LOGITECH INTERNATIONAL S.A.

(In thousands, except per share amounts) - Unaudited

GAAP TO NON-GAAP RECONCILIATION [(C)]	Three Months Ended December 31,		Nine Months Ended December 31,	
SUPPLEMENTAL FINANCIAL INFORMATION	**2019**	**2018**	**2019**	**2018**
Gross profit - GAAP	$ 334,453	$ 323,982	$ 845,505	$ 804,036
Share-based compensation expense	1,210	953	3,552	2,874
Amortization of intangible assets and purchase accounting effect on inventory	3,951	4,699	10,493	10,037
Gross profit - Non-GAAP	$ 339,614	$ 329,634	$ 859,550	$ 816,947
Gross margin - GAAP	37.1%	37.5%	37.3%	37.2%
Gross margin - Non-GAAP	37.6%	38.1%	37.9%	37.8%
Operating expenses - GAAP	$ 205,625	$ 200,598	$ 601,155	$ 583,069
Less: Share-based compensation expense	12,621	10,902	36,749	34,289
Less: Amortization of intangible assets and acquisition-related costs	5,084	3,539	12,898	10,377
Less: Restructuring charges (credits), net	(45)	(278)	69	9,762
Operating expenses - Non-GAAP	$ 187,965	$ 186,435	$ 551,439	$ 528,641
% of net sales - GAAP	22.8%	23.2%	26.5%	26.9%
% of net sales - Non - GAAP	20.8%	21.6%	24.3%	24.4%
Operating income - GAAP	$ 128,828	$ 123,384	$ 244,350	$ 220,967
Share-based compensation expense	13,831	11,855	40,301	37,163
Amortization of intangible assets	8,223	6,895	21,958	17,236
Purchase accounting effect on inventory	—	1,343	—	1,722
Acquisition-related costs	812	—	1,433	1,456
Restructuring charges (credits), net	(45)	(278)	69	9,762
Operating income - Non - GAAP	$ 151,649	$ 143,199	$ 308,111	$ 288,306
% of net sales - GAAP	14.3%	14.3%	10.8%	10.2%
% of net sales - Non - GAAP	16.8%	16.6%	13.6%	13.3%
Net income - GAAP	$ 117,525	$ 112,810	$ 235,803	$ 215,452
Share-based compensation expense	13,831	11,855	40,301	37,163
Amortization of intangible assets	8,223	6,895	21,958	17,236
Purchase accounting effect on inventory	—	1,343	—	1,722
Acquisition-related costs	812	—	1,433	1,456
Restructuring charges (credits), net	(45)	(278)	69	9,762
Loss (gain) on investments	709	(207)	772	(589)
Non-GAAP income tax adjustment	2,123	1,443	(6,476)	(7,782)
Net income - Non - GAAP	$ 143,178	$ 133,861	$ 293,860	$ 274,420
Net income per share:				
Diluted - GAAP	$ 0.69	$ 0.67	$ 1.39	$ 1.28
Diluted - Non - GAAP	$ 0.84	$ 0.79	$ 1.74	$ 1.62
Shares used to compute net income per share:				
Diluted - GAAP and Non - GAAP	169,685	168,907	169,173	168,966

LOGITECH INTERNATIONAL S.A.

(In thousands) - unaudited

SHARE-BASED COMPENSATION EXPENSE	**Three Months Ended December 31,**		**Nine Months Ended December 31,**	
SUPPLEMENTAL FINANCIAL INFORMATION	**2019**	**2018**	**2019**	**2018**
Share-based Compensation Expense				
Cost of goods sold	$ 1,210	$ 953	$ 3,552	$ 2,874
Marketing and selling	6,216	4,600	20,016	15,250
Research and development	2,242	1,811	6,644	5,295
General and administrative	4,163	4,491	10,089	13,744
Total share-based compensation expense	13,831	11,855	40,301	37,163
Income tax benefit	(3,135)	(2,397)	(12,658)	(14,576)
Total share-based compensation expense, net of income tax benefit	$ 10,696	$ 9,458	$ 27,643	$ 22,587

* Note: These preliminary results for the three and nine months ended December 31, 2019 are subject to adjustments, including subsequent events that may occur through the date of filing our Quarterly Report on Form 10-Q.

(A) Swiss Federal Tax Reform

On May 19, 2019, the Swiss electorate approved the Federal Act on Tax Reform and AHV Financing ("TRAF"), a major reform to better align the Swiss tax system with international tax standards. The legislation was subsequently published in the federal register on August 6, 2019 to take effect on January 1, 2020. As of December 31, 2019, TRAF has not been enacted in all cantons, including the canton of Vaud, where the cantonal legislative procedures are in process. The Company anticipates TRAF to take effect on January 1, 2020 when enactment occurs in the canton of Vaud.

The change in the effective income tax rate for the three and nine months ended December 31, 2019, compared to the same periods ended December 31, 2018, was primarily due to the mix of income and losses in the various tax jurisdictions in which we operate and the transitional income tax impact in Switzerland. We have benefited from a longstanding tax ruling from the canton of Vaud through March 31, 2019. During the second quarter, the canton of Vaud concluded the longstanding cantonal tax ruling only applied through December 31, 2019. The transitional income tax impact represents income tax provision at the current full statutory income tax rate of 13.67% without taking account of the tax reform yet to be enacted. Furthermore, there was a discrete tax benefit of $1.7 million from adjusting deferred tax assets and liabilities in Switzerland in the nine months ended December 31, 2019. There were discrete tax benefits of $6.0 million million and $2.7 million from the recognition of excess tax benefits in the United States and reversal of uncertain tax positions from the expiration of statutes of limitations, respectively, in the nine-month period ended December 31, 2019, compared with $9.5 million and $2.3 million, respectively, in the nine-month period ended December 31, 2018.

(B) Adoption of ASC Topic 842

We adopted the new standards for leases under Accounting Standards Codification ("ASC") Topic 842 using the modified retrospective approach as of April 1, 2019 and did not restate the financial statements of the comparative periods as is allowed by election of the transition option under ASC 842. Adoption of the standard resulted in the recognition of $27.7 million of right-of-use assets, $11.3 million of short-term lease liabilities and $21.7 million of long-term lease liabilities related to our leases on December 31, 2019.

(C) Non-GAAP Financial Measures

To supplement our condensed consolidated financial results prepared in accordance with GAAP, we use a number of financial measures, both GAAP and non-GAAP, in analyzing and assessing our overall business performance, for making operating decisions and for forecasting and planning future periods. We consider the use of non-GAAP financial measures helpful in assessing our current financial performance, ongoing operations and prospects for the future as well as understanding financial and business trends relating to our financial condition and results of operations.

While we use non-GAAP financial measures as a tool to enhance our understanding of certain aspects of our financial performance and to provide incremental insight into the underlying factors and trends affecting both our performance and our cash-generating potential, we do not consider these measures to be a substitute for, or superior to, the information provided by GAAP financial measures. Consistent with this approach, we believe that disclosing non-GAAP financial measures to the readers of our financial statements provides useful supplemental data that, while not a substitute for GAAP financial measures, can offer insight in the review of our financial and operational performance and enables investors to more fully understand trends

in our current and future performance. In assessing our business during the quarter ended December 31, 2019 and previous periods, we excluded items in the following general categories, each of which are described below:

Share-based compensation expenses. We believe that providing non-GAAP measures excluding share-based compensation expense, in addition to the GAAP measures, allows for a more transparent comparison of our financial results from period to period. We prepare and maintain our budgets and forecasts for future periods on a basis consistent with this non-GAAP financial measure. Further, companies use a variety of types of equity awards as well as a variety of methodologies, assumptions and estimates to determine share-based compensation expense. We believe that excluding share-based compensation expense enhances our ability and the ability of investors to understand the impact of non-cash share-based compensation on our operating results and to compare our results against the results of other companies.

Amortization of intangible assets. We incur intangible asset amortization expense, primarily in connection with our acquisitions of various businesses and technologies. The amortization of purchased intangibles varies depending on the level of acquisition activity. We exclude these various charges in budgeting, planning and forecasting future periods and we believe that providing the non-GAAP measures excluding these various non-cash charges, as well as the GAAP measures, provides additional insight when comparing our gross profit, operating expenses, and financial results from period to period.

Purchase accounting effect on inventory. Business combination accounting principles require us to measure acquired inventory at fair value. The fair value of inventory reflects the acquired company's cost of manufacturing plus a portion of the expected profit margin. The non-GAAP adjustment excludes the expected profit margin component that is recorded under business combination accounting principles associated with our business acquisitions. We believe the adjustment is useful to investors because such charges are not reflective of our ongoing operations.

Acquisition-related costs and change in fair value of contingent consideration for business acquisition. We incurred expenses and credits in connection with our acquisitions which we generally would not have otherwise incurred in the periods presented as a part of our continuing operations. Acquisition related costs include all incremental expenses incurred to effect a business combination. Fair value of contingent consideration is associated with our estimates of the value of earn-outs in connection with certain acquisitions. We believe that providing the non-GAAP measures excluding these costs and credits, as well as the GAAP measures, assists our investors because such costs are not reflective of our ongoing operating results.

Restructuring charges (credits). These expenses are associated with re-aligning our business strategies based on current economic conditions. We have undertaken several restructuring plans in recent years. In connection with our restructuring initiatives, we incurred restructuring charges related to employee terminations, facility closures and early cancellation of certain contracts. We believe that providing the non-GAAP measures excluding these charges, as well as the GAAP measures, assists our investors because such charges (credits) are not reflective of our ongoing operating results in the current period.

Loss (gain) on investments. We recognized loss (gain) related to our investments in various companies, which varies depending on the operational and financial performance of those companies in which we invested. We believe that providing the non-GAAP measures excluding these charges, as well as the GAAP measures, assists our investors because such charges are not reflective of our ongoing operations.

Non-GAAP income tax adjustment. Non-GAAP income tax adjustment primarily measures the income tax effect of non-GAAP adjustments excluded above and other events; the determination of which is based upon the nature of the underlying items, the mix of income and losses in jurisdictions and the relevant tax rates in which we operate.

Each of the non-GAAP financial measures described above, and used in this press release, should not be considered in isolation from, or as a substitute for, a measure of financial performance prepared in accordance with GAAP. Further, investors are cautioned that there are inherent limitations associated with the use of each of these non-GAAP financial measures as an analytical tool. In particular, these non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles and many of the adjustments to the GAAP financial measures reflect the exclusion of items that are recurring and may be reflected in the Company's financial results for the foreseeable future. We compensate for these limitations by providing specific information in the reconciliation included in this press release regarding the GAAP amounts excluded from the non-GAAP financial measures. In addition, as noted above, we evaluate the non-GAAP financial measures together with the most directly comparable GAAP financial information.

Additional Supplemental Financial Information - Constant Currency

In addition, Logitech presents percentage sales growth in constant currency to show performance unaffected by fluctuations in currency exchange rates. Percentage sales growth in constant currency is calculated by translating prior period sales in each local currency at the current period's average exchange rate for that currency and comparing that to current period sales.