LOGITECH INTERNATIONAL S.A.

(In thousands, except per share amounts) - Unaudited

SUPPLEMENTAL FINANCIAL INFORMATION	Fiscal Years Ended March 31,							Nine Months Ended December 31,
GAAP TO NON-GAAP RECONCILIATION	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Gross profit - GAAP	$ 681,047	$ 820,041	$ 909,241	$ 1,037,011	$ 1,122,381	$ 2,335,735	$ 2,263,006	$ 1,375,651
Share-based compensation expense	2,340	2,663	3,733	3,812	4,852	6,438	6,695	4,228
Amortization of intangible assets and purchase accounting effect on inventory	-	6,175	8,878	13,342	14,785	13,329	14,023	9,355
Gross profit - Non-GAAP	$ 683,387	$ 828,879	$ 921,852	$ 1,054,165	$ 1,142,018	$ 2,355,502	$ 2,283,724	$ 1,389,234
Gross margin - GAAP	33.7%	36.9%	35.4%	37.2%	37.7%	44.5%	41.3%	38.4%
Gross margin - Non-GAAP	33.9%	37.3%	35.9%	37.8%	38.4%	44.8%	41.7%	38.8%
Operating expenses - GAAP	$ 551,989	$ 608,181	$ 679,508	$ 773,817	$ 845,886	$ 1,187,610	$ 1,488,994	$ 956,026
Less: Share-based compensation expense	24,672	33,227	40,405	46,453	50,018	79,581	86,784	47,512
Less: Amortization of intangible assets and acquisition-related costs	984	5,814	8,930	14,290	17,563	19,064	16,947	9,052
Less: Impairment of intangible assets	-	-	-	-	-	-	7,000	-
Less: Change in fair value of contingent consideration for business acquisition	-	(8,092)	(4,908)	-	23,247	5,716	(3,509)	-
Less: Restructuring charges (credits), net	17,802	23	(116)	11,302	144	(54)	2,165	16,471
Less: Investigation and related expenses	4,140	612	-	-	-	-	-	-
Operating expenses - Non-GAAP	$ 504,391	$ 576,597	$ 635,197	$ 701,772	$ 754,914	$ 1,083,303	$ 1,379,607	$ 882,991
% of net sales - GAAP	27.4%	27.4%	26.5%	27.8%	28.4%	22.6%	27.2%	26.7%
% of net sales - Non-GAAP	25.0%	26.0%	24.7%	25.2%	25.4%	20.6%	25.2%	24.7%
Operating income - GAAP	$ 129,058	$ 211,860	$ 229,733	$ 263,194	$ 276,495	$ 1,148,125	$ 774,012	$ 419,625
Share-based compensation expense	27,012	35,890	44,138	50,265	54,870	86,019	93,479	51,740
Amortization of intangible assets and acquisition-related costs	984	10,829	17,019	25,876	32,348	32,393	30,970	18,407
Purchase accounting effect on inventory	-	1,160	789	1,756	-	-	-	-
Impairment of intangible assets	-	-	-	-	-	-	7,000	-
Change in fair value of contingent consideration for business acquisition	-	(8,092)	(4,908)	-	23,247	5,716	(3,509)	-
Restructuring charges (credits), net	17,802	23	(116)	11,302	144	(54)	2,165	16,471
Investigation and related expenses	4,140	612	-	-	-	-	-	-
Operating income - Non-GAAP	$ 178,996	$ 252,282	$ 286,655	$ 352,393	$ 387,104	$ 1,272,199	$ 904,117	$ 506,243
% of net sales - GAAP	6.4%	9.5%	8.9%	9.4%	9.3%	21.9%	14.1%	11.7%
% of net sales - Non-GAAP	8.9%	11.4%	11.2%	12.6%	13.0%	24.2%	16.5%	14.1%
Net income - GAAP	$ 128,362	$ 205,876	$ 208,542	$ 257,573	$ 449,723	$ 947,257	$ 644,513	$ 323,080
Share-based compensation expense	27,012	35,890	44,138	50,265	54,870	86,019	93,479	51,740
Amortization of intangible assets and acquisition-related costs	984	10,829	17,019	25,876	32,348	32,393	30,970	18,407
Purchase accounting effect on inventory	-	1,160	789	1,756	-	-	-	-
Impairment of intangible assets	-	-	-	-	-	-	7,000	-
Change in fair value of contingent consideration for business acquisition	-	(8,092)	(4,908)	-	23,247	5,716	(3,509)	-
Restructuring charges (credits), net	17,802	23	(116)	11,302	144	(54)	2,165	16,471
Investigation and related expenses	4,140	612	-	-	-	-	-	-
Loss (gain) on investments	(469)	(569)	(669)	(816)	(39,011)	5,910	1,683	13,065
Non-GAAP income tax adjustment	(15,413)	(12,875)	6,282	(6,952)	(156,524)	25,788	12,364	23,296
Net income - Non-GAAP	$ 162,418	$ 232,854	$ 271,077	$ 339,004	$ 364,797	$ 1,103,029	$ 788,665	$ 446,059
Net income per share:								
Diluted - GAAP	$ 0.77	$ 1.24	$ 1.23	$ 1.52	$ 2.66	$ 5.51	$ 3.78	$ 1.97
Diluted - Non-GAAP	$ 0.98	$ 1.41	$ 1.60	$ 2.01	$ 2.15	$ 6.42	$ 4.63	$ 2.72
Shares used to compute net income per share:								
Diluted - GAAP and Non-GAAP	165,792	165,540	168,971	168,965	169,381	171,775	170,414	164,427

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 nine months ended December 31, 2022 and prior periods presented, we excluded items in the following general categories, each of which are described below:

Share-based compensation expense. 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.

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 certain 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.

Impairment of intangible assets. We may incur impairment of intangible assets expense, primarily in connection with our past business or asset acquisitions. We believe that providing the non-GAAP measures excluding these items, as well as the GAAP measures, assists our investors because such expenses are not reflective of our ongoing operating results.

Restructuring charges (credits), net. These expenses are associated with restructuring plans, and will vary based on the initiatives in place during any given period. Restructuring charges (credits) may include costs related to employee terminations, facility closures and early cancellation of certain contracts as well as other costs resulting from our restructuring initiatives. We believe that providing the non-GAAP measures excluding these items, as well as the GAAP measures, assists our investors because such charges are not reflective of our ongoing operating results.

Loss (gain) on investments. We recognize losses (gains) related to our investments in various companies, which vary depending on the operational and financial performance of the companies in which we invest. These amounts include our losses (earnings) on equity method investments, investment impairments and losses (gains) resulting from sales or other events related to our investments. We believe that providing the non-GAAP measures excluding these items, as well as the GAAP measures, assists our investors because such losses (gains) 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.

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.

Investigation and related expenses. These expenses occurred in fiscal years 2016 and 2017 in connection with forensic accounting, audit, consulting and legal fees related to the Audit Committee's investigation and the formal investigation by and settlement with the Securities and Exchange Commission (SEC), together with accruals based on settlement with the SEC. We believe that providing the non-GAAP measures excluding these charges, as well as the GAAP measures, assisted our investors because such charges were not reflective of our ongoing operations.

Each of the non-GAAP financial measures described above, and used in this presentation, 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 presentation 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 (decline) in constant currency to show performance unaffected by fluctuations in currency exchange rates. Percentage sales growth (decline) 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.