injurious to the reputation or business of Logitech; or (vi) refusal or willful failure to perform any assigned duties reasonably expected of a person in his or her position (excluding during any statutory leaves of absence as permitted by law, and with reasonable accommodations for any disability required by law) after receipt of written notice by the Chief Executive Officer or Executive Chairperson of the Company or Parent of such refusal or failure and a reasonable opportunity to cure (as described below). Executive shall be given written notice by the Company of its intention to terminate Executive for Cause, which notice (a) shall state with particularity the grounds on which the proposed termination for Cause is based and (b) shall be given no later than ninety (90) days after the occurrence of the event giving rise to such grounds (or ninety (90) days after such later date as represents the actual knowledge by an executive officer of the Company or Parent (excluding Executive) of such grounds). The termination shall be effective upon Executive's receipt of such notice; provided, however, that with respect to subsection (vi) of this Section, Executive shall have thirty (30) days after receiving such notice in which to cure any refusal or willful failure to perform (to the extent such cure is possible). If Executive fails to cure such failure to perform within such thirty-day (30-day) period, Executive's employment with the Company shall thereupon be terminated for Cause.

6. This Agreement supersedes any prior offer letter or employment agreement between Executive and Logitech, in their entirety with respect to the subject matter covered by this Agreement. Any severance, notice of termination, and change of control agreements and arrangements between Logitech and Executive shall be terminated effective as of the date of this Agreement. This Agreement shall serve as a novation of such obligations, and the parties hereby waive all current and future rights and entitlements under such previous agreements or arrangements.

7. The Company and Executive acknowledge that Executive's employment with the Company is and shall continue to be at-will, subject to compliance with the Notice Period pursuant to Section 4 above. Specifically, either the Company or Executive may terminate Executive's employment for any reason.

8. This Agreement shall be effective as of the date first set forth above. This Agreement shall terminate upon the earlier of (i) the expiration of the Notice Period or (ii) the expiration of the Agreement Term (as defined below); provided, however, that if notice of termination of employment by either party (other than notice of termination by the Company for Cause pursuant to Section 5 above) is provided to the other party prior to expiration of the Agreement Term, then this Agreement shall terminate upon the expiration of the Notice Period. Unless this Agreement has terminated based on expiration of the Notice Period or on termination by the Company for Cause, the expiration of the Agreement Term shall not result in the termination of Executive's employment with the Company or, if applicable, with Logitech. The "Agreement Term" shall mean the period commencing on the effective date of this Agreement and continuing through the second anniversary of the date of this Agreement; provided, however, that the Agreement Term

shall be extended automatically for an additional year upon the expiration of the original term and each anniversary thereof, unless the Company has provided a written notice of non-renewal to Executive at least one (1) year prior to the then applicable expiration date of the term.

9. Subject to Section 10 and 12 below, this Agreement shall be governed by the laws of the State of California, without reference to conflicts of law principles, and the parties hereby consent to the exclusive jurisdiction of the competent courts, federal or state, located in Santa Clara County, California. Each party waives all defenses of lack of personal jurisdiction and forum non conveniens. Notwithstanding the foregoing, Section 12 is governed by the Federal Arbitration Act.

10. This Agreement may be amended only in a writing signed by both parties to this Agreement, provided that, notwithstanding Section 9 above, the parties agree that the Company has the right to unilaterally amend this Agreement without compensation solely if an amendment is determined to be reasonably necessary by the Company's legal counsel for Logitech to comply with existing or adopted ordinances, laws, rules or regulations applicable to Executive or Logitech ("Laws") (even if such Laws have not yet taken effect), including but not limited to Swiss corporate law prohibiting excessive compensation in Swiss listed companies, and such counsel determines that the amendment reasonably addresses such need. No amendment made to this Agreement under this provision shall affect the vested rights of the Executive. No failure or delay by either party in exercising any right hereunder or any partial exercise thereof shall operate as a waiver thereof or preclude any other or further exercise of any right hereunder.

11. In view of the personal nature of the services to be performed under this Agreement by Executive, Executive cannot assign or transfer any of his or her obligations under this Agreement.

12. Arbitration.

(a) Scope of Arbitration Requirement. Logitech and Executive hereby waive their rights to a trial before a judge or jury and agree to arbitrate before a neutral arbitrator any and all claims or disputes arising out of this Agreement and any and all claims arising from or relating to Executive's employment, including (but not limited to) claims against the Parent or the Company or against any current or former Executive, director or agent of the Parent or the Company, claims of wrongful termination, retaliation, discrimination, harassment, breach of contract, breach of the covenant of good faith and fair dealing, defamation, invasion of privacy, fraud, misrepresentation, constructive discharge or failure to provide a leave of absence, or claims regarding commissions, stock options or bonuses, infliction of emotional distress or unfair business practices.

(b) Procedure. The arbitrator's decision shall be written and shall include the findings of fact and law that support the decision. The arbitrator's decision shall be final and binding on both parties, except to the extent that applicable law allows for judicial review of arbitration awards. The arbitrator may award any remedies that would otherwise be available to the parties if they were to bring the dispute in court. The arbitration shall be conducted in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association; provided, however that the arbitrator shall allow the discovery authorized by the California Arbitration Act or the discovery that the arbitrator deems necessary for the parties to vindicate their respective claims or defenses. The arbitration shall take place in Santa Clara County, California, or, at Executive's option, the county in which Executive primarily worked with the Company at the time when the arbitrable dispute or claim first arose.

(c) Costs. The parties shall share the costs of arbitration equally, except that the Parent or the Company shall bear the cost of the arbitrator's fee and any other type of expense or cost that Executive would not be required to bear if he were to bring the dispute or claim in court. The Parent, the Company and Executive shall be responsible for their own attorneys' fees, and the arbitrator may not award attorneys' fees unless a statute or contract at issue specifically authorizes such an award.

(d) Applicability. This Section shall not apply to (i) workers' compensation or unemployment insurance claims or (ii) claims concerning the validity, infringement or enforceability of any trade secret, patent right, copyright or any other trade secret or intellectual property held or sought by Executive or Logitech.

13. IRC Section 409A Matters.

(a) The payments and benefits to which Executive could become entitled to under Section 4 above are intended be exempt from Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), under the separation pay plan and short-term deferral exception to the maximum extent permitted under Section 409A and the guidance promulgated thereunder, and the Agreement shall be interpreted and administered in a manner consistent with such intent. If the Company believes, at any time, that any such payment or benefit is not exempt or does not comply with Section 409A, the Company may amend the terms of the Agreement to avoid the application of Section 409A in a particular circumstance or as necessary or desirable to satisfy any of the requirements under Section 409A or to mitigate any additional tax, interest and/or penalties that may apply under Section 409A if exemption or compliance is not practicable, but the Company shall not be under any obligation to make any such amendment. Nothing in this Agreement shall provide a basis for any person to take action against Logitech or any affiliate thereof based on matters covered by Section 409A, including the tax treatment of any amount paid under the Agreement, and neither Logitech nor any of its affiliates shall under any circumstances have any liability to Executive or his or her estate or any other party for any taxes, penalties or interest due on amounts paid or payable under this Agreement, including taxes, penalties or interest imposed under Section 409A.

(b) Anything in this Agreement to the contrary notwithstanding, no amount payable under this Agreement upon or on a date or period of time that is by reference to a termination of Executive's employment that is non-qualified deferred compensation subject to Section 409A, as determined in the Company's sole discretion, will be paid unless Executive experiences a "separation from service" (within the meaning of Section 409A). In addition, to the extent any non-qualified deferred compensation subject to Section 409A is payable upon Executive's separation from service and Executive is a "specified employee" (within the meaning of Section 409A) as of the date of the separation from service, such amount shall instead be paid or provided to Executive on the earlier of (i) the first business day after the date that is six (6) months following Executive's separation from service or (ii) the date of Executive's death, to the extent such delayed payment is required to avoid a prohibited distribution under Section 409A. The provisions of this Section 13 will qualify and supersede all other provisions of this Agreement as necessary to fulfill the foregoing intention. Each payment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 409A.

14. To the extent that Executive remains or is otherwise performing the duties of an executive officer of Logitech during the periods under this Agreement (including but not limited to any applicable Notice Period) or as otherwise required pursuant to applicable Laws, all compensation payable under this Agreement is subject to any clawback provisions in Logitech's compensation plans, programs or agreements applicable to Executive or clawback policy that Logitech is required to adopt pursuant to any applicable Laws, including the Dodd-Frank Wall Street Reform and Consumer Protection Act, or that Logitech determines is necessary or appropriate.

15. This Agreement constitutes the entire agreement between Executive and the Company regarding the subject matter covered by this Agreement, and supersedes all prior negotiations, representations or agreements between Executive and the Company regarding the subject matter covered by this Agreement, whether written or oral.

ACCEPTED AND AGREED.

LOGITECH INC.

By: /s/ Bracken Darrell
Name: Bracken Darrell
Title: President and Chief Executive Officer

EXECUTIVE: Charles Boynton
By: /s/ Charles Boynton

Exhibit 10.19

January 30, 2023

Dear Chuck,

On behalf of Logitech Inc. (“Logitech”), we are pleased to offer you employment with Logitech as Chief Financial Officer reporting directly to me, as President and Chief Executive Officer of Logitech International S.A. (“Logitech International”).

Your annual base salary will be $600,000, payable every two weeks at a bi-weekly rate of $23,076.92.

You will also be eligible to participate in Logitech International’s Leadership Team Bonus Program, targeted at 90% of your base salary for a potential total target cash compensation of $1,140,000. For fiscal year 2023 (April 2022 – March 2023), your payout under the Leadership Team Bonus Program will be prorated based upon your start date, provided you are an active employee of Logitech on the last day of the bonus performance period.

You will also be eligible to participate in Logitech’s annual equity program. Grants in this annual equity program are subject to market conditions, Company performance and Compensation Committee approval and granted in the form of Performance Share Units (PSUs). The annual equity grants for a three-year performance period are approved in the March Board meeting and granted on April 15 each year. For April 15, 2023, we will propose a PSU grant of $2,750,000 subject to the terms and conditions of the applicable plan, including vesting requirements, in particular vesting following a three-year performance period, as approved by the Compensation Committee of Logitech International’s Board of Directors.

You will be subject to Logitech's stock ownership guidelines which currently mandate that you must fully own Logitech shares with a market value equal to a multiple of three times your annual base salary. You will have 5 years to meet ownership requirements.

Logitech offers a comprehensive benefits package, including medical, dental and vision insurance plans (effective on your date of hire), a healthcare spending account, a 401(k) retirement savings plan, commuter benefits, an Employee Share Purchase Plan, life insurance, short and long-term disability insurance, as well as up to 20 days per year of combined accrued vacation and sick leave and 15 paid holidays. As a senior leader of Logitech, you will also be eligible to participate in Logitech’s Management Deferred Compensation Plan.

Logitech’s compensation plans and programs are reviewed each year and may be subject to change. Logitech reserves the right to cancel or change the benefit plans and programs it offers to its employees at any time.

While it is our sincere hope and belief that our working relationship will be mutually beneficial, we also want to advise you that Logitech is an at-will employer. Consequently, either Logitech or you can terminate the employment relationship at-will, at any time, with or without cause, and with or without advance notice.

Please understand that this offer is contingent upon the successful completion of your background check as well as Logitech International’s Board of Directors approval prior to your start date. You will also be required to provide your legal eligibility to work in the United States on your first day of employment – instructions on what to bring will be provided before your first day.

We eagerly await your acceptance by January 30, 2023. This offer is contingent on a Start Date of February 6, 2023.

Once your offer acceptance is received:

- You will receive an invitation from Logitech’s on-boarding portal. With your personalized access, you will begin to learn about Logitech, review your benefits and enter additional information that is required to enable a smooth new hire experience for you.
- You will receive information about New Employee Orientation the week prior to your start date.

Chuck, we feel that the single most important factor of our success is our people and we look forward to having you on the Logitech team. If you have any questions or need clarification on any information contained in this letter, please do not hesitate to contact us. Please sign and return the offer letter to Kirsty Russell, our Head of People & Culture.

Sincerely yours,

/s/ Bracken Darrell

Bracken Darrell
President and Chief Executive Officer
Logitech International

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I accept the position of Chief Financial Officer and will begin work on February 6, 2023. I further acknowledge that the terms and conditions specified in this letter are the only commitments the Company is making relative to my employment and that all other promises, either verbal or written, are null and void.

/s/ Charles Boynton Jan 30, 2023
Charles Boynton Date

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 Canada Inc.	Canada
Logitech de Mexico S.A. de C.V.	Mexico
Logitech Inc.	United States of America
Logitech (Streaming Media) Inc.	United States of America
Logitech (Slim Devices) Inc.	United States of America
Ultimate Ears Incorporated	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 LLC	United States of America
Liminal Collective, Inc.	United States of America
Mevo Inc.	United States of America
Meetio Inc.	United States of America

Name of Subsidiary	Jurisdiction of Incorporation
EMEA	
Logitech GmbH	Federal Republic of Germany
Type Software UG	Federal Republic of Germany
Logitech Ireland Services Limited	Ireland
Logitech Benelux B.V.	Kingdom of the Netherlands
Logitech Norway AS	Norway
Logitech Poland Spolka z Ograniczona Odpowiedzialnoscia	Poland
SAS Logitech France	Republic of France
Logitech Italia SRL	Republic of Italy
Limited Liability Company “Logitech”	Russia
Logi Peripherals Technologies (South Africa) (Proprietary) Limited	South Africa
Logitech Espana BCN SL	Spain
Logitech Nordic AB	Sweden
Meetio Holding AB	Sweden
Meetio AB	Sweden
Airica AG	Switzerland
Labtec Europe S.A.	Switzerland
Logitech S.A.	Switzerland
Logitech Europe S.A.	Switzerland
Logitech Schweiz AG	Switzerland
Logitech Services S.A.	Switzerland
Logitech (Streaming Media) S.A.	Switzerland
Logitech Turkey Computer Marketing Services LLC	Turkey
Limited Liability Company "Logitech Ukraine"	Ukraine
Logitech Middle East FZ-LLC	United Arab Emirates
Logitech U.K. Limited	United Kingdom

Name of Subsidiary	Jurisdiction of Incorporation
ASIA PACIFIC	
Logitech Australia Computer Peripherals Pty, Limited	Commonwealth of Australia
Logitech Hong Kong Limited	Hong Kong
Logitech Asia Logistics Limited	Hong Kong
Logitech Asia Pacific Limited	Hong Kong
Logitech Electronic (India) Private Limited	India
Logitech Engineering & Designs India Private Limited	India
LogiCool Co., Ltd	Japan
Logi Computer Peripherals (Malaysia) Sdn. Bhd	Malaysia
Logitech New Zealand Co., Limited	New Zealand
Logitech Technology (Suzhou) Company Limited	People’s Republic of China
Logitech (China) Technology Company Limited	People’s Republic of China
Logitech Technology (Shenzhen) Consulting Company Limited	People’s Republic of China
Logitech Philippines Inc.	Philippines
Logitech Korea Ltd	Republic of Korea
Logitech Service Asia Pacific Pte Ltd	Republic of Singapore
Logitech Singapore Pte Ltd	Republic of Singapore
Logitech Far East, Limited	Taiwan, Republic of China
Logitech Vietnam Company Limited	Vietnam

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (Nos. 333-100854, 333-140429, 333-157038, 333-163933, 333-167143, 333-180725, 333-180726, 333-184583, 333-192728, and 333-221269) on Form S-8, the registration statement (No. 333-249613) on Form S-3, and the registration statement (No. 333-249638) on Form S-3ASR, of our report dated May 17, 2023, with respect to the consolidated financial statements of Logitech International S.A. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

San Francisco, California
May 17, 2023

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 17, 2023

/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, Charles Boynton, 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 17, 2023

/s/ Charles Boynton

Charles Boynton
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 Charles Boynton, 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 17, 2023
/s/ Bracken Darrell

Bracken Darrell
President and Chief Executive Officer

/s/ Charles Boynton

Charles Boynton
Chief Financial Officer