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DELTA REPORT

10-Q

LOGITECH INTERNATIONAL S.

10-Q - DECEMBER 31, 2022 COMPARED TO 10-Q - SEPTEMBER 30, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	852
CHANGES	309
DELETIONS	266
ADDITIONS	277

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2022 December 31, 2022

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

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 **ý** No **o**

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 **ý** No **o**

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

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. o

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

As of October 13, 2022 January 12, 2023, there were 161,657,246 160,304,010 shares of the Registrant's share capital outstanding.

TABLE OF CONTENTS

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

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

Our fiscal year ends on March 31. Interim quarters are generally thirteen-week periods, each ending on a Friday of each quarter. The second third quarter of fiscal year 2023 ended on September 30, 2022 December 30, 2022. The same quarter in the prior fiscal year ended on October 1, 2021 December 31, 2021. For purposes of presentation, we have indicated our quarterly periods end on the last day of the calendar quarter.

The term "sales" means net sales, except as otherwise specified.

We make available, free of charge on our website, access to our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as soon as reasonably practicable after we file or furnish them electronically with the Securities and Exchange Commission ("SEC").

We webcast our earnings calls and certain events we participate in or host with members of the investment community on our investor relations website at https://ir.logitech.com. Additionally, we provide notifications of news or announcements regarding our operations and financial performance, including SEC filings, investor events, and press and earnings releases as part of our investor relations website. We intend to use our investor relations website as means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Our corporate governance information also is available on our investor relations website.

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 into this Quarterly Report on Form 10-Q.

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

LOGITECH INTERNATIONAL S.A.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(unaudited)

		Three Months Ended September 30,		Six Months Ended September 30,			Three Months Ended December 31,		Nine Months Ended December 31,	
		2022	2021	2022	2021		2022	2021	2022	2021
Net sales	Net sales	$ 1,148,951	$ 1,306,267	$ 2,308,816	$ 2,618,325	Net sales	$ 1,269,925	$ 1,632,782	$ 3,578,741	$ 4,251,107
Cost of goods sold	Cost of goods sold	707,026	760,268	1,404,246	1,499,334	Cost of goods sold	789,489	971,646	2,193,735	2,470,980
Amortization of intangible assets	Amortization of intangible assets	3,145	3,836	6,187	7,902	Amortization of intangible assets	3,168	3,126	9,355	11,028
Gross profit	Gross profit	438,780	542,163	898,383	1,111,089	Gross profit	477,268	658,010	1,375,651	1,769,099
Operating expenses:	Operating expenses:					Operating expenses:				
Marketing and selling	Marketing and selling	202,091	256,627	431,469	508,941	Marketing and selling	196,653	269,941	628,122	778,882
Research and development	Research and development	69,009	68,661	144,526	137,907	Research and development	65,640	75,529	210,166	213,436
General and administrative	General and administrative	26,589	33,271	62,449	73,813	General and administrative	29,766	38,478	92,215	112,291
Amortization of intangible assets and acquisition-related costs	Amortization of intangible assets and acquisition-related costs	2,873	5,107	6,242	10,324	Amortization of intangible assets and acquisition-related costs	2,810	3,662	9,052	13,986
Impairment of intangible assets						Impairment of intangible assets	—	7,000	—	7,000
Change in fair value of contingent consideration for business acquisition	Change in fair value of contingent consideration for business acquisition	—	(925)	—	(2,399)	Change in fair value of contingent consideration for business acquisition	—	(1,110)	—	(3,509)
Restructuring charges, net	Restructuring charges, net	10,817	11	10,817	11	Restructuring charges, net	5,654	1,759	16,471	1,770
Total operating expenses	Total operating expenses	311,379	362,752	655,503	728,597	Total operating expenses	300,523	395,259	956,026	1,123,856
Operating income	Operating income	127,401	179,411	242,880	382,492	Operating income	176,745	262,751	419,625	645,243
Interest income	Interest income	3,459	201	4,908	517	Interest income	4,665	278	9,573	795

Other income (expense), net	Other income (expense), net	(25,397)	(6,703)	(19,773)	1,732	Other income (expense), net	1,406	(3,673)	(18,367)	(1,941)
Income before income taxes	Income before income taxes	105,463	172,909	228,015	384,741	Income before income taxes	182,816	259,356	410,831	644,097
Provision for income taxes	Provision for income taxes	23,372	33,453	45,088	58,444	Provision for income taxes	42,663	49,345	87,751	107,789
Net income	Net income	$ 82,091	$ 139,456	$ 182,927	$ 326,297	Net income	$ 140,153	$ 210,011	$ 323,080	$ 536,308
Net income per share:	Net income per share:					Net income per share:				
Basic	Basic	$ 0.50	$ 0.83	$ 1.12	$ 1.94	Basic	$ 0.87	$ 1.26	$ 1.98	$ 3.19
Diluted	Diluted	$ 0.50	$ 0.81	$ 1.11	$ 1.90	Diluted	$ 0.86	$ 1.24	$ 1.96	$ 3.14
Weighted average shares used to compute net income per share:	Weighted average shares used to compute net income per share:					Weighted average shares used to compute net income per share:				
Basic	Basic	163,186	168,389	163,937	168,380	Basic	161,244	167,090	163,042	167,953
Diluted	Diluted	164,328	171,343	165,371	171,682	Diluted	162,529	169,707	164,427	171,027

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

LOGITECH INTERNATIONAL S.A.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(unaudited)

		Three Months Ended September 30,		Six Months Ended September 30,			Three Months Ended December 31,		Nine Months Ended December 31,	
		2022	2021	2022	2021		2022	2021	2022	2021
Net income	Net income	$ 82,091	$ 139,456	$ 182,927	$ 326,297	Net income	$ 140,153	$ 210,011	$ 323,080	$ 536,308
Other comprehensive income (loss):	Other comprehensive income (loss):					Other comprehensive income (loss):				
Currency translation gain (loss):	Currency translation gain (loss):					Currency translation gain (loss):				
Currency translation loss, net of taxes		(18,063)	(4,731)	(39,283)	(3,927)					
Currency translation gain (loss), net of taxes						Currency translation gain (loss), net of taxes	33,076	(5,806)	(6,207)	(9,733)
Reclassification of cumulative translation adjustments included in other income (expense), net	Reclassification of cumulative translation adjustments included in other income (expense), net	—	5	—	1,051	Reclassification of cumulative translation adjustments included in other income (expense), net	219	—	219	1,051
Defined benefit plans:	Defined benefit plans:					Defined benefit plans:				
Net gain (loss) and prior service costs, net of taxes	Net gain (loss) and prior service costs, net of taxes	28	95	112	(405)	Net gain (loss) and prior service costs, net of taxes	(104)	(443)	8	(848)

Reclassification of amortization included in other income (expense), net	Reclassification of amortization included in other income (expense), net	(113)	212	(226)	423	Reclassification of amortization included in other income (expense), net	(112)	211	(338)	634
Hedging gain (loss):	Hedging gain (loss):					Hedging gain (loss):				
Deferred hedging gain, net of taxes		4,935	2,132	11,564	2,662					
Deferred hedging gain (loss), net of taxes						Deferred hedging gain (loss), net of taxes	(6,325)	1,061	5,239	3,723
Reclassification of hedging gain included in cost of goods sold	Reclassification of hedging gain included in cost of goods sold	(4,947)	(1,314)	(7,038)	(1,908)	Reclassification of hedging gain included in cost of goods sold	(4,728)	(3,200)	(11,766)	(5,108)
Total other comprehensive loss		(18,160)	(3,601)	(34,871)	(2,104)					
Total other comprehensive gain (loss)						Total other comprehensive gain (loss)	22,026	(8,177)	(12,845)	(10,281)
Total comprehensive income	Total comprehensive income	$ 63,931	$ 135,855	$ 148,056	$ 324,193	Total comprehensive income	$ 162,179	$ 201,834	$ 310,235	$ 526,027

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

LOGITECH INTERNATIONAL S.A.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)
(unaudited)

		September 30, 2022	March 31, 2022		December 31, 2022	March 31, 2022
Assets	**Assets**			**Assets**		
Current assets:	Current assets:			Current assets:		
Cash and cash equivalents	Cash and cash equivalents	$ 868,501	$ 1,328,716	Cash and cash equivalents	$ 1,036,131	$ 1,328,716
Accounts receivable, net	Accounts receivable, net	772,731	675,604	Accounts receivable, net	802,435	675,604
Inventories	Inventories	879,979	933,124	Inventories	797,695	933,124
Other current assets	Other current assets	136,924	135,478	Other current assets	125,088	135,478
Total current assets	Total current assets	2,658,135	3,072,922	Total current assets	2,761,349	3,072,922
Non-current assets:	Non-current assets:			Non-current assets:		
Property, plant and equipment, net	Property, plant and equipment, net	113,327	109,807	Property, plant and equipment, net	118,183	109,807
Goodwill	Goodwill	449,892	448,175	Goodwill	454,471	448,175
Other intangible assets, net	Other intangible assets, net	73,495	83,779	Other intangible assets, net	69,364	83,779
Other assets	Other assets	350,050	320,722	Other assets	335,879	320,722
Total assets	Total assets	$ 3,644,899	$ 4,035,405	Total assets	$ 3,739,246	$ 4,035,405
Liabilities and Shareholders' Equity	**Liabilities and Shareholders' Equity**			**Liabilities and Shareholders' Equity**		
Current liabilities:	Current liabilities:			Current liabilities:		
Accounts payable	Accounts payable	$ 546,563	$ 636,306	Accounts payable	$ 491,488	$ 636,306

Accrued and other current liabilities	Accrued and other current liabilities	663,621	784,848	Accrued and other current liabilities	705,569	784,848
Total current liabilities	Total current liabilities	1,210,184	1,421,154	Total current liabilities	1,197,057	1,421,154
Non-current liabilities:	Non-current liabilities:			Non-current liabilities:		
Income taxes payable	Income taxes payable	97,450	83,380	Income taxes payable	117,608	83,380
Other non-current liabilities	Other non-current liabilities	168,704	132,133	Other non-current liabilities	165,915	132,133
Total liabilities	Total liabilities	1,476,338	1,636,667	Total liabilities	1,480,580	1,636,667
Commitments and contingencies (Note 10)	Commitments and contingencies (Note 10)			Commitments and contingencies (Note 10)		
Shareholders' equity:	Shareholders' equity:			Shareholders' equity:		
Registered shares, CHF 0.25 par value:	Registered shares, CHF 0.25 par value:	30,148	30,148	Registered shares, CHF 0.25 par value:	30,148	30,148
Issued shares — 173,106 at September 30, 2022 and March 31, 2022						
Additional shares that may be issued out of conditional capitals — 50,000 at September 30, 2022 and March 31, 2022						
Additional shares that may be issued out of authorized capital — 17,311 at September 30, 2022 and March 31, 2022						
Issued shares — 173,106 at December 31, 2022 and March 31, 2022				Issued shares — 173,106 at December 31, 2022 and March 31, 2022		
Additional shares that may be issued out of conditional capital — 50,000 at December 31, 2022 and March 31, 2022				Additional shares that may be issued out of conditional capital — 50,000 at December 31, 2022 and March 31, 2022		
Additional shares that may be issued out of authorized capital — 17,311 at December 31, 2022 and March 31, 2022				Additional shares that may be issued out of authorized capital — 17,311 at December 31, 2022 and March 31, 2022		
Additional paid-in capital	Additional paid-in capital	106,130	129,925	Additional paid-in capital	116,012	129,925
Shares in treasury, at cost — 10,943 at September 30, 2022 and 7,855 at March 31, 2022		(824,650)	(632,893)			
Shares in treasury, at cost — 12,470 at December 31, 2022 and 7,855 at March 31, 2022				Shares in treasury, at cost — 12,470 at December 31, 2022 and 7,855 at March 31, 2022	(906,606)	(632,893)
Retained earnings	Retained earnings	2,995,927	2,975,681	Retained earnings	3,136,080	2,975,681
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(138,994)	(104,123)	Accumulated other comprehensive loss	(116,968)	(104,123)

Total shareholders' equity	Total shareholders' equity	2,168,561	2,398,738	Total shareholders' equity	2,258,666	2,398,738
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	$ 3,644,899	$ 4,035,405	Total liabilities and shareholders' equity	$ 3,739,246	$ 4,035,405

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

LOGITECH INTERNATIONAL S.A.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(unaudited)

	Six Months Ended September 30,	
	2022	**2021**
Cash flows from operating activities:		
Net income	$ 182,927	$ 326,297
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	37,288	43,474
Amortization of intangible assets	12,244	17,468
Loss on investments	11,577	961
Share-based compensation expense	35,935	47,673
Deferred income taxes	3,040	6,808
Change in fair value of contingent consideration for business acquisition	—	(2,399)
Other	118	1,059
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable, net	(121,909)	(113,008)
Inventories	21,790	(167,588)
Other assets	4,757	(48,440)
Accounts payable	(78,354)	(155,482)
Accrued and other liabilities	(72,157)	(134,671)
Net cash provided by (used in) operating activities	37,256	(177,848)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(45,384)	(47,232)
Investment in privately held companies	(2,275)	(901)
Acquisitions, net of cash acquired	(5,839)	(15,586)
Purchases of deferred compensation investments	(2,499)	(2,466)
Proceeds from sales of deferred compensation investments	2,436	2,977
Net cash used in investing activities	(53,561)	(63,208)
Cash flows from financing activities:		
Payment of cash dividends	(158,680)	(159,410)
Payment of contingent consideration for business acquisition	(5,954)	—
Purchases of registered shares	(237,561)	(174,380)
Proceeds from exercises of stock options and purchase rights	12,850	16,636
Tax withholdings related to net share settlements of restricted stock units	(26,742)	(54,751)
Net cash used in financing activities	(416,087)	(371,905)
Effect of exchange rate changes on cash and cash equivalents	(27,823)	(70)
Net decrease in cash and cash equivalents	(460,215)	(613,031)
Cash and cash equivalents, beginning of the period	1,328,716	1,750,327

Cash and cash equivalents, end of the period	$ 868,501	$ 1,137,296
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	$ 9,436	$ 10,369
Non-cash contingent consideration for acquisition	$ 1,151	$ 9,973
Right-of-use assets obtained in exchange for operating lease liabilities	$ 47,408	$ —
Supplemental cash flow information:		
Income taxes paid, net	$ 44,864	$ 166,127

	Nine Months Ended December 31,	
	2022	2021
Cash flows from operating activities:		
Net income	$ 323,080	$ 536,308
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	56,698	65,387
Amortization of intangible assets	18,173	24,223
Impairment of intangible assets	—	7,000
Loss on investments	13,065	1,421
Share-based compensation expense	51,740	72,465
Deferred income taxes	24,228	27,369
Change in fair value of contingent consideration for business acquisition	—	(3,509)
Other	1,411	1,068
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable, net	(123,547)	(236,358)
Inventories	126,309	(177,828)
Other assets	20,918	(20,569)
Accounts payable	(134,848)	(80,637)
Accrued and other liabilities	(60,060)	(17,612)
Net cash provided by operating activities	317,167	198,728
Cash flows from investing activities:		
Purchases of property, plant and equipment	(69,122)	(63,726)
Investment in privately held companies	(2,626)	(1,260)
Acquisitions, net of cash acquired	(8,527)	(15,886)
Purchases of short-term investments	—	(10,000)
Proceeds from the sale of short-term investments	—	1,225
Purchases of deferred compensation investments	(5,186)	(3,644)
Proceeds from sales of deferred compensation investments	4,750	4,285
Net cash used in investing activities	(80,711)	(89,006)
Cash flows from financing activities:		
Payment of cash dividends	(158,680)	(159,410)
Payment of contingent consideration for business acquisition	(5,954)	(880)
Purchases of registered shares	(327,731)	(290,625)
Proceeds from exercises of stock options and purchase rights	16,064	16,644
Tax withholdings related to net share settlements of restricted stock units	(28,734)	(58,528)
Net cash used in financing activities	(505,035)	(492,799)
Effect of exchange rate changes on cash and cash equivalents	(24,006)	(2,839)
Net decrease in cash and cash equivalents	(292,585)	(385,916)
Cash and cash equivalents, beginning of the period	1,328,716	1,750,327
Cash and cash equivalents, end of the period	$ 1,036,131	$ 1,364,411
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	$ 9,250	$ 13,707
Non-cash contingent consideration for acquisition	$ 2,151	$ 9,013
Right-of-use assets obtained in exchange for operating lease liabilities	$ 42,814	$ —
Supplemental cash flow information:		
Income taxes paid, net	$ 65,154	$ 175,775

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

LOGITECH INTERNATIONAL S.A.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands)
(unaudited)

Three Months Ended September 30, 2022 December 31, 2022

	Registered Shares		Additional	Treasury Shares			Accumulated Other	Total	Registered Shares	
	Shares	Amount	Paid-in Capital	Shares	Amount	Retained Earnings	Comprehensive Loss	Shareholders' Equity		Amount
June 30, 2022	173,106	$30,148	$ 98,800	9,051	$(722,273)	$3,076,517	$(120,834)	$ 2,362,358		
September 30, 2022									**September 30, 2022** 173,106	$30,148
Total comprehensive income	—	—	—	—	—	82,091	(18,160)	63,931	Total comprehensive income	—
Purchases of registered shares	—	—	—	2,241	(116,942)	—	—	(116,942)	Purchases of registered shares	—
Sales of shares upon exercise of stock options and purchase rights	—	—	1,652	(268)	11,198	—	—	12,850	Sales of shares upon exercise of stock options and purchase rights	—
Issuance of shares upon vesting of restricted stock units	—	—	(5,965)	(81)	3,367	—	—	(2,598)	Issuance of shares upon vesting of restricted stock units	—
Share-based compensation	—	—	11,643	—	—	—	—	11,643	Share-based compensation	—
Cash dividends ($1.00 per share)	—	—	—	—	—	(162,681)	—	(162,681)		
September 30, 2022	173,106	$30,148	$106,130	10,943	$(824,650)	$ 2,995,927	$ (138,994)	$ 2,168,561		
December 31, 2022									**December 31, 2022** 173,106	$

Six Months Ended September 30, 2022

Nine Months Ended December 31, 2022

	Registered Shares		Additional	Treasury Shares			Accumulated Other	Total	Registered Shares	
	Shares	Amount	Paid-in Capital	Shares	Amount	Retained Earnings	Comprehensive Loss	Shareholders' Equity		Amount
March 31, 2022 **March 31, 2022**	173,106	$30,148	$129,925	7,855	$(632,893)	$2,975,681	$(104,123)	$ 2,398,738	**March 31, 2022** 173,106	$

		Shares	Amount	Additional Paid-in Capital	Treasury Shares	Treasury Amount	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity		Registered Shares
							Comprehensive Loss				
Total comprehensive income	Total comprehensive income	—	—	—	—	—	182,927	(34,871)	148,056	Total comprehensive income	—
Purchases of registered shares	Purchases of registered shares	—	—	—	4,221	(237,561)	—	—	(237,561)	Purchases of registered shares	—
Sales of shares upon exercise of stock options and purchase rights	Sales of shares upon exercise of stock options and purchase rights	—	—	1,652	(268)	11,198	—	—	12,850	Sales of shares upon exercise of stock options and purchase rights	—
Issuance of shares upon vesting of restricted stock units	Issuance of shares upon vesting of restricted stock units	—	—	(61,348)	(865)	34,606	—	—	(26,742)	Issuance of shares upon vesting of restricted stock units	—
Share-based compensation	Share-based compensation	—	—	35,901	—	—	—	—	35,901	Share-based compensation	—
Cash dividends ($1.00 per share)	Cash dividends ($1.00 per share)	—	—	—	—	—	(162,681)	—	(162,681)	Cash dividends ($1.00 per share)	—
September 30, 2022		173,106	$30,148	$106,130	10,943	$(824,650)	$ 2,995,927	$ (138,994)	$ 2,168,561		
December 31, 2022										**December 31, 2022**	173,106 $

Three Months Ended September 30, 2021 December 31, 2021

		Registered Shares		Additional Paid-in Capital	Treasury Shares		Retained Earnings	Accumulated Other Comprehensive Loss	Accumulated Other Comprehensive Loss	Total Shareholders' Equity		Registered Shares	
		Shares	Amount		Shares	Amount			Shares	Equity		Amount	
June 30, 2021		173,106	$30,148	$ 74,948	4,407	$(302,606)	$2,677,419		$(107,418)	$ 2,372,491			
September 30, 2021											**September 30, 2021**	173,106	$30,148
Total comprehensive income	Total comprehensive income	—	—	—	—	—	139,456		(3,601)	135,855	Total comprehensive income	—	
Purchases of registered shares	Purchases of registered shares	—	—	—	1,151	(119,508)	—		—	(119,508)	Purchases of registered shares	—	
Sales of shares upon exercise of stock options and purchase rights	Sales of shares upon exercise of stock options and purchase rights	—	—	8,168	(155)	5,718	—		—	13,886	Sales of shares upon exercise of stock options and purchase rights	—	
Issuance of shares upon vesting of restricted stock units	Issuance of shares upon vesting of restricted stock units	—	—	(7,391)	(72)	3,051	—		—	(4,340)	Issuance of shares upon vesting of restricted stock units	—	
Share-based compensation	Share-based compensation	—	—	23,709	—	—	—		—	23,709	Share-based compensation	—	
Cash dividends ($0.95 per share)		—	—	—	—	—	(159,410)		—	(159,410)			
September 30, 2021		173,106	$30,148	$ 99,434	5,331	$(413,345)	$ 2,657,465		$ (111,019)	$ 2,262,683			

December 31, 2021

Six Months Ended September 30, 2021

	Registered Shares: Shares	Registered Shares: Amount	Additional Paid-in Capital	Treasury Shares: Shares	Treasury Shares: Amount	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
March 31, 2021	173,106	$30,148	$129,519	4,799	$(279,541)	$2,490,578	$(108,915)	$ 2,261,789
Total comprehensive income	—	—	—	—	—	326,297	(2,104)	324,193
Purchases of registered shares	—	—	—	1,656	(174,380)	—	—	(174,380)
Sales of shares upon exercise of stock options and purchase rights	—	—	8,389	(226)	8,247	—	—	16,636
Issuance of shares upon vesting of restricted stock units	—	—	(87,080)	(898)	32,329	—	—	(54,751)
Share-based compensation	—	—	48,606	—	—	—	—	48,606
Cash dividends ($0.95 per share)	—	—	—	—	—	(159,410)	—	(159,410)
September 30, 2021	173,106	$30,148	$ 99,434	5,331	$(413,345)	$ 2,657,465	$ (111,019)	$ 2,262,683

Nine Months Ended December 31, 2021

	Registered Shares: Amount	
December 31, 2021	173,106	$3
March 31, 2021	173,106	$3
Total comprehensive income	—	
Purchases of registered shares	—	
Sales of shares upon exercise of stock options and purchase rights	—	
Issuance of shares upon vesting of restricted stock units	—	
Share-based compensation	—	
Cash dividends ($0.95 per share)	—	
December 31, 2021	173,106	$3

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

LOGITECH INTERNATIONAL S.A.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 1 — The Company and Summary of Significant Accounting Policies and Estimates

The Company

Logitech International S.A, together with its consolidated subsidiaries ("Logitech" or the "Company"), designs, manufactures and markets products that help connect people to digital and cloud experiences. Over forty years ago, Logitech created products to improve experiences around the personal computer ("PC") platform, and today it is a multi-brand, multi-category company designing products that enable better experiences consuming, sharing and creating any digital content such as computing, gaming, video, and music, whether it is on a computer, mobile device or in the cloud.

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

Logitech was founded in Switzerland in 1981 and Logitech International S.A. has been the parent holding company of Logitech since 1988. Logitech International S.A. is a Swiss holding company with its registered office in 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.

Basis of Presentation

The condensed consolidated financial statements include the accounts of Logitech and its subsidiaries. All intercompany balances and transactions have been eliminated. The condensed consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and therefore do not include all the information required by U.S. GAAP for complete financial statements. The condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the fiscal year ended March 31, 2022, included in its Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on May 18, 2022.

In the opinion of management, these condensed consolidated financial statements include all adjustments, consisting of only normal and recurring adjustments, necessary and in all material aspects, for a fair statement of the results of operations, comprehensive income, financial position, cash flows and changes in shareholders' equity for the periods presented. Operating results for the three and six nine months ended September 30, 2022 December 31, 2022 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2023, or any future periods.

Changes in Significant Accounting Policies

Other than the recent accounting pronouncements adopted and discussed below under *Recent Accounting Pronouncements Adopted*, there have been no material changes in the Company's significant accounting policies during the six nine months ended September 30, 2022 December 31, 2022 compared with the significant accounting policies described in its Annual Report on Form 10-K for the fiscal year ended March 31, 2022.

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 condensed 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 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 and Other Factors on the Company's Business

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic, which continues to spread throughout the world. The COVID-19 pandemic has resulted in industry-wide global supply chain challenges, including manufacturing, transportation and logistics. The Company purchases certain products and key components from a limited number of sources, and depends on the supply chain, including freight, to receive components, transport finished goods and deliver the Company's products across the world.

More recently, the Company has also been impacted by adverse macroeconomic and geopolitical conditions. These conditions include but are not limited to inflation, foreign currency fluctuations, slow down and slowdown of economic activity around the globe, world, in part due to rising interest rates, and lower consumer spending. and enterprise spending. In addition, the war in Ukraine has further increased existing global supply chain, logistics, and inflationary challenges. Such global or regional economic and political conditions adversely affect demand for the Company's products. These conditions also have an impact on the Company's suppliers, contract manufacturers, logistics providers, and distributors, causing increases volatility in cost of materials and higher shipping and transportation rates, and as a result impacting the pricing of the Company's products. Price increases may not successfully offset cost increases or may cause the Company to lose market share and in turn adversely impact the Company's results of operations.

While global supply chain challenges have improved during since the second quarter of fiscal year 2023, including logistics costs and shipping lead times, and component availability, if the increase of COVID-19 infections in China during the third quarter of fiscal year 2023 causes uncertainty in supply availability. If macroeconomic and geopolitical conditions and COVID-19 related factors do not improve or worsen, the Company's results of operations may will continue to be adversely impacted.

Recent Accounting Pronouncements Adopted

In October 2021, the Financial Accounting Standard Board issued ASU 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 applies 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 condensed consolidated financial statements.

Note 2 — Net Income Per Share

The following table summarizes the computations of basic and diluted net income per share for the three and six nine months ended September 30, 2022 December 31, 2022 and 2021 (in thousands, except per share amounts):

		Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Six Months Ended September 30, 2022	Six Months Ended September 30, 2021		Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	Nine Months Ended December 31, 2022	Nine Months Ended December 31, 2021
Net income	**Net income**	$ 82,091	$ 139,456	$ 182,927	$ 326,297	**Net income**	$ 140,153	$ 210,011	$ 323,080	$ 536,308
Shares used in net income per share computation:	**Shares used in net income per share computation:**					**Shares used in net income per share computation:**				
Weighted average shares outstanding - basic	Weighted average shares outstanding - basic	163,186	168,389	163,937	168,380	Weighted average shares outstanding - basic	161,244	167,090	163,042	167,953
Effect of potentially dilutive equivalent shares	Effect of potentially dilutive equivalent shares	1,142	2,954	1,434	3,302	Effect of potentially dilutive equivalent shares	1,285	2,617	1,385	3,074
Weighted average shares outstanding - diluted	Weighted average shares outstanding - diluted	164,328	171,343	165,371	171,682	Weighted average shares outstanding - diluted	162,529	169,707	164,427	171,027
Net income per share:	**Net income per share:**					**Net income per share:**				
Basic	Basic	$ 0.50	$ 0.83	$ 1.12	$ 1.94	Basic	$ 0.87	$ 1.26	$ 1.98	$ 3.19
Diluted	Diluted	$ 0.50	$ 0.81	$ 1.11	$ 1.90	Diluted	$ 0.86	$ 1.24	$ 1.96	$ 3.14

Share equivalents attributable to outstanding stock options, restricted stock units ("RSUs") and employee share purchase plans ("ESPP") totaling 1.7 million totaling 1.6 million and 0.5 million 0.8 million for the three months ended September 30, 2022 December 31, 2022 and 2021, respectively, and 2.6 million 2.0 million and 0.5 million 0.9 million for the six nine months ended September 30, 2022 December 31, 2022 and 2021, respectively, were excluded from the calculation of diluted net income per share because their effect would have been anti-dilutive. A small number of performance-based awards were not included in the 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 3 — Employee Benefit Plans

Employee Share Purchase Plans and Stock Incentive Plans

As of September 30, 2022 December 31, 2022, 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.

The following table summarizes the share-based compensation expense and total income tax benefit recognized for share-based awards for the three and six nine months ended September 30, 2022 December 31, 2022 and 2021 (in thousands):

		Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Six Months Ended September 30, 2022	Six Months Ended September 30, 2021		Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	Nine Months Ended December 31, 2022	Nine Months Ended December 31, 2021
Cost of goods sold	Cost of goods sold	$ 1,443	$ 2,102	$ 2,904	$ 3,471	Cost of goods sold	$ 1,324	$ 1,782	$ 4,228	$ 5,253
Marketing and selling	Marketing and selling	7,429	9,758	17,226	18,288	Marketing and selling	8,014	10,699	25,240	28,987
Research and development	Research and development	3,280	4,724	8,812	9,785	Research and development	2,756	4,510	11,568	14,295
General and administrative	General and administrative	93	7,438	6,993	16,129	General and administrative	3,711	7,801	10,704	23,930

Total share-based compensation expense	Total share-based compensation expense	12,245	24,022	35,935	47,673	Total share-based compensation expense	15,805	24,792	51,740	72,465
Income tax expense (benefit)		102	(3,285)	(4,220)	(19,879)					
Total share-based compensation expense, net of income tax expense (benefit)		$ 12,347	$ 20,737	$ 31,715	$ 27,794					
Income tax benefit						Income tax benefit	(3,276)	(3,581)	(7,496)	(23,460)
Total share-based compensation expense, net of income tax benefit						Total share-based compensation expense, net of income tax benefit	$ 12,529	$ 21,211	$ 44,244	$ 49,005

The income tax benefit in the respective periods primarily consisted of tax benefits related to the share-based compensation expense for the period and direct tax benefit realized, including net excess tax benefits recognized from share-based awards vested or exercised during the period.

Share-based compensation costs capitalized as part of inventory were $1.3 $1.3 million and $1.1 million for each of the three months ended September 30, 2022 December 31, 2022 and 2021, respectively, and $3.1 million $4.4 million and $3.0 million $4.1 million for the six nine months ended September 30, 2022 December 31, 2022 and 2021, respectively.

Defined Benefit Plans

Certain of the Company's subsidiaries sponsor defined benefit pension plans or non-retirement post-employment benefits covering substantially all of their employees. Benefits are provided based on employees' years of service and earnings, or in accordance with applicable employee benefit regulations. The Company's practice is to fund amounts sufficient to meet the requirements set forth in the applicable employee benefit and tax regulations. The costs of $2.8 million $2.7 million and $3.3 million $3.4 million recorded for the three months ended September 30, 2022 December 31, 2022 and 2021, respectively, and $5.6 $8.3 million and $6.6 $10.0 million for the six nine months ended September 30, 2022 December 31, 2022 and 2021, respectively, were primarily related to service costs.

Note 4 — 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 are generated outside of Switzerland.

The income tax provision for the three and six nine months ended September 30, 2022 December 31, 2022 was $23.4 million $42.7 million and $45.1 $87.8 million, based on an effective income tax rate of 22.2% 23.3% and 19.8% 21.4% of pre-tax income, respectively. The income tax provision for the same periods ended September 30, 2021 December 30, 2021 was $33.5 million $49.3 million and $58.4 $107.8 million, based on an effective income tax rate of 19.3% 19.0% and 15.2% 16.7% of pre-tax income, respectively.

The change in the effective income tax rate for the three and six nine months ended September 30, 2022 was primarily due to the mix of income and losses in the various tax jurisdictions in which the Company operates. There was a discrete tax provision of $0.2 million and a discrete tax benefit of $1.2 million from the recognition of shortfalls and excess tax benefits, respectively, in the United States in the three and six months ended September 30, 2022. In addition, there were discrete tax benefits of $0.3 million and $1.5 million from the reversal of uncertain tax positions from the expiration of statutes of limitations, respectively, in the three and six month period ended September 30, 2022. The change in the effective income tax rate for the three and six months ended September 30, 2021 December 31, 2022 was primarily due to the mix of income and losses in the various tax jurisdictions in which the Company operates. There were discrete tax benefits of $0.6 $0.2 million and $14.3 $1.4 million from the recognition of excess tax benefits in the United States in the three and six nine months ended September 30, 2021 December 31, 2022, respectively. Furthermore, In addition, there were discrete tax benefits of $0.5 $1.7 million and $1.5 $3.2 million from the reversal of uncertain tax positions from the expiration of statutes of limitations, respectively, in the three and six nine month period ended September 30, 2021 December 31, 2022. The change in the effective income tax rate for the three and nine months ended December 31, 2021 was primarily due to the mix of income and losses in the various tax jurisdictions in which the Company operates. There were discrete tax benefits of $0.8 million and $15.2 million from the recognition of excess tax benefits in the United States in the three and nine months ended December 31, 2021, respectively. Furthermore, there were discrete tax benefits of $1.3 million and $2.8 million from the reversal of uncertain tax positions from the expiration of statutes of limitations, respectively, in the three and nine month period ended December 31, 2021.

As of September 30, 2022 December 31, 2022 and March 31, 2022, the total amount of unrecognized tax benefits due to uncertain tax positions was $174.9 $184.0 million and $176.0 million, respectively, all of which would affect the effective income tax rate if recognized.

As of September 30, 2022 December 31, 2022 and March 31, 2022, the Company had $97.5 million $117.6 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 Company recognizes interest and penalties related to unrecognized tax positions in the income tax provision. As of September 30, 2022 December 31, 2022 and March 31, 2022, the Company had $4.9 $5.2 million and $3.6 million, respectively, of accrued interest and penalties related to uncertain tax positions in non-current income taxes payable.

Although the Company has adequately provided for uncertain tax positions, the provisions related to these positions may change as revised estimates are made or the underlying matters are settled or otherwise resolved. During fiscal year 2023, the Company continues to review its tax positions and provide for or reverse unrecognized tax benefits as they arise. During the next twelve months, it is reasonably possible that the amount of unrecognized tax benefits could increase or decrease significantly due to changes in tax law in various jurisdictions, new tax audits and changes in the U.S. dollar as compared to other currencies. Excluding these factors, uncertain tax positions may decrease by as much as $4.2 $4.3 million from the lapse of the statutes of limitations in various jurisdictions during the next twelve months.

On August 16, 2022, the “Inflation Reduction Act” (H.R. 5376) ("IRA") was signed into law in the United States. 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. The Company does not expect the IRA will have a material impact to the Company's financial statements when it becomes effective.

Note 5 — Balance Sheet Components

The following table presents the components of certain balance sheet asset amounts (in thousands):

		September 30, 2022	March 31, 2022		December 31, 2022	March 31, 2022
Accounts receivable, net:	Accounts receivable, net:			Accounts receivable, net:		
Accounts receivable	Accounts receivable	$ 1,014,934	$ 964,766	Accounts receivable	$ 1,121,377	$ 964,766
Allowance for doubtful accounts	Allowance for doubtful accounts	—	(2,212)	Allowance for doubtful accounts	—	(2,212)
Allowance for sales returns	Allowance for sales returns	(10,499)	(12,321)	Allowance for sales returns	(14,021)	(12,321)
Allowance for cooperative marketing arrangements	Allowance for cooperative marketing arrangements	(45,172)	(56,372)	Allowance for cooperative marketing arrangements	(62,734)	(56,372)
Allowance for customer incentive programs	Allowance for customer incentive programs	(74,194)	(97,460)	Allowance for customer incentive programs	(114,160)	(97,460)
Allowance for pricing programs	Allowance for pricing programs	(112,338)	(120,797)	Allowance for pricing programs	(128,027)	(120,797)
		$ 772,731	$ 675,604		$ 802,435	$ 675,604
Inventories:	Inventories:			Inventories:		
Raw materials	Raw materials	$ 225,010	$ 226,155	Raw materials	$ 202,798	$ 226,155
Finished goods	Finished goods	654,969	706,969	Finished goods	594,897	706,969
		$ 879,979	$ 933,124		$ 797,695	$ 933,124
Other current assets:	Other current assets:			Other current assets:		
Value-added tax ("VAT") receivables	Value-added tax ("VAT") receivables	$ 47,686	$ 58,850	Value-added tax ("VAT") receivables	$ 51,681	$ 58,850
Prepaid expenses and other assets	Prepaid expenses and other assets	89,238	76,628	Prepaid expenses and other assets	73,407	76,628
		$ 136,924	$ 135,478		$ 125,088	$ 135,478
Property, plant and equipment, net:	Property, plant and equipment, net:			Property, plant and equipment, net:		
Property, plant and equipment	Property, plant and equipment	$ 488,686	$ 459,413	Property, plant and equipment	$ 496,830	$ 459,413

Less: accumulated depreciation and amortization	Less: accumulated depreciation and amortization	(375,359)	(349,606)	Less: accumulated depreciation and amortization	(378,647)	(349,606)
		$ 113,327	$ 109,807		$ 118,183	$ 109,807
Other assets:	Other assets:			Other assets:		
Deferred tax assets	Deferred tax assets	$ 195,728	$ 193,629	Deferred tax assets	$ 190,558	$ 193,629
Investments in privately held companies	Investments in privately held companies	33,767	43,068	Investments in privately held companies	32,600	43,068
Right-of-use assets	Right-of-use assets	77,767	40,661	Right-of-use assets	69,953	40,661
Investments for deferred compensation plan	Investments for deferred compensation plan	27,969	28,431	Investments for deferred compensation plan	27,665	28,431
Other assets	Other assets	14,819	14,933	Other assets	15,103	14,933
		$ 350,050	$ 320,722		$ 335,879	$ 320,722

The following table presents the components of certain balance sheet liability amounts (in thousands):

		September 30, 2022	March 31, 2022		December 31, 2022	March 31, 2022
Accrued and other current liabilities:	Accrued and other current liabilities:			Accrued and other current liabilities:		
Accrued customer marketing, pricing and incentive programs	Accrued customer marketing, pricing and incentive programs	$ 221,894	$ 232,393	Accrued customer marketing, pricing and incentive programs	$ 238,518	$ 232,393
Accrued personnel expenses	Accrued personnel expenses	90,561	165,090	Accrued personnel expenses	113,486	165,090
Accrued sales return liability	Accrued sales return liability	48,583	40,507	Accrued sales return liability	42,743	40,507
Warranty accrual	Warranty accrual	29,882	32,987	Warranty accrual	29,999	32,987
VAT payable	VAT payable	25,062	39,602	VAT payable	34,149	39,602
Income taxes payable	Income taxes payable	22,783	35,355	Income taxes payable	17,839	35,355
Accrued payables - non-inventory	Accrued payables - non-inventory	16,147	26,722	Accrued payables - non-inventory	18,398	26,722
Operating lease liabilities	Operating lease liabilities	11,687	13,690	Operating lease liabilities	11,577	13,690
Contingent consideration	Contingent consideration	5,083	8,042	Contingent consideration	6,368	8,042
Other current liabilities	Other current liabilities	191,939	190,460	Other current liabilities	192,492	190,460
		$ 663,621	$ 784,848		$ 705,569	$ 784,848
Other non-current liabilities:	Other non-current liabilities:			Other non-current liabilities:		
Employee benefit plan obligations	Employee benefit plan obligations	$ 46,872	$ 50,741	Employee benefit plan obligations	$ 49,082	$ 50,741
Operating lease liabilities	Operating lease liabilities	68,250	28,207	Operating lease liabilities	61,414	28,207

Obligation for deferred compensation plan	Obligation for deferred compensation plan	27,969	28,431	Obligation for deferred compensation plan	27,665	28,431
Warranty accrual	Warranty accrual	12,078	13,232	Warranty accrual	12,632	13,232
Deferred tax liabilities	Deferred tax liabilities	3,117	1,962	Deferred tax liabilities	3,500	1,962
Contingent consideration	Contingent consideration	245	4,217	Contingent consideration	245	4,217
Other non-current liabilities	Other non-current liabilities	10,173	5,343	Other non-current liabilities	11,377	5,343
		$ 168,704	$ 132,133		$ 165,915	$ 132,133

The Company recorded approximately $47.0 $43.0 million right-of-use assets and operating lease liabilities during the six nine months ended September 30, 2022 December 31, 2022, primarily related to newly commenced operating leases for office spaces in the Americas and EMEA regions.

Note 6 — 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):

		September 30, 2022			March 31, 2022				December 31, 2022			March 31, 2022		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets:	Assets:							Assets:						
Cash equivalents	Cash equivalents	$ 553,644	$ —	$ —	$ 762,055	$ —	$ —	Cash equivalents	$ 603,163	$ —	$ —	$ 762,055	$ —	$ —
Investments for deferred compensation plan included in other assets:	Investments for deferred compensation plan included in other assets:							Investments for deferred compensation plan included in other assets:						
Cash	Cash	$ 164	$ —	$ —	$ 108	$ —	$ —	Cash	$ 10	$ —	$ —	$ 108	$ —	$ —
Common stock	Common stock	1,703	—	—	2,329	—	—	Common stock	705	—	—	2,329	—	—
Money market funds	Money market funds	9,052	—	—	6,765	—	—	Money market funds	9,728	—	—	6,765	—	—
Mutual funds	Mutual funds	17,050	—	—	19,229	—	—	Mutual funds	17,222	—	—	19,229	—	—
Total of investments for deferred compensation plan		$ 27,969	$ —	$ —	$ 28,431	$ —	$ —							

Total investments for deferred compensation plan								Total investments for deferred compensation plan	$ 27,665	$ —	$ —	$ 28,431	$ —	$ —
Currency derivative assets included in other current assets	Currency derivative assets included in other current assets	$ —	$ 3,270	$ —	$ —	$ 1,517	$ —	Currency derivative assets included in other current assets	$ —	$ 668	$ —	$ —	$ 1,517	$ —
Liabilities:	Liabilities:							Liabilities:						
Contingent consideration included in accrued and other current liabilities	Contingent consideration included in accrued and other current liabilities	$ —	$ —	$ 5,083	$ —	$ —	$ 8,042	Contingent consideration included in accrued and other current liabilities	$ —	$ —	$ 6,368	$ —	$ —	$ 8,042
Contingent consideration included in other non-current liabilities	Contingent consideration included in other non-current liabilities	$ —	$ —	$ —	$ —	$ —	$ 3,971	Contingent consideration included in other non-current liabilities	$ —	$ —	$ —	$ —	$ —	$ 3,971
Currency derivative liabilities included in accrued and other current liabilities	Currency derivative liabilities included in accrued and other current liabilities	$ —	$ 150	$ —	$ —	$ 165	$ —	Currency derivative liabilities included in accrued and other current liabilities	$ —	$ 3,519	$ —	$ —	$ 165	$ —

Contingent Consideration for Business Acquisitions

The following table summarizes the change in the fair value of the Company's contingent consideration balance during the six nine months ended September 30, 2022 December 31, 2022 and 2021 (in thousands):

		Six Months Ended September 30,			Nine Months Ended December 31,	
		2022	2021		2022	2021
Beginning of the period	Beginning of the period	$ 12,259	$ 6,967	Beginning of the period	$ 12,259	$ 6,967
Fair value of contingent consideration upon acquisition (1)	Fair value of contingent consideration upon acquisition (1)	1,142	9,973	Fair value of contingent consideration upon acquisition (1)	2,151	9,973
Change in fair value of contingent consideration	Change in fair value of contingent consideration	—	(2,399)	Change in fair value of contingent consideration	—	(3,509)
Settlement of contingent consideration	Settlement of contingent consideration	(5,954)	—	Settlement of contingent consideration	(5,954)	(880)
Effect of foreign currency exchange rate changes	Effect of foreign currency exchange rate changes	(2,119)	—	Effect of foreign currency exchange rate changes	(1,843)	—
End of the period	End of the period	$ 5,328	$ 14,541	End of the period	$ 6,613	$ 12,551

(1) Represents the contingent consideration related to the technology acquisitions during the periods.

The contingent consideration arising from the technology acquisition on May 19, 2021, represents the future potential earn-out payments of up to $10.0 million payable in cash only upon the achievement of three technical development milestones required to be completed as of December 31, 2021, June 30, 2022, and June 30, 2023. The fair value of the contingent consideration as of the acquisition date was $10.0 million, which was determined using a probability-weighted expected payment model and discounted at the estimated cost of debt. During the third quarter of fiscal year 2022, $0.9 million of the contingent consideration was released from other current liabilities upon cash settlement of the contingent consideration for the first technical development milestone. During the second quarter of fiscal year 2023, the Company paid $4.0 million for the contingent consideration related to the second technical development milestone.

The contingent consideration arising from the Mevo Acquisition on February 17, 2021 represents the future potential earn-out payments of up to $17.0 million payable in cash only upon the achievement of certain net sales

for the period from December 26, 2020 to December 31, 2021. As of March 31, 2021 the fair value of the contingent consideration was $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.

The contingent consideration arising from the technology acquisition on January 4, 2021, represents the future potential earn-out payments of up to $3.0 million payable in cash upon the achievement of two technical development milestones required to be completed as of December 31, 2021 and March 31, 2022. The fair value of the contingent amount was determined using a probability-weighted expected payment model and discounted at the estimated cost of debt. During the second quarter of 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 next twelve months.

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.

Investment for Deferred Compensation Plan

The marketable securities for the Company's deferred compensation plan were recorded at a fair value of $28.0 million $27.7 million and $28.4 million, as of September 30, 2022 December 31, 2022 and March 31, 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 the three and six nine months ended September 30, December 31, 2022 and 2021 were not material and were included in other income (expense), net in the Company's condensed consolidated statements of operations.

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 $22.9 million $21.3 million and $40.2 million as of September 30, 2022 December 31, 2022 and March 31, 2022, respectively. Unrealized gains Gains (losses) related to equity method investments for the three and six nine months ended September 30, 2022 December 31, 2022 and 2021 were not material and are included in other income (expense), net in the Company's condensed consolidated statements of operations.

During the three nine months ended December 31, 2022 September 30, 2022, 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 condensed consolidated statements statement of operations for the three and six nine months ended September 30, 2022 December 31, 2022. There was no impairment of equity method investments during the three and six months ended September 30, 2021 December 31, 2022 and 2021 and the nine months ended December 31, 2021.

Other 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 $10.9 million $10.9 million and $2.9 million as of September 30, 2022 December 31, 2022 and March 31, 2022, respectively. During the six nine months ended September 30, 2022 December 31, 2022, 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 financial assetsduring the three and six nine months ended September 30, 2022 December 31, 2022 and 2021, other than an immaterial impairment charge related to one of the Company's investments without readily determinable fair value recorded during the three months ended September 30, 2022 second quarter of fiscal year 2023.

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 occur such that or because of the required annual impairment test, and a non-financial instrument is required to be evaluated for impairment and an resulting impairment is recorded to reduce the non-financial

instrument's carrying value to the fair value, as a result of such triggering events (or as a result of the Company's annual impairment analysis for goodwill), the non-financial assets and liabilities are measured at fair value during such period. There was no impairment of non-financial assets during the three and six nine months ended September 30, 2022 December 31, 2022. During the three and 2021. nine months ended December 31, 2021, the Company recorded impairment charges of $7.0 million for the Jaybird-related intangible assets (see Note 8).

Note 7 — 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, respectively, on the condensed consolidated balance sheets as of September 30, 2022 December 31, 2022 and March 31, 2022. See Note 6 for the fair values of the Company’s derivative instruments as of September 30, 2022 December 31, 2022 and March 31, 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 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 condensed 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 $115.0 million $111.7 million and $125.4 million as of September 30, 2022 December 31, 2022 and March 31, 2022, respectively. The Company had $6.4 million $4.7 million of net gains losses related to its cash flow hedges included in accumulated other comprehensive loss as of September 30, 2022 December 31, 2022, which will be reclassified into earnings within the next twelve months.

The following table presents the amounts of gains gain (loss) on the Company’s derivative instruments designated as hedging instruments for the three and six nine months ended September 30, 2022 December 31, 2022 and 2021 and their locations on its condensed consolidated statements of operations and condensed consolidated statements of comprehensive income (in thousands):

		Three Months Ended September 30,					Three Months Ended December 31,			
		Amount of Gain Deferred as a Component of Accumulated Other Comprehensive Loss		Amount of Gain Reclassified from Accumulated Other Comprehensive Loss to Costs of Goods Sold			Amount of Gain (Loss) Deferred as a Component of Accumulated Other Comprehensive Loss		Amount of Gain Reclassified from Accumulated Other Comprehensive Loss to Costs of Goods Sold	
		2022	2021	2022	2021		2022	2021	2022	2021
Cash flow hedges	Cash flow hedges	$ 4,935	$ 2,132	$ (4,947)	$ (1,314)	Cash flow hedges	$ (6,325)	$ 1,061	$ (4,728)	$ (3,200)
		Six Months Ended September 30,					Nine Months Ended December 31,			
		Amount of Gain Deferred as a Component of Accumulated Other Comprehensive Loss		Amount of Gain Reclassified from Accumulated Other Comprehensive Loss to Costs of Goods Sold			Amount of Gain Deferred as a Component of Accumulated Other Comprehensive Loss		Amount of Gain Reclassified from Accumulated Other Comprehensive Loss to Costs of Goods Sold	
		2022	2021	2022	2021		2022	2021	2022	2021
Cash flow hedges	Cash flow hedges	$ 11,564	$ 2,662	$ (7,038)	$ (1,908)	Cash flow hedges	$ 5,239	$ 3,723	$ (11,766)	$ (5,108)

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 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 condensed consolidated statements of operations based on the changes in fair value. The notional amounts of these contracts outstanding as of September 30, 2022 December 31, 2022 and March 31, 2022 were $204.6 million $217.6 million and $226.5 million, respectively. Foreign currency exchange forward and swap contracts outstanding as of September 30, 2022 and March 31, 2022 consisted December 31, 2022 primarily consist of contractsin Japanese Yen, Brazilian Real, Canadian Dollar, and Australian Dollars, Canadian Dollars, Mexican Pesos, Chinese Renminbi, and New Taiwan Dollars, Dollar 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 condensed consolidated statements of cash flows.

Note 8 — Goodwill and Other Intangible Assets

The Company conducts its impairment analysis of goodwill and indefinite life intangible assets annually on at December 31 or more frequently and as necessary, 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. There have been no triggering events identified affecting the valuation The Company conducted its annual impairment analysis of goodwill as of December 31, 2022 by performing a qualitative assessment and indefinite life intangible assets during concluded that it was more likely than not that the three fair value of its reporting unit exceeds its carrying amount. In assessing the qualitative factors, the Company considered the impact of change in industry and six months endedSeptember 30, 2022 competitive environment, the Company's market capitalization and 2021.budgeted-to-actual revenue performance for the last twelve months.

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

As of March 31, 2022	$	448,175
Acquisition Acquisitions		4,980 7,976
Effects of foreign currency translation		(3,263) (1,680)
As of September 30, 2022 December 31, 2022	$	449,892 454,471

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

		September 30, 2022			March 31, 2022				December 31, 2022			
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount
Trademark and trade names	Trademark and trade names	$ 36,790	$ (24,628)	$12,162	$ 36,790	$ (22,295)	$14,495	Trademark and trade names	$ 36,790	$ (25,787)	$11,003	$ 36,790
Developed technology	Developed technology	122,142	(89,775)	32,367	119,407	(83,540)	35,867	Developed technology	123,530	(93,058)	30,472	119,407
Customer contracts/relationships	Customer contracts/relationships	71,110	(44,416)	26,694	71,110	(40,971)	30,139	Customer contracts/relationships	71,110	(46,026)	25,084	71,110
In-process R&D	In-process R&D	3,526	—	3,526	3,826	—	3,826	In-process R&D	3,526	—	3,526	3,826
Effects of foreign currency translation	Effects of foreign currency translation	(1,598)	344	(1,254)	(634)	86	(548)	Effects of foreign currency translation	(1,077)	356	(721)	(634)
Total	**Total**	$231,970	$ (158,475)	$73,495	$230,499	$ (146,720)	$83,779	**Total**	$233,879	$ (164,515)	$69,364	$230,499

During the third quarter of 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 (see Note 13).

Note 9 — Financing Arrangements

The Company had several uncommitted, unsecured bank lines of credit aggregating $176.0 million $179.2 million and $195.0 million as of September 30, 2022 December 31, 2022 and March 31, 2022, respectively. There are no financial covenants under these lines of credit with which the Company must comply. As of September 30, 2022 December 31, 2022 and March 31, 2022, the Company had outstanding bank guarantees of $22.2 million $11.6 million and $25.5 million, respectively, under these lines of credit. There was no borrowing outstanding under these lines of credit as of September 30, 2022 December 31, 2022 or March 31, 2022.

Note 10 — Commitments and Contingencies

Product Warranties

Changes in the Company's warranty liability for the three and six nine months ended September 30, 2022 December 31, 2022 and 2021 were as follows (in thousands):

		Three Months Ended September 30,		Six Months Ended September 30,			Three Months Ended December 31,		Nine Months Ended December 31,	
		2022	2021	2022	2021		2022	2021	2022	2021
Beginning of the period	Beginning of the period	$ 43,841	$ 49,093	$ 46,219	$ 48,832	Beginning of the period	$ 41,960	$ 49,173	$ 46,219	$ 48,832
Provision	Provision	7,897	8,095	14,520	16,541	Provision	8,920	6,962	23,440	23,503
Settlements	Settlements	(9,098)	(7,848)	(17,379)	(16,163)	Settlements	(8,979)	(8,056)	(26,358)	(24,219)
Effects of foreign currency translation	Effects of foreign currency translation	(680)	(167)	(1,400)	(37)	Effects of foreign currency translation	730	(144)	(670)	(181)
End of the period	End of the period	$ 41,960	$ 49,173	$ 41,960	$ 49,173	End of the period	$ 42,631	$ 47,935	$ 42,631	$ 47,935

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 September 30, 2022 December 31, 2022, 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 and 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 11 — Shareholders' Equity

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. As of September 30, 2022 December 31, 2022, $686.3$596.3 mmillion illion was available for repurchase under the 2020 repurchase program. The 2020 share repurchase program is expected to remain in effect for a period of three years through July 27, 2023.

Dividends

During the three and six nine months ended September 30, 2022 December 31, 2022, the Company declared and paid cash dividends of CHF 0.96 (USD equivalent of $1.00 based on the exchange rate on the date of declaration) per share, totaling $162.7 million on the Company's outstanding shares. During the three and six nine months ended September 30, 2021 December 31, 2021, the Company declared and paid cash dividends of CHF 0.87 (USD equivalent of $0.95 based on the exchange rate on the date of declaration) per share, totaling $159.4 million on the Company's outstanding shares.

Any future dividends will be subject to approval of the Company's shareholders.

Accumulated Other Comprehensive Income (Loss)

The accumulated other comprehensive income (loss) was as follows (in thousands):

		Cumulative Translation Adjustment	Defined Benefit Plans	Deferred Hedging Gains	Total		Cumulative Translation Adjustment	Defined Benefit Plans	Deferred Hedging Gains (Losses)	Total
March 31, 2022	March 31, 2022	$ (102,461)	$ (3,495)	$ 1,833	$ (104,123)	March 31, 2022	$ (102,461)	$ (3,495)	$ 1,833	$ (104,123)
Other comprehensive income (loss)	Other comprehensive income (loss)	(39,283)	(114)	4,526	(34,871)	Other comprehensive income (loss)	(5,988)	(330)	(6,527)	(12,845)
September 30, 2022		$ (141,744)	$ (3,609)	$ 6,359	$ (138,994)					
December 31, 2022						December 31, 2022	$ (108,449)	$ (3,825)	$ (4,694)	$ (116,968)

Note 12 — Segment Information

The Company operates in a single operating segment that encompasses the design, manufacturing and marketing of peripherals for PCs, tablets and other digital platforms. Operating performance measures are provided directly to the Company's CEO, who is considered to be the Company's Chief Operating Decision Maker. The CEO periodically reviews information such as sales and adjusted operating income (loss) to make business decisions. These operating performance measures do not include restructuring charges, net, share-based compensation expense, amortization and impairment of intangible assets, acquisition-related costs and change in fair value of contingent consideration from business acquisition. acquisitions.

Sales by product categories and sales channels, excluding intercompany transactions, for the three and six nine months ended September 30, 2022 December 31, 2022 and 2021 were as follows (in thousands):

		Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Six Months Ended September 30, 2022	Six Months Ended September 30, 2021		Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	Nine Months Ended December 31, 2022	Nine Months Ended December 31, 2021
Pointing Devices	Pointing Devices	$ 185,200	$ 189,014	$ 368,483	$ 371,892	Pointing Devices	$ 199,106	$ 231,090	$ 567,589	$ 602,982
Keyboards & Combos	Keyboards & Combos	200,853	236,272	428,573	454,629	Keyboards & Combos	220,059	281,608	648,632	736,237
PC Webcams	PC Webcams	60,166	94,471	119,552	204,389	PC Webcams	58,481	115,115	178,033	319,504
Tablet & Other Accessories	Tablet & Other Accessories	54,203	80,801	120,788	160,073	Tablet & Other Accessories	65,157	82,859	185,945	242,932
Gaming (1)	Gaming (1)	297,676	330,777	580,482	666,174	Gaming (1)	391,975	469,282	972,457	1,135,456
Video Collaboration	Video Collaboration	236,180	231,653	482,422	466,538	Video Collaboration	226,374	287,187	708,796	753,725
Mobile Speakers	Mobile Speakers	39,195	39,492	61,505	67,976	Mobile Speakers	38,321	56,748	99,826	124,724
Audio & Wearables	Audio & Wearables	73,271	98,078	142,717	214,685	Audio & Wearables	69,104	104,280	211,821	318,965
Other (2)	Other (2)	2,207	5,709	4,294	11,969	Other (2)	1,348	4,613	5,642	16,582
Total Sales	Total Sales	$ 1,148,951	$ 1,306,267	$ 2,308,816	$ 2,618,325	Total Sales	$ 1,269,925	$ 1,632,782	$ 3,578,741	$ 4,251,107

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

(2) Other includes Smart Home.

Sales by geographic region (based on the customers' locations) for the three and six nine months ended September 30, 2022 December 31, 2022 and 2021 were as follows (in thousands):

		Three Months Ended September 30,		Six Months Ended September 30,	
		2022	2021	2022	2021
Americas	Americas	$ 492,176	$ 541,515	$ 994,483	$ 1,154,081
EMEA	EMEA	297,176	399,452	587,655	757,409
Asia Pacific	Asia Pacific	359,599	365,300	726,678	706,835
Total sales	**Total sales**	$ 1,148,951	$ 1,306,267	$ 2,308,816	$ 2,618,325

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
Americas	$ 513,835	$ 674,393	$ 1,508,318	$ 1,828,474
EMEA	428,532	552,133	1,016,187	1,309,542
Asia Pacific	327,558	406,256	1,054,236	1,113,091
Total sales	$ 1,269,925	$ 1,632,782	$ 3,578,741	$ 4,251,107

Revenue from sales to customers in the United States, Germany and China each represented 10% or more of the total consolidated sales for each of the periods presented herein. No other countries represented 10% or more of the Company's total consolidated sales for the periods presented herein.

Switzerland, the Company's home domicile, represented 2% 4% and 3% of the Company's total consolidated sales for the three months ended September 30, 2022 December 31, 2022 and 2021, respectively, and 2% and 3% for each of the six nine months ended September 30, 2022 December 31, 2022 and 2021, respectively. 2021.

Three customers of the Company each represented 10% or more of the total consolidated gross sales for each of the three and six nine months ended September 30, 2022, respectively. December 31, 2022. Two customers of the Company each represented 10% or more of the total consolidated sales for each of the three and six nine months ended September 30, 2021, respectively. December 31, 2021.

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

		September 30, 2022	March 31, 2022
Americas	Americas	$ 51,469	$ 22,578
EMEA	EMEA	36,214	23,830
Asia Pacific	Asia Pacific	84,091	87,265
Total	**Total**	$ 171,774	$ 133,673

	December 31, 2022	March 31, 2022
Americas	$ 49,447	$ 22,578
EMEA	38,380	23,830
Asia Pacific	78,458	87,265
Total	$ 166,285	$ 133,673

Property, plant and equipment, net (excluding software) and right-of-use assets in the United States, China, and China Ireland were $50.8 million $48.9 million, $56.8 million, and $63.4 million $17.6 million, respectively, as of September 30, 2022 December 31, 2022, and $21.7 million$21.7 million, $66.8 million, and $66.8 million, $0.9 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 incorporation, were $13.2 million $12.9 million and $13.6 million as of September 30, 2022 December 31, 2022 and March 31, 2022, respectively. No other countries

represented 10% or more of the Company's total consolidated property, plant and equipment, net (excluding software) and right-of-use assets as of September 30, 2022 December 31, 2022 or March 31, 2022.

Note 13 — Restructuring

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. As a result, the Company recorded pre-tax restructuring charges of $10.8 million, related to employee severance$5.7 million and other termination benefits,$16.5 million for the three and six nine months ended September 30, 2022 December 31, 2022, respectively, which are included in restructuring charges, net in the condensed consolidated statement statements of operations. The restructuring charges of $5.7 million for the three months ended December 31, 2022 primarily include contract termination and other costs. The restructuring charges for the nine months ended December 31, 2022 include $11.3 million employee severance and other termination benefits and $5.2 million contract termination and other costs. As of September 30, 2022 December 31, 2022, restructuring liabilities of $9.7 $8.3 million related to this restructuring plan are included in accrued and other current liabilities in the condensed consolidated balance sheet. sheet, which include $3.6 million related to employee severance and other termination benefits and $4.7 million related to contract termination and other costs. The Company expects to substantially complete this restructuring plan within the next twelve nine 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 8), and $1.8 million in restructuring charges, net, primarily related to production cancellation costs, for the three and nine months ended December 31, 2021. This restructuring plan has been substantially completed.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q. These forward-looking statements include, among other things, statements related to:

- *Our strategy for growth, future revenues, earnings, cash flow, uses of cash and other measures of financial performance, and market position;*
- *Our business strategy and investment priorities in relation to competitive offerings and evolving consumer demand trends affecting our products and markets, worldwide economic and capital market conditions, fluctuations in currency exchange rates, and current and future general regional economic conditions for fiscal year 2023 and beyond;*
- *The scope, nature or impact of acquisition, strategic alliance, and divestiture activities and restructuring of our organizational structure; 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 and product plans and development and product innovation, and their impact on future operating results and anticipated operating costs for fiscal year 2023 and beyond;*
- *Opportunities for growth and our ability to execute on and take advantage of them, market opportunities, and including our marketing initiatives and strategy and our expectations regarding the success thereof;*
- *Potential tariffs, their effects and our ability to mitigate their effects;*
- *Capital investments and research and development;*
- *Our expectations regarding our share repurchase and dividend programs;*
- *Our expectations regarding our restructuring efforts, including the timing thereof;*
- *The sufficiency of our cash and cash equivalents, cash generated from operations, and available borrowings under our bank lines of credit to fund capital expenditures and working capital needs;*
- *The effects of environmental and other laws and regulations in the United States and other countries in which we operate; and*
- *The impact of global and regional events, such as the coronavirus ("COVID-19") pandemic, inflation and the war in Ukraine, and any associated economic downturn and impacts to our business and future operating and financial performance.*

Forward-looking statements also include, among others, those statements including the words "anticipate," "believe," "could," "estimate," "expect," "forecast," "intend," "may," "plan," "project," "predict," "should," "will," and similar language. These statements reflect our views and assumptions as of the date of this Quarterly Report on Form 10-Q. 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 Quarterly Report on Form 10-Q 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 Part II, Item 1A "Risk Factors" as well as elsewhere in this Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q. 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.

You should read the following discussion in conjunction with the interim unaudited condensed consolidated financial statements and related notes.

Overview of Our Company

Logitech is a world leader in designing, manufacturing and marketing products that help connect people to digital and cloud experiences. Over forty years ago, Logitech created products to improve experiences around the personal computer ("PC") platform, and today it is a multi-brand, multi-category company designing products that enable people to pursue their passions and connect to the world. Logitech's products align with several large secular trends including work and learn from anywhere, video everywhere, the increasing popularity of gaming as a spectator and participant sport, and the democratization of content creation. Logitech's brands include Logitech, Logitech G, ASTRO Gaming, Streamlabs, Blue Microphones, and Ultimate Ears. Our Company's website is www.logitech.com.

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

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 and Other Factors on our Business

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic, which continues to spread throughout the world. The COVID-19 pandemic has resulted in industry-wide global supply chain challenges, including manufacturing, transportation and logistics. We purchase certain products and key components from a limited number of sources, and depends depend on the supply chain, including freight, to receive components, transport finished goods and deliver our products across the world.

More recently, we have also been impacted by adverse macroeconomic and geopolitical conditions. These conditions include but are not limited to inflation, foreign currency fluctuations, slow down and slowdown of economic activity around the globe, world, in part due to rising interest rates, and lower consumer and enterprise spending. In addition, the war in Ukraine has further increased existing global supply chain, logistics, and inflationary challenges. Such global or regional economic and political conditions adversely affect demand for our products. These conditions also have an impact on our suppliers, contract manufacturers, logistics providers, and distributors, causing increases volatility in cost of materials and higher 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 results of operations.

While global supply chain challenges have improved during since the second quarter of fiscal year 2023, including logistics costs and shipping lead times, and component availability, if the increase of COVID-19 infections in China during the third quarter of fiscal year 2023 causes uncertainty in supply availability. If macroeconomic and geopolitical conditions and COVID-19 related factors do not improve or worsen, our results of operations may will continue to be adversely impacted.

For additional information, see "Liquidity and Capital Resources" below and Part II 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," "The full effect "Future impacts of the COVID-19 pandemic is are still uncertain and cannot be predicted, and could adversely affect our business, results of operations and financial condition" condition,"* and *"If we do not successfully coordinate the worldwide manufacturing and distribution of our products, we could lose sales."*

Summary of Financial Results

Our total sales for each of the three and six nine months ended September 30, 2022 December 31, 2022 decreased 12% 22% and 16%, respectively, compared to the same periods of the prior fiscal year, driven by a decline in sales for of all of our product categories other than Video Collaboration. categories.

Sales for the three months ended September 30, 2022 December 31, 2022 decreased 26%24%, 9%, 22% and 2% 19% in the the Americas, EMEA, Americas and the Asia Pacific regions, respectively, compared to the same period of the prior fiscal year. Sales for the six nine months ended September 30, 2022, increased 3% in the Asia Pacific region, and December 31, 2022 decreased 22%, 18%, and 14% 5% in the EMEA, Americas and Americas Asia Pacific regions, respectively, compared to the same period of the prior fiscal year.

Gross margin was 38.2% 37.6% and 38.9% 38.4% for the three and six nine months ended September 30, 2022 December 31, 2022, respectively, and decreased by 330 270 basis points and 350 320 basis points, respectively, compared to the same periods of the prior fiscal year, year. The gross margin decline for the three-month period was primarily due to higher material costs and driven by unfavorable impacts from changes in currency exchange rates. rates, higher promotional spending, and inflationary pressure on costs, partially offset by a reduction in our use of expedited shipping. The gross margin decline for the nine-month period was mainly due to unfavorable currency impacts and inflationary pressure on costs, partially offset by a reduction in our use of expedited shipping.

Operating expenses for the three months ended September 30, 2022 December 31, 2022 were $311.4 million$300.5 million, or 27.1% 23.7% of sales, compared to $362.8 million $395.3 million, or 27.8% 24.2% of sales, in the same period of the prior fiscal year. Operating expenses for the six nine months ended September 30, 2022 December 31, 2022 were $655.5 million $956.0 million, or 28.4% 26.7% of sales, compared to $728.6 million $1,123.9 million or 27.8% 26.4% of sales, in the same period of the prior fiscal year.

Net income for the three and six nine months ended September 30, 2022 December 31, 2022 was $82.1 million $140.2 million and $182.9 million $323.1 million, respectively, compared to the same periods of the prior fiscal year of $139.5 million $210.0 million, and $326.3 million $536.3 million, respectively.

Trends in Our Business

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

Trends Specific to Our Market Opportunities

*Creativity & Productivity:*In the past few years, mice Mice and keyboard shipments keyboards have been strong due to long-term structural growth opportunities driven largely by work-from-home, learn-from-home and hybrid work trends. We believe that innovative personal workspace peripherals, such as our mice and keyboards, can refresh the design of personal workspaces and help improve the productivity and engagement of remote work and learning, thus providing growth opportunities. Hybrid work culture is also expanding has expanded the number of new workspaces to which we can attach our personal workspace peripherals. Increasing adoption of various cloud-based applications has led to multiple unique consumer use cases, which we are addressing with our innovative product portfolio and a deep understanding of our customer base. The These hybrid work trends coupled with the popularity of streaming coupled with hybrid work trends, provide growth opportunities for our webcam products as well as other products in our portfolio. Smaller The continued popularity of mobile computing devices, such as including tablets, have created new markets and usage models provides attractive market opportunities for our peripherals and accessories.

*Gaming:*Despite recent declines in the gaming market,, PC gaming and console gaming platforms have strong long-term structural growth opportunities driven largely by the popularity of social gaming through online gaming, multi-platform experiences, and esports. We expect gaming will increasingly become one of the largest participant and spectator sports in the world. We believe Logitech is well positioned to benefit from overall gaming market growth. In addition, our acquisition of Streamlabs provides a solid platform to deliver recurring services and subscriptions to gamers and streamers.

Video Collaboration: The long-term structural growth opportunities in the video collaboration market continue to drive commercial and consumer adoption of video conferencing. Video meetings continue to be an opportunity as companies want lower-cost, cloud-based solutions that can provide their employees with the ability to work from anywhere. We are continuing our efforts to create and sell innovative products to accommodate the increasing demand from equip home offices, and small-size meeting rooms, such as huddle rooms, to and medium and large-sized meeting rooms. We will continue to invest in the development of select business-specific business-oriented products, (both hardware and software), targeted product marketing and sales channel development. We believe the continued digitization of learning and hybrid learning environments is a future growth opportunity.

Music: Consumers are optimizing their audio experiences on their tablets and smartphones with a variety of music peripherals including wireless mobile speakers and in-ear and other headphones. However, the mobile speaker market has matured and the integration of personal voice assistants has increased competition in the speaker category leading to a decline in our Mobile Speakers category sales in the past few years. In addition, we will continue developing true wireless audio products as growth in this category of the wireless audio market continues to be strong.

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.

Capitalization and amortization of research and development expenses in the U.S.

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 United States, effective for tax year beginning after December 31, 2021. Absent a change in legislation, the provision is was effective for us beginning in fiscal year 2023 which delays the deductibility of research and development expenses. As a result, cash tax payments in the United States have generally increased beginning in fiscal year 2023 compared to prior years.

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 base our assumptions, judgments and estimates on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results could differ materially from these estimates under different assumptions or conditions. On a regular basis, we evaluate our assumptions, judgments and estimates. We also discuss our critical accounting policies and estimates with the Audit Committee of the Board of Directors.

We believe that the assumptions, judgments and estimates involved in the accounting for accruals for customer incentives and related breakage when appropriate, accrued sales return liability, inventory valuation, uncertain tax positions, and business acquisitions have the greatest potential impact on our condensed consolidated financial statements. These areas are key components of our results of operations and are based on complex rules requiring us to make judgments and estimates and consequently, we consider these to be our critical accounting policies. Historically, our assumptions, judgments and estimates relative to our critical accounting policies have not differed materially from actual results.

There have been no material changes in our critical accounting estimates during the six nine months ended September 30, 2022 December 31, 2022 compared with the critical accounting estimates disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2022.

Adoption of New Accounting Pronouncements

Refer to Note 1 to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for recent accounting pronouncements adopted.

Constant Currency

We refer to our net sales growth rates excluding the impact of currency exchange rate fluctuations as "constant currency" sales growth rates. Percentage of constant currency sales growth is calculated by translating prior period sales in each local currency at the current period's average exchange rate for that currency and comparing that to current period sales.

Given our global sales presence and the reporting of our financial results in U.S. Dollars, our financial results could be affected by significant shifts in currency exchange rates. See "Results of Operations" for information on the effect of currency exchange results 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

Net Sales

Our sales for each of the three and six nine months ended September 30, 2022 December 31, 2022 decreased 12% 22% and 16%, respectively, compared to the same periods of the prior fiscal year, which was primarily driven by a decline in sales for of all of our product categories other than Video Collaboration. categories. Our sales for the three three- and six nine- month periods were also negatively impacted from lower demand, higher promotional spending, and unfavorable changes in currency exchange rates. If currency exchange rates had been constant in the three and six nine months ended September 30, 2022 December 31, 2022 and 2021, our constant dollar sales reduction rates would have been 7% 17% and 8% 12%, respectively.

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, Australian Dollar, Canadian Dollar, Japanese Yen, Pound Sterling and New Taiwan Dollar. During the three months ended September 30, 2022 December 31, 2022, approximately 50% 52% 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 the three and six nine months ended September 30, 2022 December 31, 2022, compared with the three and six nine months ended September 30, 2021 December 31, 2021:

		Sales Growth Rate		Constant Dollar Sales Growth Rate			Sales Growth Rate		Constant Dollar Sales Growth Rate	
		Three Months Ended September 30, 2022	Six Months Ended September 30, 2022	Three Months Ended September 30, 2022	Six Months Ended September 30, 2022		Three Months Ended December 31, 2022	Nine Months Ended December 31, 2022	Three Months Ended December 31, 2022	Nine Months Ended December 31, 2022
Americas	Americas	(9) %	(14) %	(9) %	(14) %	Americas	(24) %	(18) %	(23) %	(17) %
EMEA	EMEA	(26) %	(22) %	(16) %	(14) %	EMEA	(22) %	(22) %	(13) %	(13) %
Asia Pacific	Asia Pacific	(2) %	3 %	4 %	8 %	Asia Pacific	(19) %	(5) %	(12) %	1 %

Americas:

The decrease in in sales in the Americas region for the three-month period three- and nine- month periods presented above was primarily driven by a decrease in sales of PC Webcams, Gaming, and Tablet & Other Accessories. The decrease in sales in the Americas region for the six-month periods presented above was primarily driven by a decrease in sales all of Gaming, Audio & Wearables, and PC Webcams. our product categories.

EMEA:

The decrease in sales in our EMEA region for the three-and-six-month periods three-month period was primarily driven by the decrease in sales of all of our product categories. The decrease in sales in our EMEA region for the nine-month period was primarily driven by the decrease in sales of all of our product categories except Video Collaboration.

Asia Pacific:

The decrease in sales in our Asia Pacific region for the three-month period presented above was primarily driven by a decrease in sales of Keyboards & Combos, Gaming, PC Webcams, and Pointing Devices. The decrease in sales for the nine-month period was primarily driven by a decrease in sales of PC Webcams, Keyboards & Combos, Audio & Wearables, and Tablet & Other Accessories, Video Collaboration, partially offset by an increase in sales of Gaming. The increase in sales for the six-month period was primarily driven by an increase in sales of Gaming and Pointing Devices, partially offset by decrease in sales of the other product categories.

Sales by Product Categories

Sales by product categories for the three and six nine months ended September 30, 2022 December 31, 2022 and 2021 were as follows (Dollars in thousands):

		Three Months Ended September 30,			Six Months Ended September 30,				Three Months Ended December 31,			Nine Months Ended December 31,		
		2022	2021	Change	2022	2021	Change		2022	2021	Change	2022	2021	Change
Pointing Devices	Pointing Devices	$ 185,200	$ 189,014	(2) %	$ 368,483	$ 371,892	(1) %	Pointing Devices	$ 199,106	$ 231,090	(14) %	$ 567,589	$ 602,982	(6) %
Keyboards & Combos	Keyboards & Combos	200,853	236,272	(15)	428,573	454,629	(6)	Keyboards & Combos	220,059	281,608	(22)	648,632	736,237	(12)
PC Webcams	PC Webcams	60,166	94,471	(36)	119,552	204,389	(42)	PC Webcams	58,481	115,115	(49)	178,033	319,504	(44)

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Tablet & Other Accessories	Tablet & Other Accessories	54,203	80,801	(33)	120,788	160,073	(25)	Tablet & Other Accessories	65,157	82,859	(21)	185,945	242,932	(23)
Gaming (1)	Gaming (1)	297,676	330,777	(10)	580,482	666,174	(13)	Gaming (1)	391,975	469,282	(16)	972,457	1,135,456	(14)
Video Collaboration	Video Collaboration	236,180	231,653	2	482,422	466,538	3	Video Collaboration	226,374	287,187	(21)	708,796	753,725	(6)
Mobile Speakers	Mobile Speakers	39,195	39,492	(1)	61,505	67,976	(10)	Mobile Speakers	38,321	56,748	(32)	99,826	124,724	(20)
Audio & Wearables	Audio & Wearables	73,271	98,078	(25)	142,717	214,685	(34)	Audio & Wearables	69,104	104,280	(34)	211,821	318,965	(34)
Other (2)	Other (2)	2,207	5,709	(61)	4,294	11,969	(64)	Other (2)	1,348	4,613	(71)	5,642	16,582	(66)
Total Sales	Total Sales	$ 1,148,951	$ 1,306,267	(12) %	$ 2,308,816	$ 2,618,325	(12) %	Total Sales	$ 1,269,925	$ 1,632,782	(22) %	$ 3,578,741	$ 4,251,107	(16) %

(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.

Sales of Pointing Devices remained flat decreased 14% and 6% for the three and six nine months ended September 30, 2022 December 31, 2022, respectively, compared to the same periods of the prior fiscal year. year, primarily driven by the decrease in sales of cordless mice.

Keyboards & Combos

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

Sales of Keyboards & Combos decreased 15% 22% for the three months ended September 30, 2022 December 31, 2022, compared to the same period of the prior fiscal year, primarily driven by the decrease in sales of our cordless combos, and cordless and corded PC keyboards. keyboards, particularly in our low end products. Sales of Keyboards & Combos decreased 6% 12% for the six nine months ended September 30, 2022 December 31, 2022, compared to the same period of the prior fiscal year, primarily driven by the decrease in sales of our cordless combos and corded PC keyboards, partially offset by the increase particularly in sales of our cordless PC keyboards. low end products.

PC Webcams

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

Sales of PC Webcams Webcams decreased 36% 49% and 42% 44% for the three and six nine months ended September 30, 2022 December 31, 2022, respectively, compared to the same periods of the prior fiscal year, 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 keyboards for tablets.

Sales of Tablet & Other Accessories products products decreased 33%21% and 25% 23% for the three and six nine months ended September 30, 2022 December 31, 2022, respectively, compared to the same periods of the prior fiscal year, primarily driven by the decrease in sales of most of our products, products. The decrease in sales for the nine-month period was partially offset by increases in sales of our Rugged Combo 3 Touch and Combo Touch for iPad Air.

Gaming market:

Gaming

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

Sales of Gaming decreased 10% 16% and 13% 14% for the three and six nine months ended September 30, 2022 December 31, 2022, respectively, compared to the same periods of the prior fiscal year, primarily driven by the decrease in sales of most of the gaming sub-categories, partially offset by an increase in sales of our gaming steering wheels. sub-categories.

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.

Sales of Video Collaboration products increased 2% and 3% decreased 21% for the three and six months ended September 30, 2022 December 31, 2022, respectively, compared to the same periods period of the prior fiscal year, driven by a decrease in sales of webcams and conference room cameras due primarily to a slowdown in enterprise spending. Sales of Video Collaboration products decreased 6% for the nine months ended December 31, 2022, compared to the same period of the prior fiscal year, primarily due to the decrease in sales of webcams, partially offset by an increase in sales of conference room cameras, headsets, docks and docks, partially offset by a decline in sales of webcams. headsets.

Music market:

Mobile Speakers

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

Sales of Mobile Speakers remained flat decreased 32% and 20% for the three and nine months ended September 30, 2022December 31, 2022, respectively, compared to the same period of the prior fiscal year. Sales of Mobile Speakers decreased 10% for the six months ended September 30, 2022 compared to the same period periods of the prior fiscal year, primarily due to a decrease in sales of most of our Mobile speaker 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, and an increase in sales of our Hyperboom mobile speakers. 2023.

Audio & Wearables

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

Sales of Audio & Wearables decreased 25% and 34% for each of the three and six nine months ended September 30, 2022 December 31, 2022, respectively, compared to the same periods of the prior fiscal year, primarily due to a decrease in sales of almost all sub-categories.

Gross Profit

Gross profit for the three and six nine months ended September 30, 2022 December 31, 2022 and 2021 was as follows (Dollars in thousands):

		Three Months Ended September 30,			Six Months Ended September 30,				Three Months Ended December 31,			Nine Months Ended December 31,		
		2022	2021	Change	2022	2021	Change		2022	2021	Change	2022	2021	Change
Net sales	Net sales	$ 1,148,951	$ 1,306,267	(12) %	$ 2,308,816	$ 2,618,325	(12) %	Net sales	$ 1,269,925	$ 1,632,782	(22) %	$ 3,578,741	$ 4,251,107	(16) %
Gross profit	Gross profit	$ 438,780	$ 542,163	(19) %	$ 898,383	$ 1,111,089	(19) %	Gross profit	$ 477,268	$ 658,010	(27) %	$ 1,375,651	$ 1,769,099	(22) %
Gross margin	Gross margin	38.2 %	41.5 %		38.9 %	42.4 %		Gross margin	37.6 %	40.3 %		38.4 %	41.6 %	

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 for the three and six nine months ended September 30, 2022 December 31, 2022 decreased by 330 270 basis points and 350 320 basis points, respectively, compared to the same periods of the prior fiscal year, year. The gross margin decline for the three-month period was primarily due to higher material costs and driven by unfavorable impacts from changes in currency exchange rates. rates, higher promotional spending, and inflationary pressure on costs, partially offset by a reduction in our use of expedited shipping. The gross margin decline for the nine-month period was mainly due to unfavorable currency impacts and inflationary pressure on costs, partially offset by a reduction in our use of expedited shipping.

Operating Expenses

Operating expenses for the three and six nine months ended September 30, 2022 December 31, 2022 and 2021 were as follows (Dollars in thousands):

		Three Months Ended September 30,		Six Months Ended September 30,			Three Months Ended December 31,		Nine Months Ended December 31,	
		2022	2021	2022	2021		2022	2021	2022	2021
Marketing and selling	Marketing and selling	$202,091	$256,627	$431,469	$508,941	Marketing and selling	$196,653	$269,941	$628,122	$ 778,882

% of sales	% of sales	17.6 %	19.6 %	18.7 %	19.4 %	% of sales	15.5 %	16.5 %	17.6 %	18.3 %
Research and development	Research and development	69,009	68,661	144,526	137,907	Research and development	65,640	75,529	210,166	213,436
% of sales	% of sales	6.0 %	5.3 %	6.3 %	5.3 %	% of sales	5.2 %	4.6 %	5.9 %	5.0 %
General and administrative	General and administrative	26,589	33,271	62,449	73,813	General and administrative	29,766	38,478	92,215	112,291
% of sales	% of sales	2.3 %	2.5 %	2.7 %	2.8 %	% of sales	2.3 %	2.4 %	2.6 %	2.6 %
Amortization of intangible assets and acquisition-related costs	Amortization of intangible assets and acquisition-related costs	2,873	5,107	6,242	10,324	Amortization of intangible assets and acquisition-related costs	2,810	3,662	9,052	13,986
% of sales	% of sales	0.3 %	0.4 %	0.3 %	0.4 %	% of sales	0.2 %	0.2 %	0.3 %	0.3 %
Impairment of intangible assets						Impairment of intangible assets	—	7,000	—	7,000
% of sales						% of sales	N/A	0.4 %	N/A	0.2
Change in fair value of contingent consideration for business acquisition	Change in fair value of contingent consideration for business acquisition	—	(925)	—	(2,399)	Change in fair value of contingent consideration for business acquisition	—	(1,110)	—	(3,509)
% of sales	% of sales	N/A	(0.1)%	N/A	(0.1)%	% of sales	N/A	(0.1)%	N/A	(0.1)%
Restructuring charges, net	Restructuring charges, net	10,817	11	10,817	11	Restructuring charges, net	5,654	1,759	16,471	1,770
% of sales	% of sales	0.9 %	— %	0.5 %	— %	% of sales	0.4 %	0.1 %	0.5 %	— %
Total operating expenses	Total operating expenses	$311,379	$362,752	$655,503	$728,597	Total operating expenses	$300,523	$395,259	$956,026	$1,123,856
% of sales	% of sales	27.1 %	27.8 %	28.4 %	27.8 %	% of sales	23.7 %	24.2 %	26.7 %	26.4 %

The decrease in total operating expenses during the three and six nine months ended September 30, 2022 December 31, 2022, compared to the same periods of the prior fiscal year, were was mainly due to decreases in marketing and selling expenses and general and administrative expenses, partially offset by an increase in restructuring expenses.

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 the three and six nine months ended September 30, 2022 December 31, 2022, marketing and selling expenses decreased $54.5 million $73.3 million and $77.5 million $150.8 million, respectively, compared to the same periods of the prior fiscal year, primarily driven by lower 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 the three months ended September 30, 2022 December 31, 2022, research and development expenses remained flat, compared to the same period of the prior fiscal year. During the six months endedSeptember 30, 2022, research and development expenses increased $6.6 million decreased $9.9 million, compared to the same period of the prior fiscal year, primarily driven by lower personnel-related costs. During the nine months ended December 31, 2022, research and development expenses decreased $3.3 million, primarily driven by lower personnel-related costs, partially offset by higher outsourcing expenses and higher travel and entertainment expenses.

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 the three and six nine months ended September 30, 2022 December 31, 2022, general and administrative expenses decreased $6.7 million $8.7 million and $11.4 million $20.1 million, respectively, compared to the same periods of the prior fiscal year, primarily driven by lower personnel-related costs.

Amortization of Intangible Assets and Acquisition-Related Costs

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

During the three and six months ended September 30, 2022 December 31, 2022, amortization of intangible assets and acquisition-related costs remained flat, compared to the same period of the prior fiscal year. During the nine months ended December 31, 2022, amortization of intangible assets and acquisition-related costs decreased $2.2 million and $4.1 million $4.9 million, respectively, compared to the same periods period of the prior fiscal year, primarily due to certain acquired intangible assets becoming fully amortized and the write-off of Jaybird intangible assets in the third quarter of fiscal year 2022.

Impairment of Intangible Assets

During the three and nine months ended December 31, 2021, 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, Net

DuringThe restructuring charges of $5.7 million and $16.5 million for the three and nine months ended December 31, 2022, respectively, were recorded as a result of our restructuring plan that was initiated 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. As a result, we recorded pre-tax restructuring charges of $10.8 million, related to employee severance and other termination benefits, for the three and six months ended September 30, 2022. We expect to substantially complete this restructuring plan within the next twelve nine months.

The restructuring charges of $1.8 million for each of the three and nine months ended December 31, 2021, 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 13 to our condensed consolidated financial statements for additional information.

Interest Income

Interest income for the three and six nine months ended September 30, 2022 December 31, 2022 and 2021 was as follows (in thousands):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2022	2021	2022	2021
Interest income	$ 3,459	$ 201	$ 4,908	$ 517

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
Interest income	$ 4,665	$ 278	$ 9,573	$ 795

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. During the three and six nine months ended September 30, 2022 December 31, 2022 interest income increased $3.3 million $4.4 million and $4.4 million $8.8 million, respectively, compared to the same periods of the prior fiscal year, primarily driven by the increase in interest rates.

Other Income (Expense), Net

Other income (expense), net for the three and six nine months ended September 30, 2022 December 31, 2022 and 2021 was as follows (Dollars in thousands):

		Three Months Ended September 30,		Six Months Ended September 30,			Three Months Ended December 31,		Nine Months Ended December 31,	
		2022	2021	2022	2021		2022	2021	2022	2021
Investment income (expense) related to the deferred compensation plan	Investment income (expense) related to the deferred compensation plan	$ (762)	$ (73)	$ (4,148)	$ 1,095	Investment income (expense) related to the deferred compensation plan	$ 758	$ 890	$ (3,390)	$ 1,985
Currency exchange gain (loss), net	Currency exchange gain (loss), net	(2,052)	(4,979)	(5,012)	738	Currency exchange gain (loss), net	1,734	(4,562)	(3,278)	(3,824)
Loss on investments, net	Loss on investments, net	(22,934)	(2,032)	(11,577)	(961)	Loss on investments, net	(1,488)	(460)	(13,065)	(1,421)
Other	Other	351	381	964	860	Other	402	459	1,366	1,319
Total	Total	$ (25,397)	$ (6,703)	$ (19,773)	$ 1,732	Total	$ 1,406	$ (3,673)	$ (18,367)	$ (1,941)

Investment income related to the deferred compensation plan 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 three and six nine months ended September 30, 2022 December 31, 2022, compared to the same periods of the prior fiscal year, primarily relates to the change in market performance of the underlying securities.

Currency exchange gain (loss), net, relates to balances denominated in currencies other than the functional currency in our subsidiaries, as well as to the sale of currencies, and 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 gain for the three months ended September 30, 2022 December 31, 2022 was primarily due to the strengthening of the Japanese Yen against the U.S. Dollar. The loss for the nine months ended December 31, 2022 was primarily due to the weakening of the Australian Dollar, and the Brazilian Real against the U.S. Dollar offset by gains in the Swiss Franc. and Australian Dollar. The loss for the three months ended September 30, 2021 December 31, 2021 was primarily due to the weakening of the Brazilian Real against the U.S. Dollar. The loss for the six nine months ended September 30, 2022 December 31, 2021 was primarily due related to the weakening of the Brazilian Real, Australian Dollar, and the Japanese Yen, offset by the gain from the weakening of the Chinese Renminbi against the U.S Dollar. The gain for the six months ended September 30, 2021 was primarily due to the strengthening of the Brazilian Real offset by the loss from the strengthening of the Chinese Renminbi against the U.S U.S. Dollar.

Loss on investments, net, represents 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 the three and six nine months ended September 30, 2022 were December 31, 2022 was primarily due to the impairment charges charge related to one of our equity method investments. The loss for the six months ended September 30, 2022 was investments, partially offset by an the unrealized gain related to one of our equity investments without readily determinable fair value resulting from observable price changes. See Note 6 to our condensed consolidated financial statements for additional information.

Provision for Income Taxes

The provision for income taxes and effective income tax rates for the three and six nine months ended September 30, 2022 December 31, 2022 and 2021 were as follows (Dollars in thousands):

		Three Months Ended September 30,		Six Months Ended September 30,			Three Months Ended December 31,		Nine Months Ended December 31,	
		2022	2021	2022	2021		2022	2021	2022	2021
Provision for income taxes	Provision for income taxes	$ 23,372	$ 33,453	$ 45,088	$ 58,444	Provision for income taxes	$ 42,663	$ 49,345	$ 87,751	$ 107,789
Effective income tax rate	Effective income tax rate	22.2 %	19.3 %	19.8 %	15.2 %	rate	23.3 %	19.0 %	21.4 %	16.7 %

The change in the effective income tax rate for the three and six nine months ended September 30, 2022 December 31, 2022 was primarily due to the mix of income and losses in the various tax jurisdictions in which we operate. There was a were discrete tax provision benefits of $0.2 million and a discrete tax benefit of $1.2 $1.4 million from the recognition of shortfalls and excess tax benefits, respectively, in the United States in the three and six nine months ended September 30, 2022 December 31, 2022. In addition, there were discrete tax benefits of $0.3 $1.7 million and $1.5 $3.2 million from the reversal of uncertain tax positions from the expiration of statutes of limitations, respectively, in the three and six nine month period ended September 30, 2022 December 31, 2022. The change in the effective income tax rate for the three and six nine months ended September 30, 2021 December 31, 2021 was primarily due to the mix of income and losses in the various tax jurisdictions in which we operate. There were discrete tax benefits of $0.6 $0.8 million and $14.3 $15.2 million from the recognition of excess tax benefits in the United States in the three and six nine months ended September 30, 2021 December 31, 2021, respectively. Furthermore, there were discrete tax benefits of $0.5 $1.3 million and $1.5 $2.8 million from the reversal of uncertain tax positions from the expiration of statutes of limitations, respectively, in the three and six nine month period ended September 30, 2021. December, 2021.

As of September 30, 2022 December 31, 2022 and March 31, 2022, the total amount of unrecognized tax benefits due to uncertain tax positions was $174.9 $184.0 million and $176.0 million, respectively, all of which would affect the effective income tax rate if recognized.

Liquidity and Capital Resources

Cash Balances, Available Borrowings, and Capital Resources

As of September 30, 2022 December 31, 2022, we had cash and cash equivalents of $868.5 million $1,036.1 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 whic whh 66% ich 59% is held in Switzerland and 17% 19% were 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 home domicile.

As of September 30, 2022 December 31, 2022, our working capital was $1,448.0 million $1,564.3 million, compared to $1,651.8 million as of March 31, 2022. The decrease was primarily driven by lower cash balances, resulting from higher share repurchases and payments of cash dividends, and lower inventories, partially offset by decreases in accounts payable and accrued liabilities, and accounts payable, and an increase in accounts receivable, net.

We had several uncommitted, unsecured bank lines of credit aggregating $176.0 million $179.2 million as of September 30, 2022 December 31, 2022. There are no financial covenants under these lines of credit with which we must comply. As of September 30, 2022 December 31, 2022, we had outstanding bank guarantees of $22.2 million $11.6 million under these lines of credit.

The following tables present selected financial information and statistics as of and for the three months ended September 30, 2022 December 31, 2022 and 2021 (Dollars in thousands):

		As of September 30,			As of December 31,	
		2022	2021		2022	2021
Accounts receivable, net	Accounts receivable, net	$ 772,731	$ 728,074	Accounts receivable, net	$ 802,435	$ 845,836
Accounts payable	Accounts payable	$ 546,563	$ 660,720	Accounts payable	$ 491,488	$ 738,992
Inventories	Inventories	$ 879,979	$ 827,710	Inventories	$ 797,695	$ 834,534

		Three Months Ended September 30,			Three Months Ended December 31,	
		2022	2021		2022	2021
Days sales in accounts receivable ("DSO") (Days)(1)	Days sales in accounts receivable ("DSO") (Days)(1)	61	50	Days sales in accounts receivable ("DSO") (Days)(1)	57	47
Days accounts payable outstanding ("DPO") (Days)(2)	Days accounts payable outstanding ("DPO") (Days)(2)	69	78	Days accounts payable outstanding ("DPO") (Days)(2)	56	68
Inventory turnover ("ITO") (x)(3)	Inventory turnover ("ITO") (x)(3)	3.2	3.7	Inventory turnover ("ITO") (x)(3)	4.0	4.7

(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 for the three months ended September 30, 2022 December 31, 2022 increased by 11 10 days to 61 57 days, compared compared to 50 days 47 days for the same period of the prior fiscal year, primarily due to a comparatively higher percentage of sales in the last month of the current quarter.

DPO for the three months ended September 30, 2022 December 31, 2022 decreased by 9 12 days, compared to 78 68 days for the same period of the prior fiscal year, primarily due to lower inventory purchases than prior year resulting from softened demand and lower marketing spend.

ITO for the three months ended September 30, December 31, 2022 decreased by 0.5, 0.7, compared to 3.7 4.7 for the same period of the prior fiscal year, primarily due to lower demand and higher inventory balance than prior year. 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 profit margin, operating results including operating cash flow, and inventory turnover in the future.

The following table summarizes our condensed consolidated statements of cash flows (Dollars in thousands):

		Six Months Ended September 30, 2022	Six Months Ended September 30, 2021		Nine Months Ended December 31, 2022	Nine Months Ended December 31, 2021
Net cash provided by (used in) operating activities		$ 37,256	$ (177,848)			
Net cash provided by operating activities				Net cash provided by operating activities	$ 317,167	$ 198,728
Net cash used in investing activities	Net cash used in investing activities	(53,561)	(63,208)	Net cash used in investing activities	(80,711)	(89,006)
Net cash used in financing activities	Net cash used in financing activities	(416,087)	(371,905)	Net cash used in financing activities	(505,035)	(492,799)
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents	(27,823)	(70)	Effect of exchange rate changes on cash and cash equivalents	(24,006)	(2,839)
Net decrease in cash and cash equivalents	Net decrease in cash and cash equivalents	$ (460,215)	$ (613,031)	Net decrease in cash and cash equivalents	$ (292,585)	$ (385,916)

For the six nine months ended September 30, December 31, 2022, net cash provided by operating activities was $37.3 million $317.2 million resulting from net income of $182.9 million $323.1 million, a favorable impact from adding back non-cash expenses totaling $100.2 $165.3 million, and an unfavorable net change in operating assets and liabilities of $245.9 $171.2 million. Non-cash expenses were primarily related to depreciation and amortization, share-based compensation expenses, and loss on investments. deferred income taxes. The increase in accounts receivable, net was primarily driven by timing of sales within the quarter. The decrease in inventories was primarily driven by lower inventory purchases. The decrease in accounts payable was primarily driven by lower inventory purchases and marketing spend. spend. The decrease in accrued and other liabilities was primarily driven by payment of the fiscal year 2022 annual bonus.

For the six nine months ended September 30, December 31, 2022, net cash used in investing activities was $53.6 million $80.7 million, primarily due to $45.4 million $69.1 million of purchases of property, plant, and equipment and $5.8 million $8.5 million payments for acquisitions, net of cash acquired.

For the six nine months ended September 30, December 31, 2022, net cash used in financing activities was $416.1 million $505.0 million, primarily resulting from repurchases of our registered shares of $237.6 million $327.7 million, payment of cash dividends of $158.7 million, and tax withholdings related to net share settlements of restricted stock units of $26.7 million $28.7 million.

For the six nine months ended September 30, December 31, 2022, there was a $27.8 million $24.0 million loss from currency exchange rate effect on cash and cash equivalents, primarily due to the weakening exchange rate fluctuations of the Euro, Swiss Franc, Chinese Renminbi, Swiss Franc, and Australian Dollar New Taiwan Dollar and the Japanese Yen versus the U.S. Dollar by 12%, 11%, 6%, 14%, 10% and 16%, respectively. timing of our cash transactions over the period. The loss from the effect of currency rate changes was immaterial during the six nine months ended September 30, 2021 December 31, 2021.

Cash Outlook

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

In fiscal year 2023, we paid a cash dividend of 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 147.0 million (U.S. Dollar amount of $159.4 million) out of fiscal year 2021 retained earnings.

In May 2020, our Board of Directors approved a share repurchase program, which authorized us to invest up to $250.0 million to purchase our own shares, following the expiration date of the 2017 share repurchase program.

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. As of September 30, 2022 December 31, 2022, $686.3 million $596.3 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.

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.

Operating Leases Obligations

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. During the six nine months ended September 30, 2022December 31, 2022, our operating lease obligations increased approximately $50.0 million $45.0 million, primarily related to newly commenced operating leases for office spaces in the Americas and EMEA regions. There have been no other material changes to our contractual obligations as previously disclosed in our Annual Report on Form 10-K for the year ended March 31, 2022. The remaining terms of our non-cancelable operating leases expire in various years through 2033.

Purchase Commitments

As of September 30, 2022 December 31, 2022, we had non-cancelable purchase commitments of $589.5 million $421.1 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 September 30, 2022 December 31, 2022, the liability for these purchase commitments was $46.1 million $43.2 million and is recorded in accrued and other current liabilities in the condensed consolidated balance sheet.

We have firm purchase commitments of $20.0 million $29.7 million for capital expenditures primarily related to commitments for tooling and equipment for new and existing products. We expect 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.

Other Contractual Obligations and Commitments

For further detail about our contractual obligations and commitments, refer to our Annual Report on Form 10-K for the fiscal year ended March 31, 2022.

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 September 30, 2022 December 31, 2022, no amounts have been accrued for indemnification provisions. We do not believe, based on historical experience and information currently available, that it is probable that any material amounts will be required to be paid under our indemnification arrangements.

We also indemnify our current and former directors and certain 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.

Legal Proceedings

From time to time we are involved in claims and legal proceedings that arise in the ordinary course of our business. For more information about Legal Proceedings, see Part II Item 1 Legal Proceedings of this quarterly report on Form 10-Q for the period ended September 30, 2022 December 31, 2022.

ITEM 3. 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 over 30 currencies worldwide, of which the most significant to operations are the Euro, Chinese Renminbi, Japanese Yen, Australian Dollar, Canadian Dollar, Japanese Yen, Pound Sterling and New Taiwan Dollar. For the three months ended September 30, 2022 December 31, 2022, approximately 50% 52% of our sales were in non-U.S. denominated currencies, with 21% 28% 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 one month. The gains or losses on these contracts are recognized in earnings based on the changes in fair value.

If an adverse 10% foreign currency exchange rate change had been applied to total monetary assets and liabilities denominated in currencies other than the functional currencies at the balance sheet dates, it would have resulted in an adverse effect on income before income taxes of approximately $11.7 million $17.6 million and $24.4 million as of September 30, 2022 December 31, 2022 and March 31, 2022, respectively. The adverse effect as of September 30, 2022 December 31, 2022 and March 31, 2022 is after consideration of the offsetting effect of approximately $18.9 million $14.8 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 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 September 30, 2022 December 31, 2022 and March 31, 2022 would have been approximately $11.5 million $11.2 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 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Logitech's management, with the participation of the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, the CEO and the CFO have concluded that, as of such date, our disclosure controls and procedures are effective at the reasonable assurance level.

Definition of Disclosure Controls

Disclosure Controls are controls and procedures designed to reasonably assure that information required to be disclosed in the Company's reports filed under the Exchange Act, such as this Quarterly Report on Form 10-Q, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure Controls are also designed to reasonably assure that such information is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. The Company's Disclosure Controls include components of its internal control over financial reporting, which consists of control processes designed to provide reasonable assurance regarding the reliability of its financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles in the United States. To the extent that components of the Company's internal control over financial reporting are included within its Disclosure Controls, they are included in the scope of the Company's annual controls evaluation.

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 or internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, 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.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the fiscal quarter ended September 30, 2022December 31, 2022, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. 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 currently available information, we do not believe that resolution of pending matters will have a material adverse effect on our financial condition, cash flows or results of operations. However, litigation is subject to inherent uncertainties, and there can be no assurances that our defenses will be successful or that any such lawsuit or claim would not have a material adverse impact on our business, financial condition, cash flows and results of operations in a particular period. Any claims or proceedings against us, whether meritorious or not, can have an adverse impact because of defense costs, diversion of management and operational resources, negative publicity and other factors. Any failure to obtain a necessary license or other rights, or litigation arising out of intellectual property claims, could adversely affect our business.

ITEM 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 Quarterly Report on Form 10-Q, including in Part I Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations and our Condensed Consolidated Financial Statements and the related Notes.

Summary of Risk Factors

Risks Related to our Business

- If we fail to innovate and develop new products in a timely and cost-effective manner for our new and existing product categories, our business and operating results could be adversely affected.
- Our future growth will depend on our diversified product growth opportunities, and if we do not successfully execute on our growth opportunities, or if our growth opportunities are more limited than we expect, our operating results could be adversely affected.
- 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.
- If we are not able to maintain and enhance our brands, or if our brands or reputation are damaged, our reputation, business and operating results could be adversely affected.
- If we do not compete effectively, demand for our products could decline and our business and operating results could be adversely affected.

- The full effect Future impacts of the COVID-19 pandemic is are still uncertain and cannot be predicted, and could adversely affect our business, results of operations and financial condition.

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

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

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

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

- 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 and interest rates.

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

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

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

Risks Related to Cyber Security, Privacy, and Intellectual Property

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

- The collection, storage, transmission, use and distribution of user data could give rise to liabilities and additional costs of operation as a result of laws, governmental regulation and risks of 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 current share repurchase program will be fully utilized or that it will enhance long-term shareholder value. Share repurchases may also increase the volatility of the trading price of our shares. We similarly cannot ensure that we will continue to increase our dividend payments or to pay dividends at all. Share repurchases and dividends diminish our cash reserves.

Risk Factors

Risks Related to our Business

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

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

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

- Identify new features, functionality and opportunities;

- Anticipate technology, market trends and consumer preferences;

- Develop innovative, high-quality, and reliable new products and enhancements in a cost-effective and timely manner;

- Distinguish our products from those of our competitors; and

- Offer our products at prices and on terms that are attractive to our customers and consumers.

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

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

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

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

We have historically targeted peripherals for the PC platform and in recent years, have expanded the categories of products we sell and entered new markets.

Our sales of our products might have been in the past and may in the future be less than we expect due to a decline in business or economic conditions in one or more of the countries or regions, a greater decline than we expect in demand for our products, our inability to successfully execute our sales and marketing plans, or for other reasons. Global economic concerns, such as the ongoing COVID-19 pandemic, Russia's invasion of Ukraine, tariffs and policies that inhibit trade, the risk of new sovereign debt issues in Europe, the impact of oil prices from Russia and other countries, conflicts with either local or global financial implications, economic slowdown in China, and the varying pace of global economic recovery, create unpredictability and add risk to our future outlook. In particular, there are a number of factors worldwide contributing to supply chain challenges, which are due in large part to the COVID-19 pandemic and the resulting economic disruption, rising prices, labor and material shortages, and most recently Russia's invasion of Ukraine.

As a result, we are attempting to diversify our product category portfolio. We also are focusing more of our attention, which may include personnel, financial resources and management attention, on product innovations and growth opportunities, including products and services for gaming, for video collaboration, for the consumption of digital music, and on other potential growth opportunities in addition to our PC peripherals product categories. Our investments may not result in the growth we expect, or when we expect it, for a variety of reasons, including but not limited to, changes in growth trends, evolving and changing market and increasing competition, market opportunities, and product innovation.

Trends and opportunities in each of our product categories are rapidly evolving, declining in some categories and increasing in others, and may also be different by region, as a result of which we are constantly required to adapt to such changing markets, increased competition, and new challenges and opportunities. If we do not allocate our resources in line with the market and new opportunities, our business and results of operations could be adversely affected.

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

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

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. In particular, there are a number of factors worldwide contributing to supply chain challenges, which are due in large part to the COVID-19 pandemic and the resulting economic disruption, rising prices, labor and material shortages, and most recently Russia's invasion of Ukraine.

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 half of our products at the facilities we own in China. The majority of our other production is performed by third-party contract manufacturers, including original design manufacturers, in China, Taiwan, Hong Kong, Malaysia, 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 and a recent increase of COVID-19 infections in China, 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.

Our business requires us to coordinate the manufacture and distribution of our products over much of the world. We rely on third parties to manufacture many of our products, manage centralized distribution centers, and transport our products. If we do not successfully coordinate the timely manufacturing and distribution of our products, if our manufacturers, distribution logistics providers or transport providers are not able to successfully and timely process our business or if we do not receive timely and accurate information from such providers, and especially if we expand into new product categories or our business grows in volume, we may have an insufficient supply of products to meet customer demand, we could lose sales, we may experience a build-up in inventory, we may incur additional costs, and our financial performance and reporting may be adversely affected.

By locating our manufacturing in China and Southeast Asia, we are reliant on third parties to get our products to distributors around the world. Transportation costs, fuel costs, labor unrest, natural disasters, regional or global pandemics, 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. Many of our competitors have broad product portfolios across several of our product categories and are able to use the strength of their brands to move into adjacent categories. Our competitors have the ability to bring new products to market quickly and at competitive prices. We experience aggressive price competition and other promotional activities from our primary competitors and from less-established brands, including brands owned by retail customers known as house brands. As we shift the focus of our marketing efforts in certain categories from 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.

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

Microsoft, Apple, Google and Amazon are leading producers of operating systems, hardware, platforms and applications with which our mice, keyboards, wireless speakers and other products are designed to operate. In addition, Microsoft, Apple, Google and Amazon each has significantly greater financial, technical, sales, marketing and other resources than Logitech, as well as greater name recognition and a larger customer base. As a result, Microsoft, Apple, Google and Amazon each may be able to improve the functionality of its products, if any, or may choose to show preference to our competitors' products, to correspond with ongoing enhancements to its operating systems, hardware and software applications before we are able to make such improvements. This ability could provide Microsoft, Apple, Google, Amazon or other competitors with significant lead-time advantages. In addition, Microsoft, Apple, Google, Amazon or other competitors may be able to control distribution channels or offer pricing advantages on bundled hardware and software products that we may not be able to offer, and maybe financially positioned to exert significant downward pressure on product prices and upward pressure on promotional incentives in order to gain market share. For additional information, see "Competition” in Item 1 of the Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on May 18, 2022.

The full effect Future impacts of the COVID-19 pandemic is are still uncertain and cannot be predicted, and could adversely affect our business, results of operations and financial condition.

COVID-19 has spread rapidly throughout the world, causing volatility and disruption in financial markets, curtailing global economic activity, raising the prospect of an extended global recession, and prompting governments and businesses to take unprecedented measures in response. Such measures have included restrictions on travel and business operations, quarantines and shelter-at-home orders, and often resulted in indefinite business closures. The full effects of the COVID-19 pandemic cannot be predicted as a result of uncertainties, including if and how the extent and rate of the spread continue to fluctuate in different parts of the world, the gravity and transmissibility level of the current and future variants, the availability and effectiveness of treatments and vaccines, and vaccination progress. The impact of different variants cannot be predicted at this time, and could depend on numerous factors, including the effectiveness of COVID-19 vaccines against such variants and the response by governmental bodies and regulators.

The COVID-19 pandemic and the measures taken by many countries in response have contributed to a general slowdown in the global economy and had a mixed effect and could in the future have a mixed or adverse effect on our business and operations, our customers and our partners. We have experienced and may continue to experience disruptions and higher costs in our manufacturing, supply chain and logistics operations and outsourced services, resulting in shortages of our products in our distribution channels and loss of market share and opportunities. We have also incurred additional costs related to business continuity. For example, Shanghai, uncertainty in supply availability related to the current COVID-19 outbreak in China, experienced a two-month lockdown beginning in late March 2022 due to an outbreak of COVID-19, resulting in a lockdown of the city, closures of ports and airports, and disruption of commercial activities. If additional lockdowns or similar measures are instituted in Shanghai, or Suzhou, where our principal manufacturing facility is located, or other places where our suppliers and partners are located, such measures, depending on their its duration, could cause additional negative impact on our business and results of operations.

While we believe that the pandemic accelerated certain trends favorable to us, its effects on the use patterns and demand for our products has been evolving. We experienced significant growth during the COVID-19 pandemic that we may not be able to sustain in the future.

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

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 2022 and the first nine months of fiscal year 2023 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. For example, if sales at large retail stores are displaced as a result of bankruptcy, competition from Internet sales channels or otherwise, our product sales could be adversely affected and our product mix could change, which could adversely affect our operating costs and gross margins. Any loss of a major partner or distribution channel or other channel disruption could make us more dependent on alternate channels, increase pricing and promotional pressures from other partners and distribution channels, increase our marketing costs, or adversely impact buying and inventory patterns, payment terms or other contractual terms, sell-through or delivery of our products to consumers, our reputation and brand equity, or our market share.

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

As we expand into new product categories and markets in pursuit of growth, we will have to build relationships with new channel partners and adapt to new distribution and marketing models. These new partners, practices and models may require significant management attention and operational resources and may affect our accounting, including revenue recognition, gross margins, and the ability to make comparisons from period to period. Entrenched and more experienced competitors will make these transitions difficult. Certain product categories, such as Video Collaboration, may also require that we further build and scale our own enterprise sales force. Several of our competitors already have large enterprise sales forces and experience and success with that sales model. If we are unable to build successful distribution channels, build and scale our own enterprise sales force, or successfully market our products in these new product categories, we may not be able to take advantage of the growth opportunities, and our business and our ability to grow our business could be adversely affected.

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

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

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

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

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

Over the past few years, we have expanded the types of products we sell and the geographic markets in which we sell them. The changes in our product portfolio and the expansion of our sales markets have increased the difficulty of accurately forecasting product demand. We are also utilizing sea shipments more extensively than air delivery, which will cause us to build and ship products to our distribution centers earlier and will also result in increases in inventory. These operational shifts increase the risk that we have excess or obsolete inventory if we do not accurately forecast product demand.

In addition, market demand remains less predictable and more volatile than pre-COVID-19. 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 the access is withdrawn, denied, or is not available on terms acceptable to us, or if the platforms or technologies change without notice to us, our business and operating results could be adversely affected.

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

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

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

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

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

We compensate our employees through a combination of salary, bonuses, benefits and equity compensation. Recruiting and retaining skilled personnel, including software and hardware engineers, is highly competitive. The pandemic and hybrid work environment have driven acute competition for talent, increased employee burnout and attrition across multiple industries. 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, particularly engineers, product managers and designers, we may fail to develop and introduce new products successfully and in a cost-effective and timely manner. If our revenue growth or employee levels vary significantly, our operating cash flows and financial condition could be adversely affected. Volatility or lack of positive performance in our stock price may also affect our ability to retain key employees, many of whom have been granted equity incentives. Logitech’s practice has been to provide equity incentives to its employees, but the number of shares available for equity grants is limited. We may find it difficult to provide competitive equity incentives, and our ability to hire, retain and motivate key personnel may suffer.

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

We continue to review our product portfolio and update our non-strategic product categories and products. During the third quarter of fiscal year 2022, we ceased future product launches under the Jaybird brand within our Audio & Wearables product category and during the fourth quarter of fiscal 2021, we discontinued our Harmony line of home entertainment controllers within our Smart Home product category. If we are unable to effect sales on favorable terms or if realignment is more costly or distracting than we expect or has a negative effect on our organization, employees and retention, then our business and operating results may be adversely affected. Discontinuing products with service components may also cause us to continue to incur expenses to maintain services within the product life cycle or may adversely affect our customer and consumer relationships and brand. Divestitures may also involve warranties, indemnification or covenants that could restrict our business or result in litigation, additional expenses or liabilities. In addition, discontinuing product categories, even categories that we consider non-strategic, reduces the size and diversification of our business and causes us to be more dependent on a smaller number of product categories.

As we attempt to grow our business in strategic product categories and emerging market geographies, we will consider growth through acquisition or investment. We will evaluate acquisition opportunities that could provide us with additional product or service offerings or with additional industry expertise, assets and capabilities. For example, we acquired ASTRO Gaming to expand into the console gaming market, we acquired Saitek to expand into the gaming simulation and controller markets, we acquired Blue Microphones to expand into the microphones market, we acquired General Workings, Inc. ("Streamlabs") to expand our software and service capabilities and tools for the streaming market, and we acquired Mevo Inc. to expand our camera hardware and software for live streaming and video conferencing. 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.

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. Our strategy has been based on simplifying the organization and reducing operating costs through global workforce reductions, with the goal of better aligning costs with our business.

Our ability to achieve the desired and anticipated cost savings and other benefits from these simplification, cost-cutting and restructuring activities, and within our desired and expected timeframes, are subject to many estimates and assumptions, and the actual savings and timing for those savings may vary materially based on factors such as local labor regulations, negotiations with third parties, and operational requirements. These estimates and assumptions are also subject to significant economic, competitive and other uncertainties, some of which are beyond our control. There can be no assurance that we will fully realize the desired and anticipated benefits from these activities. To the extent that we are unable to improve our 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 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 market for our products is characterized by rapidly changing technology and evolving industry standards. To remain competitive, we must continually introduce new products and technologies. The products that we sell could contain defects in design or manufacture. Defects could also occur in the products or components that are supplied to us. There can be no assurance we will be able to detect and remedy all defects in the hardware and software we sell. Failure to do so could result in product recalls, product liability claims and litigation, product redesign efforts, lost revenue, loss of reputation, and significant warranty and other expenses to remedy.

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

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 with sales in the Americas, EMEA and Asia Pacific regions. Our manufacturing operations and third-party contract manufacturers are located in China and Southeast Asia and we also purchase certain products and key components from a limited number of sources, and depend on the supply chain, including freight, to receive components, transport finished goods and deliver our products across the world. 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. During the first half nine months of fiscal year 2023, we were impacted by adverse macroeconomic macroeconomic and geopolitical conditions including but not limited to inflation, foreign currency fluctuations, slow down and slowdown of economic activity around the globe, world, in part due to rising interest rates, and lower consumer and enterprise spending. We also continue being affected by supply chain challenges, and In addition, the war in Ukraine has further increased existing 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. Our business in Russia and Ukraine was not material to our results and accounted for approximately 2% of total revenue for fiscal year 2022.

Global or regional economic and political conditions also have an impact on our suppliers, contract manufacturers, logistics providers, and distributors, causing increases volatility in cost of materials and higher 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 and financial instability, especially with the uncertainty associated with the ongoing sovereign debt issues in certain Euro zone countries and the stability of the European Union, which may lead to reduced sales, currency exchange losses and collection difficulties or other losses;

- Political and economic uncertainty around the world. For example, Russia's invasion of Ukraine in February 2022 resulted in a sharp increase of commodity prices, sanctions and trade restrictions have been imposed

  on Russian banks, businesses, and individuals, and the conflict has sparked a massive refugee crisis. This conflict has driven and could continue to drive economic uncertainty, including inflation and restricted component availability, among other things;

- 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.

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 and interest 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 the three months ended September 30, 2022 December 31, 2022, approximately 50% approximately 52% of our revenue was in non-U.S. denominated currencies. The weakening of currencies relative to the U.S. Dollar adversely affects the U.S. Dollar value of our non-U.S. Dollar-denominated sales and earnings. If we raise international pricing to compensate, it could potentially reduce demand for our products, adversely affecting our sales and potentially having an adverse impact on our market share. Margins on sales of our products in non-U.S. Dollar-denominated countries and on sales of products that include components obtained from suppliers in non-U.S. Dollar-denominated countries could be adversely affected by currency exchange rate fluctuations. In some circumstances, for competitive or other reasons, we may decide not to raise local prices to fully offset the U.S. Dollar's strengthening, which would adversely affect the U.S. Dollar value of our non-U.S. Dollar-denominated sales and earnings. Competitive conditions in the markets in which we operate may also limit our ability to increase prices in the event of fluctuations in currency exchange rates. Conversely, strengthening of currency rates may also increase our product component costs and other expenses denominated in those currencies, adversely affecting operating results. We further note that a larger portion of our sales than of our expenses are denominated in non-U.S. denominated currencies.

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

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

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

Concern over climate change may 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 could 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.

Based on our current business model and as we expand into new markets and product categories and acquire companies, businesses and assets, we must comply with a wide variety of laws, standards and other requirements governing, among other things, health and safety, hazardous materials usage, product-related energy consumption, conflict minerals, packaging, recycling, 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, 2014January 1, 2023, subject to certain transitional provisions, the revised Swiss Corporate Law, incorporating, the Swiss Federal Council Ordinance Against Excessive Compensation at Public Companies, ("Ordinance") became effective in connection with the Minder initiative approved by effective. The revised Swiss voters during 2013. The Ordinance, 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. In addition, during 2013, Swiss voters considered an initiative to limit pay for a chief executive officer to a multiple of no more than twelve times the salary of the lowest-paid employee. Although voters rejected that initiative, it did receive substantial voter support. The Ordinance, potential 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.

We are incorporated in the canton of Vaud in Switzerland, and our effective income tax rate benefited from a longstanding ruling from the canton of Vaud through December 31, 2019. As a result of the Federal Act on the Tax Reform and AHV Financing ("TRAF"), the canton of Vaud enacted tax reforms on March 10, 2020 that took effect as of January 1, 2020. As a result of the reform, Logitech will incur cash income taxes that will increase over time as the deferred income tax benefit established in connection with the reform diminishes. The canton's tax authority is primarily delegated by the Swiss federal government and its implementation of TRAF in general or with respect to Logitech is subject to Swiss federal review and challenge. Implementation of any material change in tax laws or policies or the adoption of new interpretations of existing tax laws and rulings, or termination or replacement of our tax arrangements with the canton of Vaud, by Switzerland or the canton of Vaud could result in a higher effective income tax rate, or a decreased tax asset, a charge to earnings and an accelerated pace of increase in our effective income tax rate, or a combination of such impacts, on our worldwide earnings and any such change will adversely affect our net income. Changes in our effective income tax rate may also make it more difficult to compare our net income and earnings per share between periods.

We operate in multiple jurisdictions and our profits are taxed pursuant to the tax laws of these jurisdictions. Our effective income tax rate may be affected by changes in or interpretations of tax laws, treaties, rulings, regulations or agreements in any given jurisdiction, 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.

Risks Related to Cyber Security, Privacy, and Intellectual Property

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

As a consumer electronics company, our websites are an important presentation of our company, identity and brands and an important means of interaction with and source of information for consumers of our products. We also rely on our centralized information technology systems for product-related information and to store intellectual property, forecast our business, maintain financial records, manage operations and inventory, and operate other critical functions. We allocate significant resources to maintain our information technology systems and deploy network security, data encryption, training and other measures to protect against unauthorized access or misuse. Nevertheless, our websites and information technology systems have been and could continue to be subject to or threatened with, and are susceptible to damage, disruptions or shutdowns due to power outages, hardware failures, structural or operational failures, computer viruses, attacks by computer hackers, other data security issues, telecommunication failures, user error, malfeasance, catastrophes, system or software upgrades, integration or migration, or other foreseeable and unforeseen events. From time to time, we and our suppliers have identified vulnerabilities or other issues that we believe have been addressed, and we expect such issues to continue to arise.

None of such disruptions or issues has individually or in the aggregate resulted in security incidents with a material impact on us. Moreover, due to the COVID-19 pandemic, there is an increased risk that we may experience security breach related incidents as a result of our employees, service providers, and third parties working remotely on less secure systems. In addition, our growth, and increased frequency and sophistication of cyber and product security attacks may increase the likelihood of the Company becoming a target of increasingly complex and damaging attacks that substantially disrupt operations and expose sensitive data. Further, the U.S. Cybersecurity and Infrastructure Security Agency and the European Central Bank have both issued warnings about potential Russian cyberattacks as a result of Russia's invasion of Ukraine and sanctions imposed on Russia. Breaches or disruptions of our websites or information technology systems, breaches of confidential information, data corruption or other data security issues could adversely affect our brands, reputation, relationships with customers or business partners, or consumer or investor perception of our company, business or products or result in disruptions of our operations, loss of intellectual property or our customers' or our business partners' data, reduced value of our investments in our brands, design, research and development or engineering, or costs to address regulatory inquiries or actions or private litigation, to respond to customers or partners or to rebuild or restore our websites or information technology systems.

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

In connection with our operations, we collect personal data, including that of our consumers. This information is increasingly subject to legislation, regulations and enforcement in numerous jurisdictions around the world. 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 U.S. European Union 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, California and Virginia have already adopted privacy laws and other legislations may follow, at states and federal levels. Such laws and regulations are typically intended to protect the privacy and security of personal information and its collection, storage, transmission, use and distribution in or from the governing jurisdiction. In addition, because various jurisdictions have different laws and regulations concerning the use, storage and transmission of such information, we may face requirements that pose compliance challenges in existing markets as well as new international markets that we seek to enter. The collection of user data heightens the risk of security breaches and other data security issues related to our IT systems and the systems of third-party data storage and other service and IT providers. Such laws and regulations, and the variation between jurisdictions, as well as additional security measures and risk, could subject us to increased costs, allocation of additional resources, financial penalties or other liabilities or negative publicity that could adversely affect our business.

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, slow down slowdown of economic activity around the globe, 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, as well as uncertainty in global macroeconomic conditions.

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

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

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

Because our operating results are difficult to predict, our results may be below the expectations of financial analysts and investors, which could cause the price of our shares to decline. For example, following our announcement on January 11, 2023 of lower than expected preliminary financial results for the third quarter of fiscal year 2023, our share price declined significantly.

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

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

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

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

Changes in trade policy, including tariffs and the tariffs focused on China in particular, and currency exchange rates also have adverse impacts on our gross margins.

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

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

In July 2022, our Board of Directors approved a $500 million increase to our current 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 September 30, 2022December 31, 2022, $686.3million $596.3 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 program and dividend policy may be affected by many factors, including general business and economic conditions, our financial condition and operating results, our views on potential future capital requirements, restrictions imposed in any future debt agreements, the emergence of alternative investment or acquisition opportunities, changes in our business strategy, legal requirements, changes in tax laws, and other factors. Our share repurchase program does not obligate us to repurchase all or any of the dollar value of shares authorized for repurchase. The program could also increase the volatility of the trading price of our shares. Similarly, we are not obligated to pay dividends on our registered shares. Under Swiss law, we may only pay dividends upon the approval of a majority of our shareholders, which is under the discretion of and generally follows a recommendation by our Board of Directors that such a dividend is in the best interests of our shareholders. There can be no assurance that our Board of Directors will continue to recommend, or that our shareholders will approve, dividend increases or any dividend at all. If we do not pay a regular dividend, we may lose the interest of investors that focus their investments on dividend-paying companies, which could create downward pressure on our share price. Any announcement of termination or suspension of our share repurchase program or dividend may result in a decrease in our share price. The share repurchase program and payment of cash dividends could also diminish our cash reserves that may be needed for investments in our business, acquisitions or other purposes. Without dividends, the trading price of our shares must appreciate for investors to realize a gain on their investment.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Share Repurchases

In fiscal year 2022, 2023, the following approved share repurchase program was in place (in thousands):

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

(1) 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. As of September 30, 2022 December 31, 2022, $686.3$596.3 million was available for repurchase under the 2020 repurchase program. The 2020 share repurchase program is expected to remain in effect for a period of three years through July 27, 2023.

The following table presents certain information related to purchases made by Logitech of its equity securities under the 2020 share repurchase program (in thousands, except per share amounts):

During the three months ended September 30, 2022		Total Number of Shares Repurchased	Weighted Average Price Paid Per Share CHF (LOGN)	USD (LOGI)	Remaining Amount that May Yet Be Repurchased under the Program		Total Number of Shares Repurchased	Weighted Average Price Paid Per Share		Remaining Amount that May Yet Be Repurchased under the Program
During the three months ended December 31, 2022						During the three months ended December 31, 2022	Total Number of Shares Repurchased	CHF (LOGN)	USD (LOGI)	Remaining Amount that May Yet Be Repurchased under the Program
Month 1	Month 1					Month 1				
July 2, 2022 to July 29, 2022										
October 1, 2022 to October 28, 2022						October 1, 2022 to October 28, 2022				
SIX	SIX	757	51.69	N/A	$ 762,867	SIX	898	45.14	N/A	$ 645,479
Month 2	Month 2					Month 2				
July 30, 2022 to August 26, 2022										

October 29, 2022 to November 25, 2022							October 29, 2022 to November 25, 2022				
SIX	SIX	538	53.81		N/A	732,534	SIX	359	53.12	N/A	625,897
Nasdaq	Nasdaq	28	N/A	$	56.90	730,935	Nasdaq	13	N/A	$ 60.11	625,097
Month 3	Month 3						Month 3				
August 27, 2022 to September 30, 2022											
November 26, 2022 to December 30, 2022							November 26, 2022 to December 30, 2022				
SIX	SIX	918	47.33		N/A	686,267	SIX	468	56.55	N/A	596,736
Nasdaq							Nasdaq	8	N/A	60.17	596,277
		1,746	49.97	$	51.53	$ 596,277					
		2,241	50.44	$	52.17	$ 686,267					

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Index

Exhibit No.		Description
31.1		Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.
31.2		Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.
32.1	*	Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer.
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
101.SCH		XBRL Taxonomy Extension Schema Document
101.CAL		XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB		XBRL Taxonomy Extension Label Linkbase Document
101.PRE		XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF		XBRL Taxonomy Definition Linkbase Document
104		Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* 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.

SIGNATURES

Pursuant to the requirements 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.

October 27, 2022 January 26, 2023	/s/ Bracken Darrell
Date	Bracken Darrell
	President and Chief Executive Officer
October 27, 2022 January 26, 2023	/s/ Nate Olmstead
Date	Nate Olmstead
	Chief Financial Officer

Exhibit 31.1

CERTIFICATIONS

I, Bracken Darrell, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 quarterly 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.

October 27, 2022 January 26, 2023

/s/ Bracken Darrell

Bracken Darrell
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Nate Olmstead, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 quarterly 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.

October 27, 2022 January 26, 2023

/s/ Nate Olmstead

Nate Olmstead
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(B) OR RULE 15D-14(B) AND SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF
THE UNITED STATES CODE

The certification set forth below is being submitted in connection with this quarterly report on Form 10-Q (the “Report”) of Logitech International S.A. (“the Company”) for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Bracken Darrell, Chief Executive Officer of the Company, and Nate Olmstead, Chief Financial Officer of the Company, each certify that, to the best of his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 27, 2022 January 26, 2023

/s/ Bracken Darrell

Bracken Darrell
President and Chief Executive Officer

/s/ Nate Olmstead

Nate Olmstead
Chief Financial Officer

DISCLAIMER