LOGITECH INTERNATIONAL S.A.

PRELIMINARY RESULTS

(In thousands, except per share amounts) - Unaudited

GAAP TO NON GAAP RECONCILIATION [(A)(B)]

SUPPLEMENTAL FINANCIAL INFORMATION	Nine Months Ended December 31, 2016	Nine Months Ended December 31, 2015
Gross profit - GAAP	$ 622,262	$ 538,947
Share-based compensation expense	1,930	1,648
Amortization of intangible assets and purchase accounting effect on inventory	4,705	—
Gross profit - Non-GAAP	$ 628,897	$ 540,595
Gross margin - GAAP	36.4 %	34.0 %
Gross margin - Non-GAAP	36.8 %	34.1 %
Operating expenses - GAAP	$ 446,720	$ 420,244
Less: Share-based compensation expense	24,424	17,636
Less: Amortization of intangible assets and acquisition-related costs	4,535	447
Less: Change in fair value of contingent consideration for business acquisition	(9,925)	—
Less: Restructuring charges (credits), net	(44)	14,018
Less: Investigation and related expenses	612	4,121
Operating expenses - Non-GAAP	$ 427,118	$ 384,022
% of net sales - GAAP	26.1 %	26.5 %
% of net sales - Non - GAAP	25.0 %	24.2 %
Operating income - GAAP	$ 175,542	$ 118,703
Share-based compensation expense	26,354	19,284
Amortization of intangible assets	6,618	447
Purchase accounting effect on inventory	1,160	—
Acquisition-related costs	1,462	—
Change in fair value of contingent consideration for business acquisition	(9,925)	—
Restructuring charges (credits), net	(44)	14,018
Investigation and related expenses	612	4,121
Operating income - Non - GAAP	$ 201,779	$ 156,573
% of net sales - GAAP	10.3 %	7.5 %
% of net sales - Non - GAAP	11.8 %	9.9 %
Net income from continuing operations - *GAAP*	$ 166,451	$ 111,352
Share-based compensation expense	26,354	19,284
Amortization of intangible assets	6,618	447
Purchase accounting effect on inventory	1,160	—
Acquisition-related costs	1,462	—
Change in fair value of contingent consideration for business acquisition	(9,925)	—
Restructuring charges (credits), net	(44)	14,018
Investigation and related expenses	612	4,121
Loss (gain) on equity-method investment	(547)	176
Non-GAAP income tax adjustment	(8,649)	(9,961)
Net income from continuing operations *- Non - GAAP*	$ 183,492	$ 139,437
Net income from continuing operations *per share:*		
Diluted - GAAP	$ 1.01	$ 0.67
Diluted - Non - GAAP	$ 1.11	$ 0.84
Shares used to compute net income per share:		
Diluted - GAAP and Non - GAAP	165,211	165,951

(A) Preliminary valuation from the business acquisitions

The preliminary purchase price allocations from the business acquisitions during the current periods are included in the tables. The fair value of identifiable intangible assets acquired was based on estimates and assumptions made by us at the time of acquisitions. As additional information becomes available, such as finalization of the estimated fair value of the assets acquired and liabilities assumed and the fair value of contingent consideration, we may revise our preliminary or interim purchase price allocations during the remainder of the measurement periods (which will not exceed 12 months from the acquisition dates). Any such revisions or changes may be material as we finalize the fair values of the tangible and intangible assets acquired and liabilities assumed, and may have a material impact over the results of operations.

(B) 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 June 30, 2016, 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 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.

Gain (loss) on equity-method investment. We recognized gain (loss) related our investments in various privately-held companies, which varies depending on the operational and financial performance of the privately-held 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.

Investigation and related expenses. These expenses are 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, 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.