

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of Report: October 19, 2020
(Date of earliest event reported)

LOGITECH INTERNATIONAL S.A.

(Exact name of registrant as specified in its charter)

Commission File Number: **0-29174**

Canton of Vaud, Switzerland
(State or other jurisdiction
of incorporation or organization)

None
(I.R.S. Employer
Identification No.)

Logitech International S.A.
Apples 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)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Exchange 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

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On October 19, 2020, Logitech International S.A. (“Logitech”) issued a press release regarding its financial results for the quarter ended September 30, 2020. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K.

The information in Item 2.02 and Item 9.01 of this Current Report, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

d) Exhibits.

The following exhibit is furnished with this report on Form 8-K:

[99.1](#) Press release issued on October 19, 2020 including financial results for the quarter ended September 30, 2020.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed by the undersigned, thereunto duly authorized.

Logitech International S.A.

/s/ Bracken Darrell

Bracken Darrell
President and Chief Executive Officer

/s/ Nate Olmstead

Nate Olmstead
Chief Financial Officer

October 19, 2020

EXHIBIT INDEX

[99.1](#) Press release issued on October 19, 2020 including financial results for the quarter ended September 30, 2020.

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Logitech's Q2 Sales Grow 75%, Operating Income Up Over 300%

Company Raises Annual Outlook as Hybrid Work Culture Takes Shape

LAUSANNE, Switzerland, Oct. 20, 2020 and NEWARK, Calif., Oct. 19, 2020 - Logitech International (SIX: LOGN) (Nasdaq: LOGI) today announced financial results for the second quarter of Fiscal Year 2021.

- Q2 sales were \$1.26 billion, up 75 percent in US dollars and 73 percent in constant currency, compared to Q2 of the prior year. This was the first time ever that Logitech's quarterly sales exceeded the billion-dollar mark.
- Q2 GAAP operating income grew 372 percent to \$322 million, compared to \$68 million in the same quarter a year ago. Q2 GAAP earnings per share (EPS) grew 263 percent to \$1.56, compared to \$0.43 in the same quarter a year ago.
- Q2 non-GAAP operating income grew 295 percent to \$354 million, compared to \$89 million in the same quarter a year ago. Q2 non-GAAP EPS grew 274 percent to \$1.87, compared to \$0.50 in the same quarter a year ago.
- Cash flow from operations was \$280 million, compared to \$107 million in the same period a year ago.

"Our growth and profitability accelerated again this quarter, and we are raising our annual outlook," said Bracken Darrell, Logitech president and chief executive officer. "The growth trends that drive our business have accelerated as society adjusts to its new reality. The organization leaders I speak to envision people increasingly working from multiple locations, a hybrid work culture that is emerging as the norm. And at home, the rise of gaming as a spectator and participant sport continues with no end in sight. Our products are essential to helping customers work, play and create wherever they are. Logitech is well positioned for long-term growth."

Outlook

Logitech raised its Fiscal Year 2021 annual outlook to between 35 and 40 percent sales growth in constant currency and a range of \$700 million to \$725 million in non-GAAP operating income. The Company's previous outlook was between 10 and 13 percent sales growth in constant currency, and a range of \$410 million to \$425 million in non-GAAP operating income.

Prepared Remarks Available Online

Logitech has made its prepared written remarks for the financial results videoconference and livestream available online on the Logitech corporate website at <http://ir.logitech.com>.

Financial Results Videoconference and Livestream

Logitech will hold a financial results videoconference to discuss the results for Q2 FY 2021 on Tuesday, October 20, 2020 at 8:30 a.m. Eastern Daylight Time and 2:30 p.m. Central European Summer Time. A livestream of the event will be available on the Logitech corporate website at <http://ir.logitech.com>.

Use of Non-GAAP Financial Information and Constant Currency

To facilitate comparisons to Logitech's historical results, Logitech has included non-GAAP adjusted measures, which exclude share-based compensation expense, amortization of intangible assets, purchase accounting effect on inventory, acquisition-related costs, change in fair value of contingent consideration for business acquisition, restructuring charges (credits), loss (gain) on investments in privately held companies, non-GAAP income tax adjustment, and other items detailed under "Supplemental Financial Information" after the tables below. Logitech also 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. Logitech believes this information, used together with the GAAP financial information, will help investors to evaluate its current period performance and trends in its business. With respect to the Company's outlook for non-GAAP operating income, most of these excluded amounts pertain to events that have not yet occurred and are not currently possible to estimate with a reasonable degree of accuracy. Therefore, no reconciliation to the GAAP amounts has been provided for Fiscal Year 2021.

About Logitech

Logitech designs products that have an everyday place in people's lives, connecting them to the digital experiences they care about. More than 35 years ago, Logitech started connecting people through computers, and now it's a multi-brand company designing products that bring people together through music, gaming, video, and computing. Brands of Logitech include [Logitech](#), [Logitech G](#), [ASTRO Gaming](#), [Streamlabs](#), [Ultimate Ears](#), [Jaybird](#) and [Blue Microphones](#). Founded in 1981, and headquartered in Lausanne, Switzerland, Logitech International is a Swiss public company listed on the SIX Swiss Exchange (LOGN) and on the Nasdaq Global Select Market (LOGI). Find Logitech at www.logitech.com, the [company blog](#) or [@Logitech](#).

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This press release contains forward-looking statements within the meaning of the federal securities laws, including, without limitation, statements regarding: our preliminary financial results for the three months ended September 30, 2020, growth trends, the pace of growth trends, gaming trends, our products and their utility to consumers, long-term growth, and outlook for Fiscal Year 2021 operating income and sales growth. The forward-looking statements in this release involve risks and uncertainties that could cause Logitech's actual results and events to differ materially from those anticipated in these forward-looking statements, including, without limitation: if our product offerings, marketing activities and investment prioritization decisions do not result in the sales, profitability or profitability growth we expect, or when we expect it; if we fail to innovate and develop new products in a timely and cost-effective manner for our new and existing product categories; if we do not successfully execute on our growth opportunities or our growth opportunities are more limited than we expect; the effect of pricing, product, marketing and other initiatives by our competitors, and our reaction to them, on our sales, gross margins and profitability; if we are not able to maintain and enhance our brands; if our products and marketing strategies fail to separate our products from competitors' products; the COVID-19 pandemic and its potential impact; if we do not fully realize our goals to lower our costs and improve our operating leverage; if there is a deterioration of business and economic conditions in one or more of our sales regions or product categories, or significant fluctuations in exchange rates; changes in trade policies and agreements and the imposition of tariffs that affect our products or operations and our ability to mitigate; risks associated with acquisitions. A detailed discussion of these and other risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in Logitech's periodic filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended March 31, 2020 and our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2020, available at www.sec.gov, under the caption Risk Factors and elsewhere. Logitech does not undertake any obligation to update any forward-looking statements to reflect new information or events or circumstances occurring after the date of this press release.

Note that unless noted otherwise, comparisons are year over year.

Logitech and other Logitech marks are trademarks or registered trademarks of Logitech Europe S.A and/or its affiliates in the U.S. and other countries. All other trademarks are the property of their respective owners. For more information about Logitech and its products, visit the company's website at www.logitech.com.

(LOGIIR)

LOGITECH INTERNATIONAL S.A.

PRELIMINARY RESULTS *

(In thousands, except per share amounts) - unaudited

GAAP CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS	Three Months Ended		Six Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Net sales	\$ 1,257,158	\$ 719,691	\$ 2,049,052	\$ 1,363,916
Cost of goods sold	684,599	444,344	1,167,237	846,322
Amortization of intangible assets and purchase accounting effect on inventory	2,836	3,271	6,359	6,542
Gross profit	569,723	272,076	875,456	511,052
Operating expenses:				
Marketing and selling	158,797	134,155	292,035	257,188
Research and development	53,379	41,964	103,104	84,207
General and administrative	31,664	24,048	60,735	46,207
Amortization of intangible assets and acquisition-related costs	4,331	4,218	8,940	7,814
Change in fair value of contingent consideration for business acquisition	—	—	5,716	—
Restructuring charges (credits), net	(1)	(364)	(54)	114
Total operating expenses	248,170	204,021	470,476	395,530
Operating income	321,553	68,055	404,980	115,522
Interest income	513	2,390	1,133	4,943
Other income (expense), net	1,149	(110)	3,178	1,751
Income before income taxes	323,215	70,335	409,291	122,216
Provision for (benefit from) income taxes	56,301	(2,598)	70,304	3,938
Net income	\$ 266,914	\$ 72,933	\$ 338,987	\$ 118,278
Net income per share:				
Basic	\$ 1.58	\$ 0.44	\$ 2.02	\$ 0.71
Diluted	\$ 1.56	\$ 0.43	\$ 1.99	\$ 0.70
Weighted average shares used to compute net income per share:				
Basic	168,645	166,662	168,140	166,484
Diluted	171,382	169,027	170,766	168,914

LOGITECH INTERNATIONAL S.A.**PRELIMINARY RESULTS ***

(In thousands) - unaudited

CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2020	March 31, 2020
Current assets:		
Cash and cash equivalents	\$ 917,221	\$ 715,566
Accounts receivable, net	750,749	394,743
Inventories	394,708	229,249
Other current assets	94,753	74,920
Total current assets	2,157,431	1,414,478
Non-current assets:		
Property, plant and equipment, net	86,386	76,119
Goodwill	400,953	400,917
Other intangible assets, net	111,702	126,941
Other assets	339,397	345,019
Total assets	\$ 3,095,869	\$ 2,363,474
Current liabilities:		
Accounts payable	\$ 662,873	\$ 259,120
Accrued and other current liabilities	541,977	455,024
Total current liabilities	1,204,850	714,144
Non-current liabilities:		
Income taxes payable	54,507	40,788
Other non-current liabilities	130,549	119,274
Total liabilities	1,389,906	874,206
Shareholders' equity:		
Registered shares, CHF 0.25 par value:	30,148	30,148
Issued shares — 173,106 at September 30 and March 31, 2020		
Additional shares that may be issued out of conditional capitals — 50,000 at September 30 and March 31, 2020		
Additional shares that may be issued out of authorized capital — 17,311 at September 30 and 34,621 at March 31, 2020		
Additional paid-in capital	78,617	75,097
Shares in treasury, at cost — 4,357 at September 30, 2020 and 6,210 at March 31, 2020	(166,258)	(185,896)
Retained earnings	1,882,308	1,690,579
Accumulated other comprehensive loss	(118,852)	(120,660)
Total shareholders' equity	1,705,963	1,489,268
Total liabilities and shareholders' equity	\$ 3,095,869	\$ 2,363,474

LOGITECH INTERNATIONAL S.A.

PRELIMINARY RESULTS *

(In thousands) - unaudited

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS	Three Months Ended		Six Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Cash flows from operating activities:				
Net income	\$ 266,914	\$ 72,933	\$ 338,987	\$ 118,278
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	10,854	10,584	22,601	21,386
Amortization of intangible assets	7,107	6,868	15,239	13,735
Loss on investments	2,693	274	2,519	63
Share-based compensation expense	24,785	14,252	44,900	26,470
Deferred income taxes	16,563	(5,597)	20,152	(8,978)
Change in fair value of contingent consideration for business acquisition	—	—	5,716	—
Other	(1,886)	2	(1,877)	(2)
Changes in assets and liabilities, net of acquisitions:				
Accounts receivable, net	(244,746)	(51,691)	(346,838)	(85,955)
Inventories	(120,735)	(45,092)	(161,120)	(47,773)
Other assets	(15,797)	(8,696)	(31,567)	(14,083)
Accounts payable	230,830	73,509	399,176	129,101
Accrued and other liabilities	103,090	39,157	90,631	(9,223)
Net cash provided by operating activities	279,672	106,503	398,519	143,019
Cash flows from investing activities:				
Purchases of property, plant and equipment	(15,466)	(8,752)	(27,774)	(18,092)
Investment in privately held companies	(3,375)	—	(3,405)	(170)
Acquisitions, net of cash acquired	—	(366)	—	(366)
Purchases of trading investments	(5,775)	(1,370)	(8,199)	(2,525)
Proceeds from sales of trading investments	6,477	1,375	8,839	2,571
Net cash used in investing activities	(18,139)	(9,113)	(30,539)	(18,582)
Cash flows from financing activities:				
Payment of cash dividends	(146,705)	(124,180)	(146,705)	(124,180)
Purchases of registered shares	(22,454)	—	(22,454)	(15,127)
Proceeds from exercises of stock options and purchase rights	16,074	8,938	26,066	9,331
Tax withholdings related to net share settlements of restricted stock units	(2,623)	(1,538)	(25,744)	(20,908)
Net cash used in financing activities	(155,708)	(116,780)	(168,837)	(150,884)
Effect of exchange rate changes on cash and cash equivalents	2,001	(3,102)	2,512	(3,605)
Net increase (decrease) in cash and cash equivalents	107,826	(22,492)	201,655	(30,052)
Cash and cash equivalents, beginning of the period	809,395	596,956	715,566	604,516
Cash and cash equivalents, end of the period	\$ 917,221	\$ 574,464	\$ 917,221	\$ 574,464

LOGITECH INTERNATIONAL S.A.

PRELIMINARY RESULTS *

(In thousands) - unaudited

NET SALES

SUPPLEMENTAL FINANCIAL INFORMATION	Three Months Ended			Six Months Ended		
	September 30,			September 30,		
	2020	2019	Change	2020	2019	Change
Net sales by product category:						
Pointing Devices	\$ 169,121	\$ 132,770	27 %	\$ 289,590	\$ 254,753	14 %
Keyboards & Combos	201,617	139,049	45	346,977	267,728	30
PC Webcams	102,469	28,748	256	163,320	56,876	187
Tablet & Other Accessories	83,086	33,847	145	129,134	72,186	79
Gaming	297,711	161,014	85	479,614	295,529	62
Video Collaboration	236,704	89,553	164	366,778	162,977	125
Mobile Speakers	43,581	57,232	(24)	72,590	107,648	(33)
Audio & Wearables	114,275	68,018	68	185,640	126,642	47
Smart Home	8,573	9,434	(9)	15,383	19,298	(20)
Other (1)	21	26	(19)	26	279	(91)
Total sales	\$ 1,257,158	\$ 719,691	75 %	\$ 2,049,052	\$ 1,363,916	50 %

(1) Other category includes products that we currently intend to phase out, or have already phased out, because they are no longer strategic to our business.

LOGITECH INTERNATIONAL S.A.

PRELIMINARY RESULTS *

(In thousands, except per share amounts) - Unaudited

GAAP TO NON-GAAP RECONCILIATION (A)

SUPPLEMENTAL FINANCIAL INFORMATION	Three Months Ended		Six Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Gross profit - GAAP	\$ 569,723	\$ 272,076	\$ 875,456	\$ 511,052
Share-based compensation expense	1,772	1,184	3,172	2,342
Amortization of intangible assets and purchase accounting effect on inventory	2,836	3,271	6,359	6,542
Gross profit - Non-GAAP	\$ 574,331	\$ 276,531	\$ 884,987	\$ 519,936
Gross margin - GAAP	45.3%	37.8%	42.7%	37.5%
Gross margin - Non-GAAP	45.7%	38.4%	43.2%	38.1%
Operating expenses - GAAP	\$ 248,170	\$ 204,021	\$ 470,476	\$ 395,530
Less: Share-based compensation expense	23,013	13,068	41,728	24,128
Less: Amortization of intangible assets and acquisition-related costs	4,331	4,218	8,940	7,814
Less: Change in fair value of contingent consideration for business acquisition	—	—	5,716	—
Less: Restructuring charges (credits), net	(1)	(364)	(54)	114
Operating expenses - Non-GAAP	\$ 220,827	\$ 187,099	\$ 414,146	\$ 363,474
% of net sales - GAAP	19.7%	28.3%	23.0%	29.0%
% of net sales - Non - GAAP	17.6%	26.0%	20.2%	26.6%
Operating income - GAAP	\$ 321,553	\$ 68,055	\$ 404,980	\$ 115,522
Share-based compensation expense	24,785	14,252	44,900	26,470
Amortization of intangible assets	7,107	6,868	15,239	13,735
Acquisition-related costs	60	621	60	621
Change in fair value of contingent consideration for business acquisition	—	—	5,716	—
Restructuring charges (credits), net	(1)	(364)	(54)	114
Operating income - Non - GAAP	\$ 353,504	\$ 89,432	\$ 470,841	\$ 156,462
% of net sales - GAAP	25.6%	9.5%	19.8%	8.5%
% of net sales - Non - GAAP	28.1%	12.4%	23.0%	11.5%
Net income - GAAP	\$ 266,914	\$ 72,933	\$ 338,987	\$ 118,278
Share-based compensation expense	24,785	14,252	44,900	26,470
Amortization of intangible assets	7,107	6,868	15,239	13,735
Acquisition-related costs	60	621	60	621
Change in fair value of contingent consideration for business acquisition	—	—	5,716	—
Restructuring charges (credits), net	(1)	(364)	(54)	114
Loss on investments	2,693	274	2,519	63
Non-GAAP income tax adjustment	18,351	(9,506)	21,399	(8,599)
Net income - Non - GAAP	\$ 319,909	\$ 85,078	\$ 428,766	\$ 150,682
Net income per share:				
Diluted - GAAP	\$ 1.56	\$ 0.43	\$ 1.99	\$ 0.70
Diluted - Non - GAAP	\$ 1.87	\$ 0.50	\$ 2.51	\$ 0.89
Shares used to compute net income per share:				
Diluted - GAAP and Non - GAAP	171,382	169,027	170,766	168,914

LOGITECH INTERNATIONAL S.A.

PRELIMINARY RESULTS *

(In thousands) - unaudited

SHARE-BASED COMPENSATION EXPENSE

SUPPLEMENTAL FINANCIAL INFORMATION	Three Months Ended		Six Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Share-based Compensation Expense				
Cost of goods sold	\$ 1,772	\$ 1,184	\$ 3,172	\$ 2,342
Marketing and selling	10,377	6,951	19,169	13,800
Research and development	3,763	2,248	6,866	4,402
General and administrative	8,873	3,869	15,693	5,926
Total share-based compensation expense	24,785	14,252	44,900	26,470
Income tax benefit	(3,958)	(2,723)	(12,069)	(9,523)
Total share-based compensation expense, net of income tax benefit	\$ 20,827	\$ 11,529	\$ 32,831	\$ 16,947

* Note: These preliminary results for the three and six months ended September 30, 2020 are subject to adjustments, including subsequent events that may occur through the date of filing our Quarterly Report on Form 10-Q.

(A) 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 September 30, 2020 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, and sales of these investments. 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.