Cimpress N.V.

2019 ANNUAL REPORT

CIMPRESS N.V.

For the Financial Year Ended June 30, 2019

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Background

The following discussion of the financial condition and results of operations of Cimpress N.V. and its subsidiaries ("we," "us" or "Cimpress") is provided to assist readers in understanding our financial performance during the financial year ended June 30, 2019. This information should be considered with our consolidated financial statements and related notes included in this Annual Report. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), whereas Cimpress' consolidated financial statements included in our Annual Report on Form 10-K as filed with the United States Securities and Exchange Commission are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

The primary accounting differences between these consolidated financial statements and those presented in our Form 10-K are summarized as follows:

- For U.S. GAAP we are considered the owner for accounting purposes for certain build-to-suit leases due to certain provisions within our lease contract; however, operating lease treatment is applied for IFRS and therefore such costs (and corresponding liability) are not recognized on the balance sheet, and the depreciation and interest expenses as recorded under U.S. GAAP are reversed and recognized as rent expense on a straight-line basis for operating lease treatment.
- Certain share-based compensation awards are expensed on a straight-line basis over the vesting period for U.S. GAAP, but are required to be recognized on an accelerated basis under IFRS. In addition, we recognize the impact of forfeitures as they occur under U.S. GAAP, but under IFRS we are required to estimate the expected forfeitures.
- For IFRS, we are required to estimate and recognize expense for future employer payroll taxes related to share-based compensation awards over the vesting period, which is different from U.S. GAAP, in which we recognize the impact of employer taxes in the period an option is exercised or an award has vested for restricted share units and performance share units.
- For IFRS, we have accounted for each of our non-controlling interests and the related put and call rights under the present access method. This method is different from U.S. GAAP, as we are required under IFRS to separately recognize the estimated put liability and call option as assets and liabilities on the balance sheet.

Strategy Overview

Cimpress is a strategically focused group of more than a dozen businesses that specialize in mass customization, via which we deliver large volumes of individually small-sized customized orders for a broad spectrum of print, signage, photo merchandise, invitations and announcements, writing instruments, packaging, apparel and other categories. Mass customization is a core element of the business model of each Cimpress business. Stan Davis, in his 1987 strategy manifesto "Future Perfect" coined the term mass customization to describe "generating an infinite variety of goods and services, uniquely tailored to customers". In 2001, Tseng & Jiao defined mass customization as "producing goods and services to meet individual customers' needs with near mass production efficiency". We discuss mass customization in more detail further below.

We have grown substantially over the past decade, from $0.5 billion in fiscal year 2009 revenue to $2.8 billion of revenue in fiscal year 2019, and as we have grown we have achieved important benefits of scale. However, we also believe it is critical for us to "stay small as we get big". By this we mean that we need to serve customers and act and compete with focus, nimbleness and speed that is typical of smaller, entrepreneurial firms but often not typical of larger firms. This is because we face intense competition across all our businesses and we must constantly and rapidly improve the value we deliver to customers. To stay small as we get big, our strategy calls for us to pursue a deeply decentralized organizational structure which delegates responsibility, authority and resources to the CEOs and managing directors of our various businesses.

Specifically, our strategy is to invest in and build customer-focused, entrepreneurial mass customization businesses for the long term, which we manage in a decentralized, autonomous manner. We drive competitive advantage across Cimpress through a select few shared strategic capabilities that have the greatest potential to create Cimpress-wide value. We limit all other central activities to only those which absolutely must be performed centrally.

This decentralized structure is beneficial in many ways. We believe that, in comparison to a more centralized structure, decentralization enables our businesses to be more customer focused, to make better decisions faster, to manage a holistic cross-functional value chain required to serve customers well, to be more agile, to be held more accountable for driving investment returns, and to understand where we are successful and where we are not.

The select few shared strategic capabilities into which we invest include our (1) mass customization platform ("MCP"), (2) talent infrastructure in India, (3) central procurement of large-scale capital equipment, shipping services, major categories of our raw materials and other categories of spend, and (4) peer-to-peer knowledge sharing among our businesses. We encourage each of our businesses to leverage these capabilities, but each business is free to choose whether or not to use these services. This optionality, we believe, creates healthy pressure on the central teams who provide such services to deliver compelling value to our businesses.

We limit all other central activities to only those which must be performed centrally. Out of more than 13,000 employees we have fewer than 70 who work in central activities that fall into this category, which includes tax, treasury, internal audit, general counsel, corporate communications, consolidated reporting and compliance, information security, investor relations, capital allocation and the functions of our CEO and CFO. We seek to avoid bureaucratic behavior in the corporate center, however we have developed, through experience, guardrails and accountability mechanisms in key areas of governance including cultural aspects such as a focus on customers or being socially responsible, as well as operational aspects such as the processes by which we set strategy and financial budgets and review performance, or the policies by which we ensure compliance with information privacy laws.

Our Uppermost Financial Objective

Our uppermost financial objective is to maximize our intrinsic value per share. We define intrinsic value per share as (a) the unlevered free cash flow per diluted share that, in our best judgment, will occur between now and the long-term future, appropriately discounted to reflect our cost of capital, minus (b) net debt per diluted share. We define unlevered free cash flow as free cash flow plus interest expense related to borrowings.

This financial objective is inherently long-term in nature. Thus an explicit outcome of this is that we accept fluctuations in our financial metrics as we make investments that we believe will deliver attractive long-term returns on investment.

We ask investors and potential investors in Cimpress to understand our uppermost financial objective by which we endeavor to make all financially evaluated decisions. We often make decisions in service of this priority that could be considered non-optimal were they to be evaluated based on other financial criteria such as (but not limited to) near- and mid-term revenue, operating income, net income, EPS, Adjusted Net Operating Profit (Adjusted NOP), Adjusted EBITDA, and cash flow.

Mass Customization

Mass customization is a business model that allows companies to deliver major improvements to customer value across a wide variety of customized product categories. Companies that master mass customization can automatically direct high volumes of orders into smaller streams of homogeneous orders that are then sent to specialized production lines. If done with structured data flows and the digitization of the configuration and manufacturing processes, setup costs become very small, and small volume orders become economically feasible.

The chart illustrates this concept. The horizontal axis represents the volume of production of a given product; the vertical axis represents the cost of producing one unit of that product. Traditionally, the only way to manufacture at a low unit cost was to produce a large volume of that product: mass-produced products fall in the lower right hand corner of the chart. Custom-made products (i.e., those produced in small volumes for a very specific purpose) historically incurred very high unit costs: they fall in the upper left-hand side of the chart.

Mass customization breaks this trade off, enabling low-volume, low-cost production of individually unique products. Very importantly, relative to traditional alternatives mass customization creates value in many ways, not just lower cost. Other advantages can include faster production, greater personal relevance, elimination of obsolete stock, better design, flexible shipping options, more product choice, and higher quality.

Mass customization delivers a breakthrough in customer value particularly well in markets in which the worth of a physical product is inherently tied to a specific, unique use or application. For instance, there is limited value to a sign that is the same as is used by many other companies: the business owner needs to describe what is unique about his or her business. Likewise, a photo mug is more personally relevant if it shows pictures of someone's own friends and family. Before mass customization, producing a high quality custom product required high per-order setup costs, so it simply was not economical to produce a customized product in low quantities.

We believe that the business cards sold by our Vistaprint business provide a concrete example of the potential of our mass customization business model to deliver significant customer value and to develop strong profit franchises in large markets that were previously low growth and commoditized. Millions of very small customers (for example, home-based businesses) rely on Vistaprint to design and procure aesthetically pleasing, high-quality, quickly-delivered and low-priced business cards. The Vistaprint production operations for a typical order of 250 standard business cards in Europe and North America require less than 14 seconds of labor for all of pre-press, printing, cutting and packaging, versus an hour or more for traditional printers. Combined with advantages of scale in graphic design support services, purchasing of materials, our self-service online ordering, pre-press automation, auto-scheduling and automated manufacturing processes, we allow customers to design, configure, and procure business cards at a fraction of the cost of typical traditional printers with very consistent quality and delivery reliability. Customers have very extensive, easily configurable, customization options such as rounded corners, different shapes, specialty papers, "spot varnish", reflective foil, folded cards, or different paper thicknesses. Achieving this type of product variety while also being very cost efficient took us almost two decades and requires massive volume, significant engineering investments and significant capital. Business cards is a mature market that, at the overall market level, has experienced continual declines over the past two decades. Yet, for Vistaprint, this remains a growing category and is highly profitable, and thus provides an example of the power of mass customization. Even though we do not expect many other products to reach this extreme level of automation, we do currently produce many other product categories (such as flyers, brochures, signage, mugs, calendars, pens, t-shirts, hats, embroidered soft goods, rubber stamps, photobooks, labels and holiday cards) via analogous methods whose volume and processes are well along the spectrum of mass customization relative to traditional suppliers and thus provide great customer value and a strong, profitable and growing revenue stream.

Market and Industry Background

Mass Customization Opportunity

Mass customization is not a market itself, but rather a competitive strategy that can be applied across many markets such as the following:

Product:

- Small format marketing materials
- Large format products
- Promotional products and gifts
- Decorated apparel
- Packaging
- Photo merchandise
- Invitations and announcements
- Writing instruments

Geography:

- North America
- Europe
- Australia/New Zealand
- South America
- Asia Pacific

Customer:

- Businesses (micro, small, medium, large)
- Graphic designers, resellers, printers
- Traditional providers who choose to outsource these products
- Teams, associations and groups
- Consumers (home and family)

Large traditional markets undergoing disruptive innovation

The products, geographies and customer applications listed above constitute a large market opportunity that is highly fragmented. We believe that the vast majority of the markets to which mass customization could apply are still served by traditional business models that force customers either to produce in large quantities per order or to pay a high price per unit.

We believe that these large and fragmented markets are moving away from small traditional suppliers that employ job shop business models to fulfill a relatively small number of customer orders and toward businesses such as those owned by Cimpress that aggregate a relatively large number of orders and fulfill them via a focused supply chain and production capabilities at relatively high volumes, thereby achieving the benefits of mass customization. We believe we are early in the process of what will be a multi-decade shift from job-shop business models to mass customization.

Cimpress' current revenue represents a very small fraction of this market opportunity. We believe that Cimpress and competitors who have built their business around a mass customization model are "disruptive innovators" to these large markets because we enable small-volume production of personalized, high-quality products at an affordable price. Disruptive innovation, a term coined by Harvard Business School professor Clayton Christensen, describes a process by which a product or service takes root initially in simple applications at the bottom of a market (such as free business cards for the most price sensitive of micro-businesses or low-quality white t-shirts) and then moves up market, eventually displacing established competitors (such as those in the markets mentioned above).

We believe that a large opportunity exists for major markets to shift to a mass customization paradigm and, even though we are largely decentralized, the select few shared strategic capabilities into which we centrally invest provide significant scale-based competitive advantages for Cimpress.

We believe this opportunity to deliver substantially better customer value and to therefore disrupt very large traditional industries can translate into tremendous future opportunity for Cimpress. Until approximately our fiscal year 2012, we focused primarily on a narrow set of customers within the list above (highly price-sensitive and discount-driven micro businesses and consumers) with a very limited product offering. Through acquisitions and via significant investments in our Vistaprint business, we have expanded the breadth and depth of our product offerings, extended our ability to serve our traditional customers and gained a capability to serve a vast range of customer types.

As we continue to evolve and grow Cimpress, our understanding of these markets and their relative attractiveness is also evolving. Our expansion of product breadth and depth as well as new geographic markets has significantly increased the size of our addressable market opportunity. We base our market size and attractiveness estimates upon considerable research and analysis; however, our estimates are only approximate. Despite the imprecise nature of our estimates, we believe that our understanding is directionally correct and that we operate in an enormous aggregate market with significant opportunity for Cimpress to grow should we be successful in delivering a differentiated and attractive value proposition to customers.

Today, we believe that the revenue opportunity for low-to-medium order quantities (i.e., still within our focus of small-sized individual orders) in the four product categories below is over $100 billion annually in North America and Europe and at least $150 billion annually if you include other geographies and consumer products:

- Small format marketing materials such as business cards, flyers, leaflets, inserts, brochures and magazines. Businesses of all sizes are the main end users of short-and-medium run lengths (per order quantities below 2,500 units for business cards and below 20,000 units for other materials).

- Large format products such as banners, signs, tradeshow displays, and point-of-sale displays. Businesses of all sizes are the main end users of short-and-medium run lengths (less than 1,000 units).

- Promotional products, apparel and gifts including decorated apparel, bags and textiles, and hard goods such as pens, USB sticks, and drinkware. The end users of short-and-medium runs of these products range from businesses to teams, associations and groups, as well as consumers.

- Packaging products, such as corrugated board packaging, folded cartons, bags and labels. Businesses are the primary end users for short-and-medium runs (below 10,000 units).

Our Businesses

Cimpress businesses include those we developed organically (Vistaprint, Vistaprint Corporate Solutions, Vistaprint India, Vistaprint Japan) plus previously independent businesses either that we have fully acquired or in which we have a majority equity stake. Prior to its acquisition, each of our acquired companies pursued business models that embodied the principles of mass customization. In other words, each provided a standardized set of products that could be configured and customized by customers, ordered in relatively low volumes, and produced via relatively standardized, homogeneous production processes, at prices lower than those charged by traditional producers.

Our businesses collectively operate across North America and Europe, as well as in India, Japan, Brazil, China and Australia. Their websites typically offer a broad assortment of tools and features allowing customers to create a product design or upload their own complete design and place an order, either on a completely self-service basis or with varying levels of assistance. Some of our businesses also use offline techniques to acquire customers (e.g., mail order, telesales). The combined product assortment across our businesses is extensive, including offerings in the following product categories: business cards, marketing materials such as flyers and postcards, digital and marketing services, writing instruments, signage, canvas-print wall décor, decorated apparel, promotional products and gifts, packaging, textiles and magazines and catalogs.

The majority of our revenue is driven by standardized processes and enabled by software. We endeavor to design these processes and technologies to readily scale as the number of orders received per day increases. In particular, the more individual jobs we receive in a given time period, the more efficiently we can sort and route jobs with homogeneous production processes to given nodes of our internal production systems or of our third-party supply chain. This sortation and subsequent process automation improves production efficiency. We believe that our strategy of systematizing our service and production systems enables us to deliver value to customers much more effectively than traditional competitors.

Our businesses operate production facilities throughout Europe, North America, Australia, Brazil, China, India, and Japan. We also work extensively with several hundred external fulfillers located across the globe. We believe that the improvements we have made and the future improvements we intend to make in software technologies that support the design, sortation, scheduling, production and delivery processes provide us with significant competitive advantage. In many cases our businesses can produce and ship an order the same day they receive it. Our supply chain systems and processes seek to drive reduced inventory and working capital as well as faster delivery to customers. In certain of our company-owned manufacturing facilities, software schedules the near-simultaneous production of different customized products that have been ordered by the same customer, allowing us to produce and deliver multi-part orders quickly and efficiently.

We believe that the potential for scale-based advantages is not limited to focused, automated production lines. Other advantages include the ability to systematically and automatically sort through the voluminous “long tail” of diverse and uncommon orders in order to group them into more homogeneous categories, and to route them to production nodes that are specialized for that category of operations and/or which are geographically proximate to the customer. In such cases, even though the daily production volume of a given production node is small in comparison to our highest-volume production lines, the homogeneity and volume we are able to achieve is nonetheless significant relative to traditional suppliers of the long tail product in question; thus, our relative efficiency gains remain substantial. For this type of long-tail production, we rely heavily on third-party fulfillment partnerships, which allow us to offer a very diverse set of products. We acquired most of our capabilities in this area via our investments in Exagroup, Printdeal, Pixartprinting and WIRmachenDRUCK. For instance, the product assortment of each of these four businesses is measured in the tens of thousands, versus Vistaprint where product assortment is dramatically smaller on a relative basis. This deep and broad product offering is important to many customers.

Our businesses are currently organized into the following five reportable segments:

1. **Vistaprint**:

Consists of the operations of our Vistaprint-branded websites in North America, Europe, Australia and New Zealand. This business also includes our Webs business, which is managed with the Vistaprint Digital business.

Our Vistaprint business helps more than 15 million micro businesses (companies with fewer than 10 employees) create attractive, professional-quality marketing products at affordable prices and at low volumes.

2. **PrintBrothers:** consists of our druck.at, Printdeal, and WIRmachenDRUCK businesses.

3. **The Print Group:** consists of our Easyflyer, Exagroup, Pixartprinting, and Tradeprint businesses.

4. **National Pen**:

Consists of our National Pen business and a few smaller brands operated by National Pen that are focused on customized writing instruments and promotional products, apparel and gifts for small- and medium-sized businesses.

National Pen serves more than a million small businesses annually across more than 20 countries. Marketing methods are typically direct mail and telesales, as well as a small yet growing e-commerce site.

5. **All Other Businesses**:

With the exception of BuildASign which is a larger and profitable business, this segment consists of multiple small, rapidly evolving early-stage businesses by which Cimpress is expanding to new markets. These businesses have been combined into one reportable segment based on materiality. The early-stage businesses in this segment are subject to high degrees of risk and we expect that each of their business models will rapidly evolve in function of future trials and entrepreneurial pivoting. Although not a comprehensive list, our All Other Businesses reportable segment includes the following:

BuildASign is an internet-based provider of canvas-print wall décor, business signage and other large-format printed products, based in Austin, Texas.

As the online printing leader in Brazil, Printi offers a superior customer experience with transparent and attractive pricing, reliable service and quality.

VIDA is an innovative startup that brings manufacturing access and an e-commerce marketplace to artists, thereby enabling artists to convert ideas into beautiful, original products for customers, ranging from custom fashion, jewelry and accessories to home accent pieces.

Vistaprint Corporate Solutions serves medium-sized businesses and large corporations, as well as a legacy revenue stream with retail partners and franchise businesses.

Vistaprint India operates a derivative of the Vistaprint business model, albeit with higher service levels and quality, fully domestic-Indian content, pricing that is a slight premium to many traditional offline alternatives, and almost no discounting.

Vistaprint Japan operates a derivative of the Vistaprint business model with a differentiated position relative to competitors who tend to focus on upload and print, not the self-service, micro-business customer which Vistaprint Japan serves.

YSD is a startup operation that provides end-to-end mass customization solutions to brands and IP owners in China, supporting multiple channels including retail stores, websites, WeChat and e-commerce platforms to enhance brand awareness and competitiveness, and develop new markets.

Central Procurement

Given the scale of purchasing that happens across Cimpress' businesses, there is significant value to coordinating our negotiations and purchasing to gain the benefit of scale. Our central procurement team negotiates and manages Cimpress-wide contracts for large-scale capital equipment, shipping services and major categories of raw materials (e.g., paper, plates, ink, etc.). The Cimpress procurement team is also available on an as-requested basis to help with procurement improvements, tools and approaches across other aspects of our businesses' purchases. In fiscal year 2019, this team helped our businesses save significant costs and deliver improvements to working capital through strategic procurement practices and leveraging our scale. These benefits were evident in our acquisition of BuildASign this fiscal year where we quickly achieved material procurement savings.

We are focused on achieving the lowest total cost in our strategic sourcing efforts by concentrating on quality, logistics, technology and cost, while also striving to use responsible sourcing practices within our supply chain. Our efforts include the procurement of high-quality materials and equipment that meet our strict specifications at a low total cost across a growing number of manufacturing locations, with an increasing focus on supplier compliance with our sustainable paper procurement policy as well as our Supplier Code of Conduct. Additionally, we work to develop and implement logistics, warehousing, and outbound shipping strategies to provide a balance of low-cost material availability while limiting our inventory exposure.

Technology

Our businesses typically rely on advanced proprietary technology to attract and retain our customers, to enable customers to create graphic designs and place orders on our websites, and to aggregate and produce multiple orders in standardized, scalable processes. Technology is core to our competitive advantage, as without it our businesses would not be able to produce custom orders in small quantities while achieving the economics that are more analogous to mass-produced items.

We are building and using our MCP which is a cloud-based collection of software services, APIs, web applications and related technology offerings that can be leveraged independently or together by our businesses and third parties to perform common tasks that are important to mass customization. Cimpress businesses, and increasingly third-party fulfillers to our various businesses, can leverage different combinations of MCP services, depending on what capabilities they need to complement their business-specific technology. MCP is a multi-year investment that remains in its relatively early stages; however many of our businesses are leveraging some of the technologies that have already been developed and/or shared by other businesses. The capabilities that are available in the MCP today include customer-facing technologies, such as those that enable customers to visualize their designs on various products, as well as manufacturing, supply chain, and logistics technologies that automate various stages of the production and delivery of a product to a customer. The benefits of the MCP include improved speed to market for new product introduction, reduction in fulfillment costs, improvement of product delivery or geographic expansion, improved site experience, and automating manual tasks and avoiding IT expense (through a reduction in expenses related to maintaining/licensing software). Over time, we believe we can generate significant customer and shareholder value from increased specialization of production facilities, aggregated scale from multiple businesses, increased product offerings and shared technology development costs.

We intend to continue developing and enhancing our MCP-based customer-facing and manufacturing, supply chain and logistics technologies and processes. We develop our MCP technology centrally and we also have software and production engineering capabilities in each of our businesses. Our businesses are constantly seeking to strengthen our manufacturing and supply chain capabilities through engineering improvements in areas like automation, lean manufacturing, choice of equipment, product manufacturability, materials science, process control and color control.

Each of our businesses uses a mix of proprietary and third-party technology that supports the specific needs of that business. Their technology intensity ranges from significant to light, depending on their specific needs. Over the past few years, an increasing number of our businesses have begun to modernize and modularize their business-specific technology to enable them to launch more new products faster, provide a better customer experience, more easily connect to our MCP technologies, and leverage third-party technologies where we do not need to bear the cost of developing and maintaining proprietary technologies. For example, our businesses are increasingly using third-party software for capabilities such as a shopping cart or customer reviews, which are areas that we can benefit from providing a more e-commerce standard experience, and are better leveraging engineering resources to focus on technologies from which we derive competitive advantage.

In our central Cimpress Technology team and in an increasing number of our decentralized businesses, we have adopted an agile, micro-services-based approach to technology development that enables multiple businesses or use cases to leverage this API technology regardless of where it was originally developed. We believe this development approach can help our businesses serve customers and scale operations more rapidly than could have been done as an individual business outside Cimpress.

Information Privacy and Security

Each Cimpress business is responsible for ensuring that customer, company and team member information is secure and handled in ways that are fully compliant with relevant laws and regulations. Because there are many aspects of this topic that apply to all of our businesses, Cimpress invests in a central security team that defines security policies, deploys security controls, and provides services and embeds security into the development processes of our businesses. This team works in partnership with each of our businesses and the corporate center to measure security maturity and risk, and provides managed security services in a way that allows each business to address their unique challenges, lower their cost, and become more efficient in using their resources.

Shared Talent Infrastructure

We make it easy, low cost, and efficient for Cimpress businesses to set up and grow teams in India via a central infrastructure that provides all the local recruiting, onboarding, day-to-day administration, HR, and facilities management to support these teams, whether for technology, graphic services, or other business functions. Most of our businesses have established teams in India leveraging this central capability, with those teams working directly for the respective Cimpress business. This is another example of scale advantage, albeit with talent, relative to traditional suppliers that we can leverage across Cimpress.

Competition

The markets for the products our businesses produce and sell are intensely competitive, highly fragmented and geographically dispersed, with many existing and potential competitors. We have very low market share relative to the total. Within this highly competitive context, our businesses compete on the basis of breadth and depth of product offerings; price; convenience; quality; technology; design content, tools, and assistance; customer service; ease of use; and production and delivery speed. It is our intention to offer a broad selection of high-quality products as well as related services at low price points and in doing so, offer our customers an attractive value proposition. Our current competition includes a combination of the following:

- traditional offline suppliers and graphic design providers
- online printing and graphic design companies
- office superstores, drug store chains, food retailers, and other major retailers targeting small business and consumer markets
- wholesale printers
- self-service desktop design and publishing using personal computer software
- email marketing services companies
- website design and hosting companies
- suppliers of customized apparel, promotional products, gifts, and packaging
- online photo product companies
- Internet retailers
- online providers of custom printing services that outsource production to third party printers
- providers of digital marketing such as social media and local search directories

Today's market has evolved to be much tougher in terms of competition. This evolution, which has been going on for 20 years, has led to major benefits for the customers in terms of lower price, faster lead times, and easier customer experience. Cimpress and its businesses have proactively driven, and benefited from, this dynamic. The mass customization business model first took off with small format products like business cards, post cards and flyers, and consumer products like holiday cards. As the model has become better understood and more prevalent, and online advertising approaches more common, the competition has become more intense. We are seeing these types of small format products growing at rates slower than some of these other product categories. And we continue to derive significant profits from these small format products. Conversely, there are other product areas that have only more recently begun to benefit from mass customization, such as signage, promotional products, apparel and gifts, textiles and packaging. Here, we see growth at healthy double-digit rates, but with a wider variety of profit outcomes as we continue to scale our offering in certain areas. There is also a geographic overlay to these trends. For example, in developing markets like India and Brazil, we see stronger growth across all these product areas, where as the market in countries such as Germany is already very mature and slow growing. Additionally, our exposure to these various product types varies by business. For example, National Pen has little exposure to small format products, while Vistaprint's is much greater, and the PrintBrothers and The Print Group businesses are in between.

Social and Environmental Responsibility

Above and beyond compliance with applicable laws and regulations, we expect all parts of Cimpress to conduct business in a socially responsible, ethical manner. Examples of these efforts are:

- **Environmental** - We regularly evaluate ways to minimize the impact of our operations on the environment. In terms of combating CO2 pollution, we have established and centrally fund a company-wide carbon emissions reduction program to lower emissions at a rate in line with - or better than - science-based targets established in 2015 at the United Nations Global Change Conference (COP21 "Paris Climate Accord"). Our plan includes investments in energy-reducing infrastructure and equipment, as well as renewable energy sourcing. We are on track to meet this commitment, and we seek to make further improvements each year going forward for the foreseeable future.

In terms of responsible forestry, we have converted the vast majority of the paper we print on in our Cimpress-owned production facilities to FSC-certified paper (FSC® C143124, FSC® C125299), the leading certification of responsible forestry practices. This certification confirms that the paper we print on comes from responsibly managed forests that meet high environmental and social standards.

- **Fair labor practices** - We make recruiting, retention, and other performance management related decisions based solely on merit and other organizational needs and considerations, such as an individual's ability to do their job with excellence and in alignment with the company's strategic and operational objectives. We do not tolerate discrimination on any basis protected by human rights laws or anti-discrimination regulations, and we strive to do more in this regard than the law requires. We are committed to a work environment where team members are treated with respect and fairness. We value individual differences, unique perspectives and the distinct contributions that each one of us can make to the company.

- **Team member health and safety** - We do not tolerate unsafe conditions that may endanger team members or other parties, and require legal compliance at a minimum at all times. We require training on – and compliance with – safe work practices and procedures at all manufacturing facilities to ensure the safety of team members and visitors to our plant floors.

- **Ethical supply chain** - It is important to us that our supply chain reflects our commitment to doing business with the highest standards of ethics and integrity. Each Cimpress business is responsible to ensure its supply chain does not allow for unacceptable practices such as environmental crimes, child labor, slavery or unsafe working conditions.

More information can be found at www.cimpress.com in our Corporate Social Responsibility section, including links to reports and documents such as our supplier code of conduct, compliance with the UK anti-slavery act and our supply chain transparency disclosure.

Intellectual Property

We seek to protect our proprietary rights through a combination of patents, copyrights, trade secrets, trademarks and contractual restrictions. We enter into confidentiality and proprietary rights agreements with our employees, consultants and business partners, and control access to, and distribution of, our proprietary information. We have registered, or applied for the registration of, a number of U.S. and international domain names, trademarks, and copyrights. Additionally, we have filed U.S. and international patent applications for certain of our proprietary technology.

Additional information regarding the risks associated with our intellectual property is contained in the "Risk Factors" section of this report.

Business Segment and Geographic Information

For information about our reporting segments and geographic information about our revenues, segment profit and long-lived assets, see "Consolidated Financial Statements — Note 5 — Segment Information". The descriptions of our business, products, and markets in this section apply to all of our operating segments.

Seasonality

Our profitability has historically been highly seasonal. Our second fiscal quarter, ending December 31, includes the majority of the holiday shopping season and has become our strongest quarter for sales of our consumer-oriented products, such as holiday cards, calendars, canvas prints, photobooks, and personalized gifts.

Employees

As of June 30, 2019, we had approximately 12,000 full-time and approximately 1,000 temporary employees worldwide.

Corporate Information

Cimpress N.V. (formerly named Vistaprint N.V.) was incorporated under the laws of the Netherlands on June 5, 2009 and on August 30, 2009 became the publicly traded parent company of the Cimpress group of entities. We maintain our registered office at Building D, Xerox Technology Park, Dundalk, Co. Louth, Ireland. Our telephone number in Ireland is +353-42-938-8500.

Results of Operations

The primary financial metric by which we set quarterly and annual budgets both for individual businesses and Cimpress-wide is our free cash flow prior to cash interest costs; however, in evaluating the financial condition and operating performance of our business, management considers a number of metrics including revenue growth, constant-currency revenue growth, operating income and cash flow from operations. A summary of these key financial metrics for the year ended June 30, 2019 as compared to the year ended June 30, 2018 follows:

Fiscal Year 2019

- Revenue increased by 6% to $2,751.1 million.
- Consolidated constant-currency revenue (a non-IFRS financial measure) increased by 9% and, excluding acquisitions and divestitures completed in the last four quarters, increased by 5%.
- Operating income increased by $5.6 million to $161.5 million
- Cash provided by operating activities increased by $138.8 million to $327.0 million

For our fiscal year 2019, the increase in reported revenue is primarily due to the addition of the revenue of our BuildASign business acquired on October 1, 2018, as well as continued growth in our Vistaprint, PrintBrothers, The Print Group and National Pen reportable segments. Currency exchange rate fluctuations negatively impacted revenue during the current fiscal year. Constant-currency revenue growth slowed in our Vistaprint business, primarily due to planned reductions in advertising spend while we rebuild our tools to ensure strong returns and improved customer conversion rates. Our National Pen business also reported lower constant-currency revenue growth relative to the prior year, due in part to strong growth in the prior year period, as well as a reduction in new customer prospecting activities during the second half of the fiscal year because the payback did not meet our expectations. The lower National Pen growth was also impacted by operational delays in the supply chain and lower response rates for direct-marketing mailings in the second quarter.

For the year ended June 30, 2019, operating income increased $5.8 million due to incremental profits generated from the revenue growth described above, as well as improved profitability in our Vistaprint business due to a reduction in advertising expense of $39.6 million during the third and fourth quarters of fiscal 2019. The increase was also impacted by a decrease in share-based compensation expense of $25.5 million, primarily due to the reversal of expenses during the second quarter of fiscal 2019 that were previously recognized for our supplemental performance share units, or supplemental PSUs. The increase was partially offset by the prior year gain of $47.5 million on the sale of Albumprinter, which did not recur during the current year.

Diluted net income per share for the year ended June 30, 2019 increased to $3.53 as compared to a diluted net loss per share of $0.65 in the prior period, primarily due the recognition of $26.4 million of other income in fiscal 2019 as compared $20.9 million of losses in fiscal 2018. In addition, we recognized a $17.3 million loss due to the early extinguishment of our debt during fiscal 2018 that did not occur in fiscal 2019.

Consolidated Results of Operations

Consolidated Revenue

Our businesses generate revenue primarily from the sale and shipment of customized manufactured products. To a much lesser extent (and only in our Vistaprint business) we provide digital services, website design and hosting, and email marketing services, as well as a small percentage from order referral fees and other third-party offerings.

Total revenue by reportable segment for the years ended June 30, 2019 and 2018 is shown in the following tables.

	Year Ended June 30,			Currency Impact:	Constant-Currency	Impact of Acquisitions:	Constant-Currency revenue growth
	2019	2018	% Change	(Favorable)/ Unfavorable	Revenue Growth (1)	(Favorable)/ Unfavorable	Excluding acquisitions (2)
Vistaprint	$ 1,472,671	$ 1,462,686	1%	2%	3%	—%	3%
PrintBrothers	443,987	410,776	8%	5%	13%	—%	13%
The Print Group	325,872	320,473	2%	4%	6%	—%	6%
National Pen	348,409	333,266	5%	2%	7%	—%	7%
All Other Businesses (3)	185,052	87,583	111%	6%	117%	(108)%	9%
Inter-segment eliminations	(24,915)	(22,243)					
Total revenue	$ 2,751,076	$ 2,592,541	6%	3%	9%	(4)%	5%

(1) Constant-currency revenue growth, a non-IFRS financial measure, represents the change in total revenue between current and prior year periods at constant-currency exchange rates by translating all non-U.S. dollar denominated revenue generated in the current period using the prior year period's average exchange rate for each currency to the U.S. dollar.

(2) Constant-currency revenue growth excluding acquisitions, a non-IFRS financial measure, excludes revenue results for businesses in the period in which there is no comparable year-over-year revenue.

(3) The All Other Businesses segment includes the revenue of the Albumprinter business until the sale completion date of August 31, 2017, VIDA revenue from its acquisition date of July 2, 2018, and BuildASign revenue from its acquisition date of October 1, 2018. Constant-currency revenue growth excluding acquisitions/divestitures, excludes the revenue results for VIDA and BuildASign since their acquisition dates and Albumprinter through the divestiture date.

We have provided these non-IFRS financial measures because we believe they provide meaningful information regarding our results on a consistent and comparable basis for the periods presented. Management uses these non-IFRS financial measures, in addition to IFRS financial measures, to evaluate our operating results. These non-IFRS financial measures should be considered supplemental to and not a substitute for our reported financial results prepared in accordance with IFRS.

Consolidated Cost of Revenue

Cost of revenue includes materials used by our businesses to manufacture their products, payroll and related expenses for production and design services personnel, depreciation of assets used in the production process and in support of digital marketing service offerings, shipping, handling and processing costs, third-party production costs, costs of free products and other related costs of products our businesses sell. Cost of revenue as a percent of revenue increased during the year ended June 30, 2019, compared to the prior year, primarily due to the divestiture of our Albumprinter business which had a higher gross margin than our consolidated gross margin percentage, as well as the increased weight of our Upload and Print portfolio, which has higher cost of revenue as a percentage of revenue than our Vistaprint and National Pen businesses.

	Year Ended June 30,	
	2019	2018
Cost of revenue	$ 1,404,078	$ 1,282,607
% of revenue	*51.0%*	*49.5%*

For the year ended June 30, 2019, consolidated cost of revenue increased by $121.5 million partially due to the addition of cost of revenue of $54.8 million from our BuildASign business, which was acquired on October 1, 2018 and is therefore not included in the comparable period. Vistaprint's cost of revenue increased by $28.4 million from the prior year, primarily due to changes in product mix and volume increases. The cost of revenue for our PrintBrothers businesses increased by $23.5 million primarily driven by revenue growth in our WIRmachenDRUCK business, partially offset by favorable currency impact.

Consolidated Operating Expenses

The following table summarizes our comparative operating expenses for the period:

In thousands

	Year Ended June 30,	
	2019	2018
Technology and development expense	$ 243,271	$ 257,589
% of revenue	*8.8%*	*9.9 %*
Marketing and selling expense	$ 760,711	$ 752,000
% of revenue	*27.7%*	*29.0 %*
General and administrative expense	$ 181,489	$ 191,974
% of revenue	*6.6%*	*7.4 %*
(Gain) on sale of subsidiaries	$ —	$ (47,545)
% of revenue	*—%*	*(1.8)%*

Technology and development expense

Technology and development expense consists primarily of payroll and related expenses for our employees engaged in software and manufacturing engineering, information technology operations, content development, amortization of capitalized software, website development costs and certain acquired intangible assets, including developed technology, hosting of our websites, asset depreciation, patent amortization, legal settlements in connection with patent-related claims, and other technology infrastructure-related costs. Depreciation expense for information technology equipment that directly supports the delivery of our digital marketing services products is included in cost of revenue.

During the year ended June 30, 2019, technology and development expenses decreased by $14.3 million as compared to the prior year. The decrease was primarily due to a decrease in share-based compensation costs of $5.9 million, which is due to the reversal of cumulative supplemental PSU expense during the second quarter of fiscal 2019 as the achievement of the performance condition is no longer probable. During the year ended June 30, 2019, we recognized lower expense as a result of cost savings realized in the Vistaprint business from our restructuring initiatives and a year-over-year decrease in costs of $1.6 million resulting from the divestiture of our Albumprinter business. This was partially offset by the addition of costs from our recent acquisition of BuildASign, which resulted in $2.2 million of costs during the year ended June 30, 2019.

Marketing and selling expense

Marketing and selling expense consists primarily of advertising and promotional costs; payroll and related expenses for our employees engaged in marketing, sales, customer support and public relations activities; direct-mail advertising costs; and third-party payment processing fees. Our Vistaprint and National Pen businesses have higher marketing and selling costs as a percentage of revenue, as compared to our Upload and Print businesses.

Our marketing and selling expenses increased by $8.7 million during the year ended June 30, 2019, as compared to the prior year, primarily due to the addition of $32.9 million of advertising and customer care costs in our recently acquired BuildASign business during the year ended June 30, 2019, as well as higher amortization of acquired intangible assets of $4.3 million, due to the BuildASign acquisition. In addition, our National Pen business recognized an increase in costs of $18.1 million primarily due to increased customer prospecting activity during the first and second quarters of fiscal 2019. The increase is partially offset by the reduction of advertising spend in our Vistaprint business of $39.6 million as we seek to eliminate spend that does not meet our return thresholds. We also recognized a decrease in share-based compensation costs of $4.9 million, which is due to the reversal of cumulative supplemental PSU expense described above, as well as a year-over-year decrease in costs of $4.7 million resulting from the divestiture of our Albumprinter business.

General and administrative expense

General and administrative expense consists primarily of transaction costs, including third-party professional fees, insurance and payroll and related expenses of employees involved in executive management, finance, legal, strategy, human resources and procurement. We also recognized impairment charges related to goodwill and acquired intangible assets, as well as restructuring expense. Restructuring expense consists of costs directly incurred as a result of restructuring initiatives, including employee-related termination costs, third party professional fees, facility exit costs and write-off of abandoned assets.

For the year ended June 30, 2019, general and administrative expenses decreased by $10.5 million as compared to the prior periods, primarily due to a decrease in share-based compensation costs of $17.0 million, which was largely due to the reversal of cumulative supplemental PSU expense described above. We also recognized lower restructuring charges of $3.2 million, which related primarily to actions taken in our Vistaprint business. Refer to Note 22 in the accompanying consolidated financial statements for additional details regarding these actions. The decrease was partially offset by the addition of $6.4 million of costs from our recent acquisition of BuildASign during the year ended June 30, 2019. In addition, for the year ended June 30, 2019, we recognized increases in professional fees, primarily related to our fiscal 2019 acquisitions, as well as certain other strategic projects.

Gain on sale of subsidiaries

During the year ended June 30, 2018, we recognized a gain on the sale of our Albumprinter business of $47.5 million, net of transaction costs. The amount of our gain on the sale of Albumprinter was impacted by the partial allocation of goodwill to our Vistaprint business in past periods, as well as minimal carrying value of Albumprinter's acquired intangible assets at the time of the sale, as well as currency impacts. Refer to Note 7 in the accompanying consolidated financial statements for additional details.

Other Consolidated Results

Other income (expense), net

Other income (expense), net generally consists of gains and losses from currency exchange rate fluctuations on transactions or balances denominated in currencies other than the functional currency of our subsidiaries, as well as the realized and unrealized gains and losses on some of our derivative instruments. In evaluating our currency hedging program and ability to qualify for hedge accounting in light of our legal entity cash flows, we considered the benefits of hedge accounting relative to the additional economic cost of trade execution and administrative burden. Based on this analysis, we decided to execute certain currency derivative contracts that do not qualify for hedge accounting.

The following table summarizes the components of other income (expense), net:

In thousands	Year Ended June 30,	
	2019	2018
(Losses) gains on derivatives not designated as hedging instruments	$ 23,494	$ (2,687)
Currency-related (losses) gains, net	2,506	(19,500)
Other gains	444	1,258
Total other income (expense), net	$ 26,444	$ (20,929)

During fiscal 2019, we recognized net gains of $26.4 million, as compared to net losses of $20.9 million in fiscal 2018. The increase in other income (expense), net is primarily due to the currency exchange rate volatility impacting our derivatives that are not designated as hedging instruments, in which our Euro and British Pound contracts are the most significant exposure that we economically hedge. We expect volatility to continue in future periods and we do not apply hedge accounting for most of our derivative currency contracts.

We also experienced currency-related gains due to currency exchange rate volatility on our non-functional currency intercompany relationships, primarily related to an intercompany loan that is denominated in Swiss Francs, which we may alter from time to time. The impact of certain cross-currency swap contracts designated as cash flow hedges is included in our currency-related gains (losses), net, offsetting the impact of certain non-functional currency intercompany relationships.

Finance income

Finance income relates to interest earned on our cash balances at banking institutions. We recognized $4.0 million and $3.0 million in finance income during the years ended June 30, 2019 and 2018, respectively.

Finance costs

Finance costs primarily consist of interest paid on outstanding debt balances, amortization of debt issuance costs, interest related to financial lease obligations and realized gains (losses) on effective interest rate swap contracts and certain cross-currency swap contracts. As part of finance costs, we also recognize adjustments to the put liabilities for non-controlling interests, which reflects changes to the estimated future redemption value.

Finance costs were $53.7 million and $59.5 million for the years ended June 30, 2019 and 2018, respectively. The decrease in finance costs is due to the inclusion of impacts from changes to the estimated future redemption value of the put liabilities for our non-controlling interest which were $17.1 million lower in fiscal 2019 as compared to the prior period. The decrease is primarily due to the earlier than previously expected redemption of the WIRmachenDRUCK minority interest. Excluding the impact of these put liabilities, finance costs were higher in fiscal 2019 relative to historical trends primarily as a result of higher debt levels, due to the acquisition of BuildASign, as well as higher interest rates, driven both by higher floating interest rates and the change in mix of our outstanding debt, which resulted from the refinancing of our senior unsecured notes during the fourth quarter of fiscal 2018. Refer to Note 19 in the accompanying consolidated financial statements for additional details regarding our debt arrangements.

Loss on early extinguishment of debt

During the fourth quarter of fiscal 2018, we redeemed all of our senior notes due 2022 and satisfied the indenture governing those senior notes using funds from the senior notes due 2026 that we issued on June 15, 2018. As a result of the redemption, we incurred a loss on the extinguishment of debt of $17.4 million, which included an early redemption premium for the senior notes due 2022 of $14.4 million and the write-off of unamortized debt issuance costs related to the redeemed notes of $3.0 million.

Income tax

	Year Ended June 30,	
	2019	2018
Income tax	$ 27,986	$ 37,213
Effective tax rate	*20.3%*	*60.8%*

Income tax expense for the year ended June 30, 2019 was "Patent Box" tax benefits of $4.3 million granted to our Pixartprinting business in Italy. The decrease was partially offset by increased pre-tax earnings.

Our cash paid for income taxes for fiscal 2019 was lower than our income tax expense primarily as a result of U.S. tax benefits associated with the acquisition of BuildASign and the realization of tax benefits relating to certain timing differences that were recognized in our income tax expense in prior years.

We believe that our income tax reserves are adequately maintained by taking into consideration both the technical merits of our tax return positions and ongoing developments in our income tax audits. However, the final determination of our tax return positions, if audited, is uncertain and therefore there is a possibility that final resolution of these matters could have a material impact on our results of operations or cash flows. Refer to Note 27 in our accompanying consolidated financial statements for additional discussion.

Reportable Segment Results

Our segment financial performance is measured based on segment profit (loss) which excludes certain non-operational items including acquisition-related expenses, certain impairments and restructuring charges.

Vistaprint

	Year Ended June 30,		
	2019	2018	2019 vs. 2018
Reported revenue	$ 1,472,671	$ 1,462,686	1%
Segment profit	280,562	246,670	14%
% of revenue	*19%*	*17%*	

Segment Revenue

Vistaprint's reported revenue growth for the year ended June 30, 2019 was negatively affected by currency impacts of 2%, resulting in constant-currency growth of 3%. During the year ended June 30, 2019, revenue growth was driven by continued growth in repeat customer bookings, as well as continued growth in marketing materials, signage and promotional products. During the third and fourth quarters of fiscal 2019, we reduced our advertising spend that we did not believe was meeting our return thresholds, which negatively impacted revenue growth during these quarters, particularly from new customers. Revenue growth was also negatively impacted by weakness in consumer products during the current fiscal year.

Segment Profitability

Vistaprint's segment profit increased for the year ended June 30, 2019 driven primarily by a year-over-year reduction to advertising spend of $39.6 million. Segment profit, which excludes the impacts of restructuring charges, also increased as a result of reductions to operating expenses, partially offset by the gross margin impact of changes in product mix. Some of the near-term operating expense savings will be temporary, as we recruit additional talent within Vistaprint's data, analytics and technology organizations, and we are not allocating the cost of executives to the Vistaprint business while these positions are filled by Cimpress executives on an interim basis, which resulted in $3.5 million of lower costs as compared to the prior fiscal year. The benefit to segment profit from the unallocated executive costs is entirely offset by additional costs for third-party consulting fees and recruiting costs. In the current fiscal year, Vistaprint's segment profit was negatively impacted by currency movements.

PrintBrothers

	Year Ended June 30,		
	2019	2018	2019 vs. 2018
Reported revenue	$ 443,987	$ 410,776	8%
Segment profit	36,968	33,890	9%
% of revenue	*8%*	*8%*	

Segment Revenue

PrintBrothers' reported revenue growth for the year ended June 30, 2019 was negatively affected by currency impacts of 4%, resulting in an increase in revenue on a constant-currency basis of 6%. The constant-currency revenue growth was primarily driven by continued growth from our Pixartprinting business. During the current period, we continued to experience increased price-focused and advertising competition in certain businesses and product lines that we have been experiencing in recent quarters.

Segment Profitability

PrintBrothers' segment profit increased during the year ended June 30, 2019, due to operating expense efficiencies, offset by inflation in materials inputs such as paper, reduced pricing for certain products in certain businesses, combined with increased marketing costs due initiatives to improve customer growth and negative currency impacts.

The Print Group

	Year Ended June 30,		
	2019	2018	2019 vs. 2018
Reported revenue	$ 325,872	$ 320,473	2%
Segment profit	47,439	45,420	4%
% of revenue	*15%*	*14%*	

Segment Revenue

The Print Group reported revenue growth for the year ended June 30, 2019 was negatively affected by currency impacts of 5%, resulting in constant-currency growth of 13%. The constant-currency revenue growth was primarily driven by continued growth from our WIRmachenDRUCK business. During the current period, we continued to experience increased price-focused and advertising competition in certain businesses and product lines that we have been experiencing in recent quarters.

Segment Profitability

The Print Group segment profit increased during the year ended June 30, 2019, due to increased gross profit driven by revenue growth discussed above, partially offset by inflation in materials inputs such as paper, increased investments in technology intended to improve the customer value proposition of each business in increasingly competitive markets, pricing reductions in certain products in certain businesses, increased marketing costs due to higher paid search costs, and negative impacts from currency movements.

National Pen

	Year Ended June 30,		
	2019	2018	2019 vs. 2018
Reported revenue	$ 348,409	$333,266	5%
Segment profit (loss)	9,808	21,363	54%
% of revenue	*3%*	*6%*	

Segment Revenue

National Pen's reported revenue growth for the year ended June 30, 2019 was negatively affected by currency impacts of 2%, resulting in constant-currency revenue growth of 7%. Following strong performance in the prior fiscal year, we significantly increased our direct mail prospecting in the first two quarters of fiscal 2019, which drove new customer growth. We reduced mail and telesales prospecting activities in the subsequent two quarters because the payback did not meet our expectations, and that had an impact on National Pen's revenue growth in the current period. National Pen's revenue was also impacted by operational delays in the supply chain for direct-marketing mailings.

Segment Profitability

The decrease in National Pen's segment profit for the year ended June 30, 2019, compared to the prior periods, is primarily due to revenue weakness and accelerated investments in e-commerce technology and marketing teams in the year ended June 30, 2019. Currency had a slightly negative year-over-year impact on segment profit.

All Other Businesses

	Year Ended June 30,		
	2019	2018	2019 vs. 2018
Reported revenue (1)	$ 185,052	$ 87,583	111%
Segment loss (1)	(29,343)	(33,976)	14%
% of revenue	*(16)%*	*(39)%*	

(1) Our All Other Businesses segment includes the results of our fiscal 2019 acquisitions, VIDA and BuildASign, from July 2, 2018, and October 1, 2018, respectively, Digipri (a former part of our Japan business) results through the divestiture date of July 1, 2018 and Albumprinter results through the divestiture date of August 31, 2017.

This segment consists of multiple small, rapidly evolving early-stage businesses by which Cimpress is expanding to new markets. These businesses are subject to high degrees of risk and we expect that each of their business models will rapidly evolve in function of future trials and entrepreneurial pivoting. Therefore, in all of these businesses we continue to operate at a significant operating loss as previously described and as planned, and we expect to continue to do so in the next several years. Our All Other Businesses segment also includes Albumprinter results through the divestiture date of August 31, 2017.

Segment Revenue

The All Other Businesses segment revenue increase was primarily due to the inclusion of the results of BuildASign since the acquisition date of October 1, 2018. Organic constant-currency revenue, excluding the impacts of the Albumprinter, Digipri, VIDA, and BuildASign businesses, increased by 9% for the year ended June 30, 2019, driven by growth in the remaining businesses in the segment, particularly in the first half of the year. Revenue growth was negatively impacted by recent actions we have taken to improve the efficiency and focus of some of these businesses, including the decision to shut down the U.S. operations of the Printi business during the second quarter of fiscal year 2019, as well as impacts from the conclusion of a legacy partner relationship in our Vistaprint Corporate Solutions business. The early-stage businesses in this segment delivered mixed revenue results during the current fiscal year. We are continuing to pivot and evolve these business models as we learn more about the markets they serve, and expect fluctuations in growth.

Segment Profitability

The improvement in the All Other Businesses segment loss for the year ended June 30, 2019, as compared to the prior period, was primarily due to the addition of BuildASign, which we acquired on October 1, 2018 and contributed $11.5 million of segment profit for the year ended June 30, 2019. We also realized currency-related benefits and a decrease in segment losses in our Vistaprint Corporate Solutions, Vistaprint India, Vistaprint Japan, and China businesses. These improvements in segment loss were partially offset by the inclusion of VIDA operating losses and increased losses in our Printi business. Printi's investment in capacity and other fixed costs was far too high in fiscal year 2019 relative to the scale of the business and the mid-term outlook. We do not expect this business to weigh as heavily on our profits and cash flows in fiscal year 2020 as it did in fiscal year 2019.

For the year ended June 30, 2019, the segment loss was negatively impacted by the divestiture of our Albumprinter business, which contributed $1.7 million of segment profit in the first quarter of fiscal 2018.

Central and Corporate Costs

Central and corporate costs consist primarily of the team of software engineers that is building our mass customization platform; shared service organizations such as global procurement; technology services such as hosting and security; administrative costs of our Cimpress India offices where numerous Cimpress businesses have dedicated business-specific team members; and corporate functions including our Board of Directors, CEO, and the team members necessary for managing corporate activities, such as treasury, tax, capital allocation, financial consolidation, internal audit and legal. These costs also include certain unallocated share-based compensation costs.

Central and corporate costs decreased by $24.6 million during the year ended June 30, 2019, as compared to the prior year, driven by $25.7 million of lower share-based compensation costs primarily associated with our supplemental PSUs and related supplemental performance cash awards, for which the performance condition is no longer probable of achievement. Additionally, our share-based compensation is lower due to the changes we made in November 2018 that reduced the number of Cimpress Board members. This decrease was partially offset by an increase in central technology investments and professional fees, primarily related to our fiscal 2019 acquisitions, as well as certain other strategic projects.

Liquidity and Capital Resources

Consolidated Statements of Cash Flows Data:

In thousands

	Year Ended June 30,	
	2019	2018
Net cash provided by operating activities	$ 326,977	$ 188,214
Net cash used in investing activities	(423,449)	(12,699)
Net cash provided by (used in) financing activities	89,390	(171,534)

At June 30, 2019, we had $35.3 million of cash and cash equivalents and $1,035.6 million of outstanding debt, excluding debt issuance costs and debt discounts. We expect cash and cash equivalents and debt levels to fluctuate over time depending on our working capital needs, our organic investment levels, share repurchases and acquisition activity. The cash flows during the year ended June 30, 2019 related primarily to the following items:

Cash inflows:

- Net income of $110.2 million
- Adjustments for non-cash items of $190.7 million primarily related to positive adjustments for depreciation and amortization of $169.6 million, share-based compensation costs of $18.8 million, impairment of goodwill associated with our Printi business of $7.5 million, and non-cash tax related items of $1.4 million, partially offset by changes in the carrying value of put and call rights associated with non-controlling interests of $6.1 million, unrealized currency-related gains of $9.7 million
- Proceeds of debt of $190.2 million, net of payments and debt issuance costs
- Excluding the impact of the earn-out and restructuring payments described in the cash outflows section below, the changes in operating assets and liabilities were a source of cash during the period, driven by increases in accounts payable and accrued expenses

Cash outflows:

- Payments for acquisitions of $293.2 million, net of cash acquired
- Payments for the purchase, net of proceeds from the sale, of non-controlling interests of $28.5 million, related to our Exagroup and PrintBrothers businesses (refer to Note 17 in our accompanying consolidated financial statements for additional information)
- Capital expenditures of $70.6 million of which the majority of these assets were related to the purchase of manufacturing and automation equipment for our production facilities, and computer and office equipment
- Purchases of our ordinary shares of $55.6 million
- Internal costs for software and website development that we have capitalized of $48.7 million
- Payments for financial lease arrangements of $12.9 million
- Payments related to realized losses on hedging instruments of $11.6 million
- Payments of withholding taxes in connection with share awards of $6.0 million
- Payments related to our recent restructuring actions were $6.0 million

- Distribution of $3.4 million, paid to non-controlling interest

Additional Liquidity and Capital Resources Information. During the year ended June 30, 2019, we financed our operations and strategic investments through internally generated cash flows from operations and debt financing. As of June 30, 2019, a significant portion of our cash and cash equivalents was held by our subsidiaries, and undistributed earnings of our subsidiaries that are considered to be indefinitely reinvested were $32.6 million. We do not intend to repatriate these funds as the cash and cash equivalent balances are generally used and available, without legal restrictions, to fund ordinary business operations and investments of the respective subsidiaries. If there is a change in the future, the repatriation of undistributed earnings from certain subsidiaries, in the form of dividends or otherwise, could have tax consequences that could result in material cash outflows.

Debt. As of June 30, 2019, we had aggregate loan commitments from our senior secured credit facility totaling $1,592.5 million. The loan commitments consisted of revolving loans of $1,087.3 million and term loans of $505.2 million. We have other financial obligations that constitute additional indebtedness based on the definitions within the credit facility. As of June 30, 2019, the amount available for borrowing under our senior secured credit facility was as follows:

In thousands

	June 30, 2019
Maximum aggregate available for borrowing	$ 1,592,466
Outstanding borrowings of senior secured credit facilities	(621,224)
Remaining amount	971,242
Limitations to borrowing due to debt covenants and other obligations (1)	(367,430)
Amount available for borrowing as of June 30, 2019 (2)	$ 603,812

(1) The debt covenants of our senior secured credit facility limit our borrowing capacity each quarter, depending on our leverage and other indebtedness, such as notes, financial leases, letters of credit, and any other debt, as well as other factors that are outlined in the credit agreement.
(2) Share purchases, dividend payments, and corporate acquisitions are subject to more restrictive covenants, and therefore we may not be able to use the full amount available for borrowing for these purposes.

On January 7, 2019, we executed an amendment to our senior secured credit facility that expanded the total capacity to $1,613.2 million, which includes $1,087.3 million of revolving loans and $525.9 million of term loans. We expect to use our expanded credit facility to fund investments intended to support our long-term growth strategy. The incremental term loan proceeds, which represented approximately half of the total capacity increase, were used to repay a portion of our outstanding revolving loans. Refer to Note 20 in the accompanying consolidated financial statements for additional details.

Debt Covenants. Our credit agreement and senior unsecured notes indenture contain financial and other covenants as well as customary representations, warranties and events of default, which are detailed in Note 20 of the accompanying consolidated financial statements. As of June 30, 2019, we were in compliance with all financial and other covenants under the credit agreement and senior unsecured notes indenture.

Other debt. Other debt primarily consists of term loans acquired through our various acquisitions. As of June 30, 2019 and 2018, we had $14.4 million and $7.0 million, respectively, outstanding for those obligations that are payable through March 2025.

Risk Factors

Our future results may vary materially from those contained in forward-looking statements that we make in this Report and other filings with the SEC, press releases, communications with investors, and oral statements due to the following important factors, among others. Our forward-looking statements in this Report and in any other public statements we make may turn out to be wrong. These statements can be affected by, among other things, inaccurate assumptions we might make or by known or unknown risks and uncertainties or risks we currently deem immaterial. Consequently, no forward-looking statement can be guaranteed. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

Risks Related to Our Business

If our long-term growth strategy is not successful, our business and financial results could be harmed.

We may not achieve our long-term objectives, and our investments in our business may fail to impact our results and growth as anticipated. Some of the factors that could cause our business strategy to fail to achieve our objectives include the following, among others:

- our failure to adequately execute our strategy or anticipate and overcome obstacles to achieving our strategic goals
- our failure to develop or deploy our mass customization platform or the failure of the platform to drive the efficiencies and competitive advantage we expect
- our failure to manage the growth, complexity, and pace of change of our business and expand our operations
- our failure to acquire, at a value-accretive price or at all, businesses that enhance the growth and development of our business or to effectively integrate the businesses we do acquire into our business
- our inability to purchase or develop technologies and other key assets and capabilities to increase our efficiency, enhance our competitive advantage, and scale our operations
- our failure to realize the anticipated benefits of the decentralization of our operations
- the impact on our growth of our anticipated investment reductions, including a decrease in early stage investments and reductions in advertising spending, particularly for Vistaprint and National Pen
- the failure of our current supply chain to provide the resources we need at the standards we require and our inability to develop new or enhanced supply chains
- our failure to acquire new customers and enter new markets, retain our current customers, and sell more products to current and new customers
- our failure to address performance issues in some of our businesses and markets
- our failure to sustain growth in relatively mature markets
- our failure to promote, strengthen, and protect our brands
- our failure to effectively manage competition and overlap within our brand portfolio
- the failure of our current and new marketing channels to attract customers
- our failure to realize expected returns on our capital allocation decisions
- unanticipated changes in our business, current and anticipated markets, industry, or competitive landscape
- our failure to attract and retain skilled talent needed to execute our strategy and sustain our growth
- general economic conditions

If our strategy is not successful, then our revenue, earnings, cash flow, and value may not grow as anticipated, be negatively impacted, or decline, our reputation and brands may be damaged, and the price of our shares may decline. In addition, we may change our strategy from time to time, which can cause fluctuations in our financial results and volatility in our share price.

Purchasers of customized products may not choose to shop online, which would limit our acquisition of new customers that are necessary to the success of our business.

Most of our businesses sell our products and services primarily through the Internet. Because the online market for most of our products and services is not mature, our success depends in part on our ability to attract customers who have historically purchased products and services we offer through offline channels. Specific factors that could prevent prospective customers from purchasing from us online include the following:

- concerns about buying customized products without face-to-face interaction with design or sales personnel
- the inability to physically handle and examine product samples before making a purchase
- delivery time associated with Internet orders
- concerns about the security of online transactions and the privacy of personal information
- delayed or lost shipments or shipments of incorrect or damaged products
- a desire to support and buy from local businesses
- limited access to the Internet
- the inconvenience associated with returning or exchanging purchased items

In addition, our internal research shows that an increasing number of current and potential customers access our websites using smart phones or tablets and that our website visits using traditional computers may decline. Designing and purchasing custom designed products on a smart phone, tablet, or other mobile device is more difficult than doing so with a traditional computer due to limited screen sizes and bandwidth constraints, and we are seeing that customers' increased use of mobile devices to access and use our websites and technologies is having a negative impact on conversion rates, especially in our Vistaprint business, which can lead to a decline in revenue.

We may not succeed in promoting and strengthening our brands, which could prevent us from acquiring new customers and increasing revenues.

A primary component of our business strategy is to promote and strengthen our brands to attract new and repeat customers, and we face significant competition from other companies in our markets who also seek to establish strong brands. To promote and strengthen our brands, we must incur substantial marketing expenses and establish a relationship of trust with our customers by providing a high-quality customer experience, which requires us to invest substantial amounts of our resources. Our ability to provide a high-quality customer experience is also dependent on external factors over which we may have little or no control, such as the reliability and performance of our suppliers, third-party fulfillers, third-party carriers, and communication infrastructure providers. If we are unable to promote our brands or provide customers with a high-quality customer experience, we may fail to attract new customers, maintain customer relationships, and sustain or increase our revenues.

We manage our business for long-term results, and our quarterly and annual financial results often fluctuate, which may lead to volatility in our share price.

Our revenue and operating results often vary significantly from period to period due to a number of factors, and as a result comparing our financial results on a period-to-period basis may not be meaningful. We prioritize our uppermost financial objective of maximizing our intrinsic value per share even at the expense of shorter-term results and do not manage our business to maximize current period reported financial results, including our GAAP net income (loss) and operating cash flow and other results we report. Many of the factors that lead to period-to-period fluctuations are outside of our control; however, some factors are inherent in our business strategies. Some of the specific factors that could cause our operating results to fluctuate from quarter to quarter or year to year include among others:

- investments in our business in the current period intended to generate longer-term returns, where the costs in the near term will not be offset by revenue or cost savings until future periods, if at all

- variations in the demand for our products and services, in particular during our second fiscal quarter, which may be driven by seasonality, performance issues in some of our businesses and markets, or other factors
- currency and interest rate fluctuations, which affect our revenue, costs, and fair value of our assets and liabilities
- our hedging activity
- our ability to attract and retain customers and generate purchases
- shifts in revenue mix toward less profitable products and brands
- the commencement or termination of agreements with our strategic partners, suppliers, and others
- our ability to manage our production, fulfillment, and support operations
- costs to produce and deliver our products and provide our services, including the effects of inflation and the rising costs of raw materials such as paper
- our pricing and marketing strategies and those of our competitors
- expenses and charges related to our compensation arrangements with our executives and employees
- costs and charges resulting from litigation
- significant increases in credits, beyond our estimated allowances, for customers who are not satisfied with our products or delivery
- changes in our income tax rate
- costs to acquire businesses or integrate our acquired businesses
- financing costs
- impairments of our tangible and intangible assets including goodwill
- the results of our minority investments and joint ventures

Some of our expenses, such as office leases, depreciation related to previously acquired property and equipment, and personnel costs, are relatively fixed, and we may be unable to, or may not choose to, adjust operating expenses to offset any revenue shortfall. Accordingly, any shortfall in revenue may cause significant variation in operating results in any period. Our operating results may sometimes be below the expectations of public market analysts and investors, in which case the price of our ordinary shares may decline.

We may not be successful in developing and deploying our mass customization platform or in realizing the anticipated benefits of the platform.

A key component of our strategy is the development and deployment of a mass customization platform, which is a cloud-based collection of software services, APIs, web applications and related technology offerings that can be leveraged independently or together by our businesses and third parties to perform common tasks that are important to mass customization. The process of developing new technology is complex, costly, and uncertain and requires us to commit significant resources before knowing whether our businesses will adopt components of our mass customization platform or whether the platform will make us more effective and competitive. As a result, there can be no assurance that we will find new capabilities to add to the growing set of technologies that make up our platform, that our diverse businesses will realize value from the platform, or that we will realize expected returns on the capital expended to develop the platform.

In addition, we are aware that other companies are developing platforms that could compete with ours. If a competitor were to create a more attractive or easier to adopt platform that has the potential to drive more scale advantage than ours does, our competitive position could be harmed.

Our global operations, decentralized organizational structure, and expansion place a significant strain on our management, employees, facilities, and other resources and subject us to additional risks.

We are a global company with production facilities, offices, and localized websites in many countries across six continents, and we manage our businesses and operations in a decentralized, autonomous manner. We expect to establish operations, acquire or invest in businesses, and sell our products and services in additional markets and geographic regions, including emerging markets, where we may have limited or no experience. We may not be successful in all markets and regions in which we invest or where we establish operations, which may be costly to us. We are subject to a number of risks and challenges that relate to our global operations, decentralization, and expansion, including, among others:

- difficulty managing operations in, and communications among, multiple businesses, locations, and time zones
- difficulty complying with multiple tax laws, treaties, and regulations and limiting our exposure to onerous or unanticipated taxes, duties, and other costs
- our failure to improve and adapt our financial and operational controls and systems to manage our decentralized businesses and comply with our obligations as a public company
- the challenge of complying with disparate laws in multiple countries, such as local regulations that may impair our ability to conduct our business as planned, protectionist laws that favor local businesses, and restrictions imposed by local labor laws
- our inexperience in marketing and selling our products and services within unfamiliar markets, countries, and cultures
- challenges of working with local business partners
- our failure to properly understand and develop graphic design content and product formats and attributes appropriate for local tastes
- disruptions caused by political and social instability that may occur in some countries
- exposure to corrupt business practices that may be common in some countries or in some sales channels and markets, such as bribery or the willful infringement of intellectual property rights
- difficulty repatriating cash from some countries
- difficulty importing and exporting our products across country borders and difficulty complying with customs regulations in the many countries where we sell products
- disruptions or cessation of important components of our international supply chain
- failure of local laws to provide a sufficient degree of protection against infringement of our intellectual property

There is considerable uncertainty about the economic and regulatory effects of the United Kingdom's exit from the European Union (commonly referred to as "Brexit"). The UK is one of our largest markets in Europe, but we currently ship many products to UK customers from EU countries. If Brexit results in greater restrictions on imports and exports between the UK and the EU or increased regulatory complexity, then our operations and financial results could be negatively impacted.

In addition, we are exposed to fluctuations in currency exchange rates that may impact items such as the translation of our revenue and expenses, remeasurement of our intercompany balances, and the value of our cash and cash equivalents and other assets and liabilities denominated in currencies other than the U.S. dollar, our reporting currency. The hedging activities we engage in may not mitigate the net impact of currency exchange rate fluctuations, and our financial results may differ materially from expectations as a result of such fluctuations.

Failure to protect our information systems and the confidential information of our customers, employees, and business partners against security breaches or thefts could damage our reputation and brands, subject us to litigation and enforcement actions, and substantially harm our business and results of operations.

Our business involves the receipt, storage, and transmission of customers' personal and payment information, as well as confidential information about our business, employees, suppliers, and business partners, some of which is entrusted to third-party service providers, partners, and vendors. Our information systems and those of third parties with which we share information are vulnerable to an increasing threat of cyber security risks, including physical and electronic break-ins, computer viruses, and phishing and other social engineering scams, among other risks. As security threats evolve and become more sophisticated and more difficult to detect and defend against, a hacker or thief may defeat our security measures, or those of our third-party service provider, partner, or vendor, and obtain confidential or personal information. We or the third party may not discover the security breach and theft of information for a significant period of time after the breach occurs. We may need to expend significant resources to protect against security breaches and thefts of data or to address problems caused by breaches or thefts, and we may not be able to anticipate cyber attacks or implement adequate preventative measures. Any compromise or breach of our information systems or the information systems of third parties with which we share information could, among other things:

- damage our reputation and brands
- expose us to losses, remediation costs, litigation, enforcement actions, and possible liability
- result in a failure to comply with legal and industry privacy regulations and standards
- lead to the misuse of our and our customers' and employees' confidential or personal information
- cause interruptions in our operations
- cause us to lose revenue if existing and potential customers believe that their personal and payment information may not be safe with us

We are subject to the laws of many states, countries, and regions and industry guidelines and principles governing the collection, use, retention, disclosure, sharing, and security of data that we receive from and about our customers and employees. Any failure or perceived failure by us to comply with any of these laws, guidelines, or principles could result in actions against us by governmental entities or others, a loss of customer confidence, and damage to our brands, any of which could have an adverse effect on our business. In addition, the regulatory landscape is constantly changing, as various regulatory bodies throughout the world enact new laws concerning privacy, data retention, data transfer and data protection. For example, the recent General Data Protection Regulation in Europe includes robust operational and compliance requirements and significant penalties for non-compliance. Complying with these varying and changing requirements could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business and operating results.

Acquisitions and strategic investments may be disruptive to our business.

An important way in which we pursue our strategy is to selectively acquire businesses, technologies, and services and make minority investments in businesses and joint ventures. The time and expense associated with finding suitable businesses, technologies, or services to acquire or invest in can be disruptive to our ongoing business and divert our management's attention. In addition, we have needed in the past, and may need in the future, to seek financing for acquisitions and investments, which may not be available on terms that are favorable to us, or at all, and can cause dilution to our shareholders, cause us to incur additional debt, or subject us to covenants restricting the activities we may undertake.

Our acquisitions and strategic investments may fail to achieve our goals.

An acquisition, minority investment, or joint venture may fail to achieve our goals and expectations for a number of reasons including the following:

- The business we acquired or invested in may not perform as well as we expected.
- We may overpay for acquired businesses, which can, among other things, negatively affect our intrinsic value per share.
- We may fail to integrate acquired businesses, technologies, services, or internal systems effectively, or the integration may be more expensive or take more time than we anticipated.
- The management of our acquired businesses, minority investments, and joint ventures may be more expensive or may take more resources than we expected.
- We may not realize the anticipated benefits of integrating acquired businesses into our mass customization platform.
- We may encounter cultural or language challenges in integrating an acquired business or managing our minority investment in a business.
- We may not be able to retain customers and key employees of the acquired businesses, and we and the businesses we acquire or invest in may not be able to cross sell products and services to each other's customers.

We generally assume the liabilities of businesses we acquire, which could include liability for an acquired business' violation of law that occurred before we acquired it. In addition, we have historically acquired smaller, privately held companies that may not have as strong a culture of legal compliance or as robust financial controls as a larger, publicly traded company like Cimpress, and if we fail to implement adequate training, controls, and monitoring of the acquired companies, we could also be liable for post-acquisition legal violations.

Our acquisitions and minority investments can negatively impact our financial results.

Acquisitions and minority investments can be costly, and some of our acquisitions and investments may be dilutive, leading to reduced earnings. Acquisitions and investments can result in increased expenses including impairments of goodwill and intangible assets if financial goals are not achieved, assumptions of contingent or unanticipated liabilities, amortization of acquired intangible assets, and increased tax costs.

In addition, the accounting for our acquisitions and minority investments requires us to make significant estimates, judgments, and assumptions that can change from period to period, based in part on factors outside of our control, which can create volatility in our financial results. For example, we often pay a portion of the purchase price for our acquisitions in the form of an earn out based on performance targets for the acquired companies or enter into obligations or options to purchase non-controlling interests in our acquired companies or minority investments, which can be difficult to forecast. If in the future our assumptions change and we determine that higher levels of achievement are likely under our earn outs or future purchase obligations, we will need to pay and record additional amounts to reflect the increased purchase price. These additional amounts could be significant and could adversely impact our results of operations.

Furthermore, provisions for future payments to sellers based on the performance or valuation of the acquired businesses, such as earn outs and options to purchase non-controlling interests, can lead to disputes with the sellers about the achievement of the performance targets or valuation or create inadvertent incentives for the acquired company's management to take short-term actions designed to maximize the payments they receive instead of benefiting the business. In addition, strong performance of the underlying business could result in material payments pursuant to earn-out provisions or future purchase obligations that may or may not reflect the fair market value of the asset at that time.

If we are unable to attract new and repeat customers in a cost-effective manner, our business and results of operations could be harmed.

Our success depends on our ability to attract new and repeat customers in a cost-effective manner. Our various businesses rely on a variety of methods to do this including drawing visitors to our websites, promoting our products and services through search engines such as Google, Bing, and Yahoo!, email, direct mail, advertising banners and other online links, broadcast media, telesales and word-of-mouth customer referrals. If the search engines on which we rely modify their algorithms or terminate their relationships with us, or if the prices at which we may purchase listings increase, then our costs could increase, and fewer customers may click through to our websites. If links to our websites are not displayed prominently in online search results, if fewer customers click through to our websites, if our direct mail marketing campaigns are not effective, or if the costs of attracting customers using any of our current methods significantly increase, then our ability to efficiently attract new and repeat customers would be reduced, our revenue and net income could decline, and our business and results of operations would be harmed.

Seasonal fluctuations in our business place a strain on our operations and resources.

Our profitability has historically been highly seasonal. Our second fiscal quarter includes the majority of the holiday shopping season and accounts for a disproportionately high portion of our earnings for the year, primarily due to higher sales of home and family products such as holiday cards, calendars, photo books, and personalized gifts. In addition, our National Pen business has historically generated nearly all of its profits during the December quarter. Our operating income during the second fiscal quarter represented 55% and 46% of annual operating income in the years ended June 30, 2019 and 2018, respectively, and during the year ended June 30, 2017, in a period we recognized a loss from operations, the second quarter was the only profitable quarter. In anticipation of increased sales activity during our second fiscal quarter holiday season, we typically incur significant additional capacity related expenses each year to meet our seasonal needs, including facility expansions, equipment purchases and leases, and increases in the number of temporary and permanent employees. Lower than expected sales during the second quarter have a disproportionately large impact on our operating results and financial condition for the full fiscal year. In addition, if our manufacturing and other operations are unable to keep up with the high volume of orders during our second fiscal quarter or we experience inefficiencies in our production, then our costs may be significantly higher, and we and our customers can experience delays in order fulfillment and delivery and other disruptions. If we are unable to accurately forecast and respond to seasonality in our business, our business and results of operations may be materially harmed.

Our hedging activity could negatively impact our results of operations, cash flows, or leverage.

We have entered into derivatives to manage our exposure to interest rate and currency movements. If we do not accurately forecast our results of operations, execute contracts that do not effectively mitigate our economic exposure to interest rates and currency rates, elect to not apply hedge accounting, or fail to comply with the complex accounting requirements for hedging, our results of operations and cash flows could be volatile, as well as negatively impacted. Also, our hedging objectives may be targeted at improving our non-IFRS financial metrics, which could result in increased volatility in our GAAP results. Since some of our hedging activity addresses long-term exposures, such as our net investment in our subsidiaries, the gains or losses on those hedges could be recognized before the offsetting exposure materializes to offset them. This could result in our having to borrow to settle a loss on a derivative without an offsetting cash inflow, potentially causing volatility in our cash or debt balances and therefore our leverage.

Our businesses face risks related to interruption of our operations and lack of redundancy.

Our businesses' production facilities, websites, infrastructure, supply chain, customer service centers, and operations may be vulnerable to interruptions, and we do not have redundancies or alternatives in all cases to carry on these operations in the event of an interruption. In addition, because our businesses are dependent in part on third parties for the implementation and maintenance of certain aspects of our communications and production systems, we may not be able to remedy interruptions to these systems in a timely manner or at all due to factors outside of our control. Some of the events that could cause interruptions in our businesses' operations or systems are the following, among others:

- fire, natural disasters, or extreme weather

- labor strike, work stoppage, or other issues with our workforce
- political instability or acts of terrorism or war
- power loss or telecommunication failure
- attacks on our external websites or internal network by hackers or other malicious parties
- undetected errors or design faults in our technology, infrastructure, and processes that may cause our websites to fail
- inadequate capacity in our systems and infrastructure to cope with periods of high volume and demand
- human error, including poor managerial judgment or oversight

Any interruptions to our systems or operations could result in lost revenue, increased costs, negative publicity, damage to our reputations and brands, and an adverse effect on our business and results of operations. Building redundancies into our infrastructure, systems, and supply chain to mitigate these risks may require us to commit substantial financial, operational, and technical resources, in some cases before the volume of their business increases with no assurance that their revenue will increase.

We face intense competition, and we expect our competition to continue to increase.

The markets for our products and services are intensely competitive, highly fragmented, and geographically dispersed. The competitive landscape for e-commerce companies and the mass customization market continues to change as new e-commerce businesses are introduced, established e-commerce businesses like Amazon enter the mass customization market, and traditional “bricks and mortar” businesses establish an online presence. Competition may result in price pressure, increased advertising expense, reduced profit margins, and loss of market share and brand recognition, any of which could substantially harm our business and financial results. Current and potential competitors include the following (in no particular order):

- traditional offline suppliers and graphic design providers
- online printing and graphic design companies
- office superstores, drug store chains, food retailers, and other major retailers targeting small business and consumer markets
- wholesale printers
- self-service desktop design and publishing using personal computer software
- email marketing services companies
- website design and hosting companies
- suppliers of customized apparel, promotional products, gifts, and packaging
- online photo product companies
- Internet retailers
- online providers of custom printing services that outsource production to third party printers
- providers of digital marketing such as social media and local search directories

Many of our current and potential competitors have advantages over us, including longer operating histories, greater brand recognition or loyalty, more focus on a given subset of our business, significantly greater financial, marketing, and other resources, or willingness to operate at a loss while building market share. Many of our competitors currently work together, and additional competitors may do so in the future through strategic business agreements or acquisitions. In addition, we have in the past and may in the future choose to collaborate with some of our existing and potential competitors in strategic partnerships that we believe will improve our competitive position and financial results. It is possible, however, that such ventures will be unsuccessful and that our competitive position and financial results will be adversely affected as a result of such collaboration.

Failure to meet our customers' price expectations would adversely affect our business and results of operations.

Demand for our products and services is sensitive to price for almost all of our businesses, and changes in our pricing strategies, including shipping pricing, have had a significant impact on the numbers of customers and orders in some regions, which in turn affects our revenue, profitability, and results of operations. Many factors can significantly impact our pricing and marketing strategies, including the costs of running our business, the costs of raw materials, our competitors' pricing and marketing strategies, and the effects of inflation. If we fail to meet our customers' price expectations, our business and results of operations may suffer.

We are subject to safety, health, and environmental laws and regulations, which could result in liabilities, cost increases, or restrictions on our operations.

We are subject to a variety of safety, health and environmental, or SHE, laws and regulations in each of the jurisdictions in which we operate. These laws and regulations govern, among other things, air emissions, wastewater discharges, the storage, handling and disposal of hazardous and other regulated substances and wastes, soil and groundwater contamination and employee health and safety. We use regulated substances such as inks and solvents, and generate air emissions and other discharges at our manufacturing facilities, and some of our facilities are required to hold environmental permits. If we fail to comply with existing SHE requirements, or new, more stringent SHE requirements applicable to us are imposed, we may be subject to monetary fines, civil or criminal sanctions, third-party claims, or the limitation or suspension of our operations. In addition, if we are found to be responsible for hazardous substances at any location (including, for example, offsite waste disposal facilities or facilities at which we formerly operated), we may be responsible for the cost of cleaning up contamination, regardless of fault, as well as for claims for harm to health or property or for natural resource damages arising out of contamination or exposure to hazardous substances.

In some cases we pursue self-imposed socially responsible policies that are more stringent than is typically required by laws and regulations, for instance in the areas of worker safety, team member social benefits and environmental protection such as carbon reduction initiatives. The costs of this added SHE effort are often substantial and could grow over time.

The failure of our business partners to use legal and ethical business practices could negatively impact our business.

We contract with multiple business partners in an increasing number of jurisdictions worldwide, including sourcing the raw materials for the products we sell from an expanding number of suppliers and contracting with third-party merchants and manufacturers for the placement and fulfillment of customer orders. We require our suppliers, fulfillers, and merchants to operate in compliance with all applicable laws, including those regarding corruption, working conditions, employment practices, safety and health, and environmental compliance, but we cannot control their business practices. We may not be able to adequately vet, monitor, and audit our many business partners (or their suppliers) throughout the world, and our decentralized structure heightens this risk, as not all of our businesses have equal resources to manage their business partners. If any of them violates labor, environmental, or other laws or implements business practices that are regarded as unethical or inconsistent with our values, our reputation could be severely damaged, and our supply chain and order fulfillment process could be interrupted, which could harm our sales and results of operations.

The loss of key personnel or an inability to attract and retain additional personnel could affect our ability to successfully grow our business.

We are highly dependent upon the continued service and performance of our senior management and key technical, marketing, and production personnel, any of whom may cease their employment with us at any time with minimal advance notice. We face intense competition for qualified individuals from many other companies in diverse industries. The loss of key employees places a strain on members of our management team, who in some cases need to step in and support an additional business or function, and may significantly delay or prevent the achievement of our business objectives. Our failure to recruit, attract, and retain suitably qualified individuals to fill open roles or to adequately plan for succession could have an adverse effect on our ability to implement our business plan.

Our credit facility and the indenture that governs our senior notes restrict our current and future operations, particularly our ability to respond to changes or to take certain actions.

Our senior secured credit facility, which we refer to as our credit facility, and the indenture that governs our 7.0% senior unsecured notes due 2026, which we refer to as our senior notes, contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our best interest, including restrictions on our ability to:

- incur additional indebtedness, guarantee indebtedness, and incur liens
- pay dividends or make other distributions or repurchase or redeem capital stock
- prepay, redeem, or repurchase certain subordinated debt
- issue certain preferred stock or similar redeemable equity securities
- make loans and investments
- sell assets
- enter into transactions with affiliates
- alter the businesses we conduct
- enter into agreements restricting our subsidiaries' ability to pay dividends
- consolidate, merge, or sell all or substantially all of our assets

As a result of these restrictions, we may be limited in how we conduct our business, grow in accordance with our strategy, compete effectively, or take advantage of new business opportunities. In addition, the restrictive covenants in the credit facility require us to maintain specified financial ratios and satisfy other financial condition tests. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and we may be unable to meet them.

A default under our indenture or credit facility would have a material, adverse effect on our business.

Our failure to make scheduled payments on our debt or our breach of the covenants or restrictions under the indenture that governs our senior notes or under our credit facility could result in an event of default under the applicable indebtedness. Such a default would have a material, adverse effect on our business and financial condition, including the following, among others:

- Our lenders could declare all outstanding principal and interest to be due and payable, and we and our subsidiaries may not have sufficient assets to repay that indebtedness.
- Our secured lenders could foreclose against the assets securing their borrowings.

- Our lenders under the credit facility could terminate all commitments to extend further credit under that facility.

- We could be forced into bankruptcy or liquidation.

Our material indebtedness and interest expense could adversely affect our financial condition.

As of June 30, 2019, our total debt was $1,035.6 million, made up of $400.0 million of senior notes, $621.2 million of loan obligations under our credit facility and $14.4 million of other debt.

Subject to the limits contained in the credit facility, the indenture that governs our senior notes, and our other debt instruments, we may be able to incur substantial additional debt from time to time to finance working capital, capital expenditures, investments or acquisitions, or for other purposes. If we do so, the risks related to our level of debt could intensify. Specifically, our level of debt could have important consequences, including the following:

- making it more difficult for us to satisfy our obligations with respect to our debt

- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions, or other general corporate requirements

- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions, and other general corporate purposes

- increasing our vulnerability to general adverse economic and industry conditions

- exposing us to the risk of increased interest rates as some of our borrowings, including borrowings under our credit facility, are at variable rates of interest

- limiting our flexibility in planning for and reacting to changes in the industry and marketplaces in which we compete

- placing us at a disadvantage compared to other, less leveraged competitors

- increasing our cost of borrowing

We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which are subject to economic and competitive conditions and to various financial, business, legislative, regulatory, and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital, or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all.

If we cannot make scheduled payments on our debt, we will be in default. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our financial position and results of operations.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under our credit facility are at variable rates of interest and expose us to interest rate risk, and any interest rate swaps we enter into in order to reduce interest rate volatility may not fully mitigate our interest rate risk. If interest rates were to increase, our debt service obligations on the variable rate indebtedness would increase even if the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. As of June 30, 2019, a hypothetical 100 basis point increase in rates, inclusive of our outstanding interest rate swaps, would result in an increase of interest expense of approximately $1.0 million over the next 12 months.

Border controls and duties and restrictions on cross-border commerce may negatively impact our business.

Many governments impose restrictions on shipping goods into their countries, as well as protectionist measures such as customs duties and tariffs that may apply directly to product categories comprising a material portion of our revenues. The customs laws, rules and regulations that we are required to comply with are complex and subject to unpredictable enforcement and modification. As a result of these restrictions, we have from time to time experienced delays in shipping our manufactured products into certain countries, and changes in cross-border regulations could have a significant negative effect on our business. For example, the current United States administration has made, and may continue to make, major changes in trade policy between the United States and other countries, such as the imposition of additional tariffs and duties on imported products, and has suggested closing the border between the United States and Mexico. Because we produce most physical products for our United States customers at our facilities in Canada and Mexico and we source most materials for our products outside the United States, including material amounts of sourcing from China, future changes in tax policy or trade relations could adversely affect our business and results of operations.

If we are unable to protect our intellectual property rights, our reputation and brands could be damaged, and others may be able to use our technology, which could substantially harm our business and financial results.

We rely on a combination of patents, trademarks, trade secrets, copyrights, and contractual restrictions to protect our intellectual property, but these protective measures afford only limited protection. Despite our efforts to protect our proprietary rights, unauthorized parties may be able to copy or use technology or information that we consider proprietary. There can be no guarantee that any of our pending patent applications or continuation patent applications will be granted, and from time to time we face infringement, invalidity, intellectual property ownership, or similar claims brought by third parties with respect to our patents. In addition, despite our trademark registrations throughout the world, our competitors or other entities may adopt names, marks, or domain names similar to ours, thereby impeding our ability to build brand identity and possibly leading to customer confusion. Enforcing our intellectual property rights can be extremely costly, and a failure to protect or enforce these rights could damage our reputation and brands and substantially harm our business and financial results.

Intellectual property disputes and litigation are costly and could cause us to lose our exclusive rights, subject us to liability, or require us to stop some of our business activities.

From time to time, we receive claims from third parties that we infringe their intellectual property rights, that we are required to enter into patent licenses covering aspects of the technology we use in our business, or that we improperly obtained or used their confidential or proprietary information. Any litigation, settlement, license, or other proceeding relating to intellectual property rights, even if we settle it or it is resolved in our favor, could be costly, divert our management's efforts from managing and growing our business, and create uncertainties that may make it more difficult to run our operations. If any parties successfully claim that we infringe their intellectual property rights, we might be forced to pay significant damages and attorney's fees, and we could be restricted from using certain technologies important to the operation of our business.

Our business is dependent on the Internet, and unfavorable changes in government regulation of the Internet, e-commerce, and email marketing could substantially harm our business and financial results.

Because most of our businesses depend primarily on the Internet for our sales, laws specifically governing the Internet, e-commerce, and email marketing may have a greater impact on our operations than other more traditional businesses. Existing and future laws, such as laws covering pricing, customs, privacy, consumer protection, or commercial email, may impede the growth of e-commerce and our ability to compete with traditional “bricks and mortar” retailers. Existing and future laws or unfavorable changes or interpretations of these laws could substantially harm our business and financial results.

If we were required to review the content that our customers incorporate into our products and interdict the shipment of products that violate copyright protections or other laws, our costs would significantly increase, which would harm our results of operations.

Because of our focus on automation and high volumes, most of our sales do not involve any human-based review of content. Although our websites' terms of use specifically require customers to make representations about the legality and ownership of the content they upload for production, there is a risk that a customer may supply an image or other content for an order we produce that is the property of another party used without permission, that infringes the copyright or trademark of another party, or that would be considered to be defamatory, hateful, obscene, or otherwise objectionable or illegal under the laws of the jurisdiction(s) where that customer lives or where we operate. If we were to become legally obligated to perform manual screening of customer orders, our costs would increase significantly, and we could be required to pay substantial penalties or monetary damages for any failure in our screening process.

We may be subject to product liability or environmental compliance claims if people, property, or the environment are harmed by the products we sell.

Some of the products we sell, including products manufactured or supplied by third-party business partners, may expose us to product liability or environmental compliance claims relating to issues such as personal injury, death, property damage, or the use or disposal of environmentally harmful substances and may require product recalls or other actions. Any claims, litigation, or recalls could be costly to us and damage our brands and reputation.

We do not collect indirect taxes in all jurisdictions, which could expose us to tax liabilities.

In some of the jurisdictions where we sell products and services, we do not collect or have imposed upon us sales, value added or other consumption taxes, which we refer to as indirect taxes. The application of indirect taxes to e-commerce businesses such as Cimpress is a complex and evolving issue, and in many cases, it is not clear how existing tax statutes apply to the Internet or e-commerce. If a government entity claims that we should have been collecting indirect taxes on the sale of our products in a jurisdiction where we have not been doing so, then we could incur substantial tax liabilities for past sales.

For example, some of our businesses do not currently collect sales tax in all U.S. states where they sell products. Many state governments in the United States have imposed or are seeking to impose sales tax collection responsibility on out-of-state, online retailers, and the recent U.S. Supreme Court ruling in South Dakota v. Wayfair, Inc. et al. enables states to consider adopting laws requiring remote sellers to collect and remit sales tax, even in states in which the seller has no physical presence. To the extent that individual states decide to adopt similar legislation, this could significantly increase the collection and compliance burden on Cimpress businesses operating in the U.S. In addition, there is risk that a state government in which a Cimpress business currently is not registered to collect and remit sales tax may attempt to assess tax, interest and penalties relating to prior periods.

Risks Related to Our Corporate Structure

Challenges by various tax authorities to our international structure could, if successful, increase our effective tax rate and adversely affect our earnings.

We are a Dutch limited liability company that operates through various subsidiaries in a number of countries throughout the world. Consequently, we are subject to tax laws, treaties and regulations in the countries in which we operate, and these laws and treaties are subject to interpretation. From time to time, we are subject to tax audits, and the tax authorities in these countries could claim that a greater portion of the income of the Cimpress N.V. group should be subject to income or other tax in their respective jurisdictions, which could result in an increase to our effective tax rate and adversely affect our results of operations.

Changes in tax laws, regulations and treaties could affect our tax rate and our results of operations.

A change in tax laws, treaties or regulations, or their interpretation, of any country in which we operate could result in a higher tax rate on our earnings, which could result in a significant negative impact on our earnings and cash flow from operations. There are currently multiple initiatives for comprehensive tax reform underway in key jurisdictions where we have operations, and we cannot predict whether any other specific legislation will be enacted or the terms of any such legislation. However, if such legislation were enacted, or if modifications were to be made to certain existing treaties, the consequences could have a materially adverse impact on us, including increasing our tax burden, increasing costs of our tax compliance or otherwise adversely affecting our financial condition, results of operations and cash flows.

The recent Swiss Federal Act on Tax Reform and AHV Financing (TRAF) will result in significant changes to the Swiss cantonal income tax system that will become effective on January 1, 2020, including the elimination of historically favorable cantonal tax regimes, the introduction of a patent box regime and the introduction of a research and development super deduction. In response to the TRAF, Zurich, the Swiss canton in which we operate, must enact cantonal tax reform to comply with the framework provided by the TRAF and is also expected to lower the statutory tax rate to compensate for the elimination of the historically favorable cantonal tax regimes. When Zurich enacts this cantonal tax reform, which we expect to occur sometime in the first half of our fiscal year 2020, we will be required to remeasure our Swiss deferred tax assets and liabilities to account for the elimination of the historically favorable cantonal tax regimes, the impact of the transitional rules and the change in the statutory cantonal tax rate. This remeasurement of our Swiss deferred tax assets and liabilities could have a significant impact on our income tax provision in the period of enactment.

Our intercompany arrangements may be challenged, which could result in higher taxes or penalties and an adverse effect on our earnings.

We operate pursuant to written transfer pricing agreements among Cimpress N.V. and its subsidiaries, which establish transfer prices for various services performed by our subsidiaries for other Cimpress group companies. If two or more affiliated companies are located in different countries, the tax laws or regulations of each country generally will require that transfer prices be consistent with those between unrelated companies dealing at arm's length. With the exception of certain jurisdictions where we have obtained rulings or advance pricing agreements, our transfer pricing arrangements are not binding on applicable tax authorities, and no official authority in any other country has made a determination as to whether or not we are operating in compliance with its transfer pricing laws. If tax authorities in any country were successful in challenging our transfer prices as not reflecting arm's length transactions, they could require us to adjust our transfer prices and thereby reallocate our income to reflect these revised transfer prices. A reallocation of taxable income from a lower tax jurisdiction to a higher tax jurisdiction would result in a higher tax liability to us. In addition, if the country from which the income is reallocated does not agree with the reallocation, both countries could tax the same income, resulting in double taxation.

Our Articles of Association, Dutch law and the independent foundation, *Stichting Continuïteit Cimpress*, may make it difficult to replace or remove management, may inhibit or delay a change of control or may dilute shareholder voting power.

Our Articles of Association, or Articles, as governed by Dutch law, limit our shareholders' ability to suspend or dismiss the members of our Board of Directors or to overrule our Board's nominees by requiring a supermajority vote to do so under most circumstances. As a result, there may be circumstances in which shareholders may not be able to remove members of our Board of Directors even if holders of a majority of our ordinary shares favor doing so.

In addition, an independent foundation, *Stichting Continuïteit Cimpress*, or the Foundation, exists to safeguard the interests of Cimpress N.V. and its stakeholders, which include but are not limited to our shareholders, and to assist in maintaining Cimpress' continuity and independence. To this end, we have granted the Foundation a call option pursuant to which the Foundation may acquire a number of preferred shares equal to the same number of ordinary shares then outstanding, which is designed to provide a protective measure against unsolicited take-over bids for Cimpress and other hostile threats. If the Foundation were to exercise the call option, it may prevent a change of control or delay or prevent a takeover attempt, including a takeover attempt that might result in a premium over the market price for our ordinary shares. Exercise of the preferred share option would also effectively dilute the voting power of our outstanding ordinary shares by one half.

We have limited flexibility with respect to certain aspects of capital management and certain corporate transactions.

Dutch law imposes limitations and requirements on corporate actions such as the payment of dividends, issuance of new shares, repurchase of outstanding shares, and corporate acquisitions of a certain size, among other actions. For example, Dutch law requires shareholder approval for many corporate actions that would not be subject to shareholder approval if we were incorporated in the United States. Situations may arise where the flexibility to issue shares, pay dividends, purchase shares, acquire other companies, or take other corporate actions would be beneficial to us, but is subject to limitations, subject to delay due to shareholder approval requirements, or unavailable under Dutch law.

Because of our corporate structure, our shareholders may find it difficult to pursue legal remedies against the members of our Board of Directors.

Our Articles and our internal corporate affairs are governed by Dutch law, and the rights of our shareholders and the responsibilities of our Board of Directors are different from those established under United States laws. For example, under Dutch law derivative lawsuits are generally not available, and our Board is responsible for acting in the best interests of the company, its business and all of its stakeholders generally (including employees, customers and creditors), not just shareholders. As a result, our shareholders may find it more difficult to protect their interests against actions by members of our Board than they would if we were a U.S. corporation.

Because of our corporate structure, our shareholders may find it difficult to enforce claims based on United States federal or state laws, including securities liabilities, against us or our management team.

We are incorporated under the laws of the Netherlands, and the majority of our assets are located outside of the United States. In addition, some of our officers and management reside outside of the United States. In most cases, a final judgment for the payment of money rendered by a U.S. federal or state court would not be directly enforceable in the Netherlands. Although there is a process under Dutch law for petitioning a Dutch court to enforce a judgment rendered in the United States, there can be no assurance that a Dutch court would impose civil liability on us or our management team in any lawsuit predicated solely upon U.S. securities or other laws. In addition, because most of our assets are located outside of the United States, it could be difficult for investors to place a lien on our assets in connection with a claim of liability under U.S. laws. As a result, it may be difficult for investors to enforce U.S. court judgments or rights predicated upon U.S. laws against us or our management team outside of the United States.

We may not be able to make distributions or purchase shares without subjecting our shareholders to Dutch withholding tax.

A Dutch withholding tax may be levied on dividends and similar distributions made by Cimpress N.V. to its shareholders at the statutory rate of 15% if we cannot structure such distributions as being made to shareholders in relation to a reduction of par value, which would be non-taxable for Dutch withholding tax purposes. We have purchased our shares and may seek to purchase additional shares in the future. Under our Dutch Advanced Tax Ruling, a purchase of shares should not result in any Dutch withholding tax if we hold the purchased shares in treasury for the purpose of issuing shares pursuant to employee share awards or for the funding of acquisitions. However, if the shares cannot be used for these purposes, or the Dutch tax authorities successfully challenge the use of the shares for these purposes, such a purchase of shares may be treated as a partial liquidation subject to the 15% Dutch withholding tax to be levied on the difference between our average paid in capital per share for Dutch tax purposes and the redemption price per share, if higher.

We may be treated as a passive foreign investment company for United States tax purposes, which may subject United States shareholders to adverse tax consequences.

If our passive income, or our assets that produce passive income, exceed levels provided by law for any taxable year, we may be characterized as a passive foreign investment company, or a PFIC, for United States federal income tax purposes. If we are treated as a PFIC, U.S. holders of our ordinary shares would be subject to a disadvantageous United States federal income tax regime with respect to the distributions they receive and the gain, if any, they derive from the sale or other disposition of their ordinary shares.

We believe that we were not a PFIC for the tax year ended June 30, 2018 and we expect that we will not become a PFIC in the foreseeable future. However, whether we are treated as a PFIC depends on questions of fact as to our assets and revenues that can only be determined at the end of each tax year. Accordingly, we cannot be certain that we will not be treated as a PFIC in future years.

If a United States shareholder owns 10% or more of our ordinary shares, it may be subject to increased United States taxation under the "controlled foreign corporation" rules. Additionally, this may negatively impact the demand for our ordinary shares.

If a United States shareholder owns 10% or more of our ordinary shares, it may be subject to increased United States federal income taxation (and possibly state income taxation) under the "controlled foreign corporation" rules. In general, if a U.S. person owns (or is deemed to own) at least 10% of the voting power or value of a non-U.S. corporation, or "10% U.S. Shareholder," and if such non-U.S. corporation is a "controlled foreign corporation," or "CFC," then such 10% U.S. Shareholder who owns (or is deemed to own) shares in the CFC on the last day of the CFC's taxable year must include in its gross income for United States federal income tax (and possibly state income tax) purposes its pro rata share of the CFC's "subpart F income," even if the "subpart F income" is not distributed. In addition, a 10% U.S. shareholder's pro rata share of other income of a CFC, even if not distributed, might also need to be included in a 10% U.S. Shareholder's gross income for United States federal income tax (and possibly state income tax) purposes under the "global intangible low-taxed income" or "GILTI" provisions of the U.S. tax law. In general, a non-U.S. corporation is considered a CFC if one or more 10% U.S. Shareholders together own more than 50% of the voting power or value of the corporation on any day during the taxable year of the corporation. "Subpart F income" consists of, among other things, certain types of dividends, interest, rents, royalties, gains, and certain types of income from services and personal property sales.

The rules for determining ownership for purposes of determining 10% U.S. Shareholder and CFC status are complicated, depend on the particular facts relating to each investor, and are not necessarily the same as the rules for determining beneficial ownership for SEC reporting purposes. For taxable years in which we are a CFC, each of our 10% U.S. Shareholders will be required to include in its gross income for United States federal income tax (and possibly state income tax) purposes its pro rata share of our "subpart F income," even if the subpart F income is not distributed by us, and might also be required to include its pro rata share of other income of ours, even if not distributed by us, under the GILTI provisions of the U.S. tax law. We currently do not believe we are a CFC. However, whether we are treated as a CFC can be affected by, among other things, facts as to our share ownership that may change. Accordingly, we cannot be certain that we will not be treated as a CFC in future years.

The risk of being subject to increased taxation as a CFC may deter our current shareholders from acquiring additional ordinary shares or new shareholders from establishing a position in our ordinary shares. Either of these scenarios could impact the demand for, and value of, our ordinary shares.

The ownership of our ordinary shares is highly concentrated, which could cause or exacerbate volatility in our share price.

Approximately 70% of our ordinary shares are held by our top 10 shareholders, and we may repurchase shares in the future, which could further increase the concentration of our share ownership. Because of this reduced liquidity, the trading of relatively small quantities of shares by our shareholders could disproportionately influence the price of those shares in either direction. The price for our shares could, for example, decline precipitously if a large number of our ordinary shares were sold on the market without commensurate demand, as compared to a company with greater trading liquidity that could better absorb those sales without adverse impact on its share price.

Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk. Our exposure to interest rate risk relates primarily to our cash, cash equivalents and debt.

As of June 30, 2019, our cash and cash equivalents consisted of standard depository accounts which are held for working capital purposes. We do not believe we have a material exposure to interest rate fluctuations related to our cash and cash equivalents.

As of June 30, 2019, we had $621.2 million of variable rate debt. As a result, we have exposure to market risk for changes in interest rates related to these obligations. In order to mitigate our exposure to interest rate changes related to our variable rate debt, we execute interest rate swap contracts to fix the interest rate on a portion of our outstanding or forecasted long-term debt with varying maturities. As of June 30, 2019, a hypothetical 100 basis point increase in rates, inclusive of our outstanding interest rate swaps, would result in an increase of interest expense of approximately $1.0 million over the next 12 months.

Currency Exchange Rate Risk. We conduct business in multiple currencies through our worldwide operations but report our financial results in U.S. dollars. We manage these risks through normal operating activities and, when deemed appropriate, through the use of derivative financial instruments. We have policies governing the use of derivative instruments and do not enter into financial instruments for trading or speculative purposes. The use of derivatives is intended to reduce, but does not entirely eliminate, the impact of adverse currency exchange rate movements. A summary of our currency risk is as follows:

- *Translation of our non-U.S. dollar revenues and expenses:* Revenue and related expenses generated in currencies other than the U.S. dollar could result in higher or lower net income when, upon consolidation, those transactions are translated to U.S. dollars. When the value or timing of revenue and expenses in a given currency are materially different, we may be exposed to significant impacts on our net income and non-IFRS financial metrics, such as adjusted EBITDA.

  Our currency hedging objectives are targeted at reducing volatility in our forecasted U.S. dollar-equivalent adjusted EBITDA in order to protect our debt covenants. Since adjusted EBITDA excludes non-cash items such as depreciation and amortization that are included in net income, we may experience increased, not decreased, volatility in our IFRS results due to our hedging approach. Our most significant net currency exposures by volume are in the Euro and British Pound.

  In addition, we elect to execute currency derivatives contracts that do not qualify for hedge accounting. As a result, we may experience volatility in our consolidated statements of operations due to (i) the impact of unrealized gains and losses reported in other income (expense), net on the mark-to-market of outstanding contracts and (ii) realized gains and losses recognized in other income (expense), net, whereas the offsetting economic gains and losses are reported in the line item of the underlying activity, for example, revenue.

- *Translation of our non-U.S. dollar assets and liabilities*: Each of our subsidiaries translates its assets and liabilities to U.S. dollars at current rates of exchange in effect at the balance sheet date. The resulting gains and losses from translation are included as a component of accumulated other comprehensive loss on the consolidated balance sheet. Fluctuations in exchange rates can materially impact the carrying value of our assets and liabilities.

  We have currency exposure arising from our net investments in foreign operations. We enter into currency derivatives to mitigate the impact of currency rate changes on certain net investments.

  Remeasurement of monetary assets and liabilities: Transaction gains and losses generated from remeasurement of monetary assets and liabilities denominated in currencies other than the functional currency of a subsidiary are included in other income (expense), net on the consolidated statements of operations. Certain of our subsidiaries hold intercompany loans denominated in a currency other than their functional currency. Due to the significance of these balances, the revaluation of intercompany loans can have a material impact on other income (expense), net. We expect these impacts may be volatile in the future, although our largest intercompany loans do not have a U.S. dollar cash impact for the consolidated group because they are either 1) U.S. dollar loans or 2) we elect to hedge certain non-U.S. dollar loans with cross currency swaps. A hypothetical 10% change in currency exchange rates was applied to total net monetary assets denominated in currencies other than the functional currencies at the balance sheet dates to compute the impact these changes would have had on our income before taxes in the near term. The balances are inclusive of the notional value of any cross currency swaps designated as cash flow hedges. A hypothetical decrease in exchange rates of 10% against the functional currency of our subsidiaries would have resulted in an increase of $33.3 million and $51.1 million on our income before taxes for the years ended June 30, 2019 and 2018, respectively.

Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2019. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2019, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no significant changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended June 30, 2019 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the company. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, the company’s chief executive officer and chief financial officer and effected by our Board of Directors, management and other personnel, 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 and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The scope of management's assessment of the effectiveness of internal control over financial reporting as of June 30, 2019 excluded an assessment of the internal control over financial reporting of BuildASign, which we acquired during fiscal 2019. The results of BuildASign are included in our 2019 consolidated financial statements and represent approximately 2% of consolidated total assets as of June 30, 2019, and approximately 4% of consolidated total revenue for the year ended June 30, 2019.

Our management assessed the effectiveness of our internal control over financial reporting as of June 30, 2019. In making this assessment, our management used the criteria set forth in the Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our assessment, management concluded that, as of June 30, 2019, our internal control over financial reporting is effective based on criteria in Internal Control - Integrated Framework (2013) issued by the COSO.

CORPORATE GOVERNANCE REPORT

Governance Guidelines

We believe that good corporate governance is important to ensure that Cimpress is managed for the long-term benefit of our stakeholders, including our shareholders. The Board of Directors has adopted Rules to assist it in the exercise of its duties and responsibilities and to serve the best interests of Cimpress and our shareholders. The Rules for the Board provide a framework for the conduct of the Board's business. You can access our Rules for the Board of Directors, our Code of Business Conduct and Ethics and the current charters for our Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee at ir.cimpress.com or by writing to:

Investor Relations Department
c/o Cimpress USA Incorporated
275 Wyman Street
Waltham, MA 02451
USA
Email: ir@Cimpress.com

The Dutch Corporate Governance Code (or the Dutch Code)

The Dutch Corporate Governance Code, or Dutch Code, applies to Cimpress. A revised version of the Dutch Code was published on 8 December 2016 by the Corporate Governance Code Monitoring Committee. The revised Dutch Code was implemented with effect from January 1, 2017 and applies to management board reports in respect of financial years commencing on or after January 1, 2017. A copy of the revised Dutch Code can be downloaded from www.commissiecorporategovernance.nl. The Dutch Code includes certain principles of good corporate governance, supported by “best practice” provisions, and our Board of Directors agrees with the fundamental principles of the Dutch Code. However, as a company whose ordinary shares are traded on NASDAQ in the United States, we are subject to the corporate governance rules of the NASDAQ Stock Market and U.S. securities laws, and we may also choose to follow certain market practices that are common for NASDAQ-traded companies. Some of the U.S. corporate governance rules and market practices that we are required to or choose to follow conflict, in whole or in part, with the best practice provisions of the Dutch Code. As a result, we do not apply some of the Dutch best practice provisions. In accordance with the Dutch Code's compliance principle of “apply or explain,” which permits Dutch companies to be fully compliant with the Dutch Code either by applying the Dutch best practices or by explaining why the company has chosen not to apply certain of the best practices, we are disclosing in this separate "Corporate Governance" section to what extent we do not fully apply provisions of the Dutch Code, together with the reasons for those deviations. This section also contains a broad outline explaining the corporate governance structure of Cimpress. We will explain any substantial change in the corporate governance structure of Cimpress in our proxy statement for the annual general meeting of shareholders.

In November 2018, during the fiscal year ended June 30, 2019, we moved to a single-tier board structure consisting of a Board of Directors; before then we had a two-tier board structure consisting of a Supervisory Board and a separate Management Board. The Dutch Code also applies to companies with a one-tier board structure. The provisions in the Dutch Code which pertain to supervisory board members also apply to non-executive directors, without prejudice to the other responsibilities these non-executive directors may have. The Dutch Code contains one additional principle and five additional best practice provisions (Principle 5.1 and best practice provisions 5.1.1-5.1.5 of the Code) which apply specifically to companies with a one-tier board structure, and we comply with this principle and these best practices.

<u>Deviations from the Dutch Corporate Governance Code</u>

Principle 1.3: *The duty of the internal audit function is to assess the design and operation of the internal risk management and control systems. The management board is responsible for the internal audit function. The supervisory board oversees the internal audit function and maintains regular contact with the person fulfilling this function.*

Cimpress' internal audit function reports to the Audit Committee of Cimpress' Board of Directors, which oversees and assesses the internal audit function.

Best practice provision 1.7.6: *The external auditor should in any event attend the meeting of the supervisory board at which the report of the external auditor on the audit of the financial statements is discussed.*

Cimpress' external auditor attends all meetings of the Audit Committee of Cimpress' Board of Directors, including the meeting at which the Audit Committee reviews and discusses the auditor's report and audit are discussed, as is customary and best practice for NASDAQ-traded companies.

Best practice provision 2.1.5*: The supervisory board should draw up a diversity policy for the composition of the management board, the supervisory board and, if applicable, the executive committee. The policy should address the concrete targets relating to diversity and the diversity aspects relevant to the company, such as nationality, age, gender, and education and work background.*

Best practice provision 2.1.6*: The corporate governance statement should explain the diversity policy and the way that it is implemented in practice, addressing:*
i. the policy objectives;
ii. how the policy has been implemented; and
iii. the results of the policy in the past financial year.
If the composition of the management board and the supervisory board diverges from the targets stipulated in the company's diversity policy and/or the statutory target for the male/female ratio, if and to the extent that this is provided under or pursuant to the law, the current state of affairs should be outlined in the corporate governance statement, along with an explanation as to which measures are being taken to attain the intended target, and by when this is likely to be achieved.

In general, the profile for Cimpress' Board of Directors aims for an adequate composition reflecting the international business activities of Cimpress as well as an adequate level of experience and independence of its members. The Rules for the Board specify that nominees shall not be discriminated against on the basis of race, religion, national origin, sex, sexual orientation, disability or any other basis proscribed by law and that the Nominating and Corporate Governance Committee and Board should consider the value of diversity on the Board. We believe that the backgrounds and qualifications of our directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities. Accordingly, the Nominating and Corporate Governance Committee seeks nominees with a broad diversity of experience, professions, skills and backgrounds.

Furthermore, based on the Dutch Civil Code, Cimpress should strive for a balanced composition of the Board, to the effect that at least 30% of the executive and non-executive positions on the Board are held by women and at least 30% by men. In fiscal year 2019, one of the five positions on Cimpress' Board was held by a woman. The NASDAQ listing requirements do not require companies to meet specific criteria regarding gender diversity, nor is it standard practice for NASDAQ-listed companies to have specific gender diversity targets. Cimpress aims for an adequate composition of its Board, and believes that a composite mix of experience, knowledge and abilities in the Board allows it to fulfill its responsibilities. We refer also to page 58 of the report regarding the director nomination process.

Best practice provision 2.2.2: *A supervisory board member is appointed for a period of four years and may then be reappointed once for another four-year period. The supervisory board member may then subsequently be reappointed again for a period of two years, which appointment may be extended by at most two years. In the event of a reappointment after an eight-year period, reasons should be given in the report of the supervisory board. In any appointment or reappointment, the profile referred to in best practice provision 2.1.1 should be observed.*

We believe that our stakeholders benefit from the diversity of experience of the non-executive directors on our Board of Directors, which include long-term directors who bring a wealth of institutional knowledge and Cimpress history to the Board, as well as directors who have been appointed in recent years who bring fresh ideas and perspective to the Board. It is not customary for NASDAQ-listed companies to have term limits for their directors. Accordingly, we seek to have directors reappointed for terms of three or four years regardless of the number of terms they have served.

Best practice provision 2.2.4: *The supervisory board should ensure that the company has a sound plan in place for the succession of management board and supervisory board members that is aimed at retaining the balance in the requisite expertise, experience and diversity.*

Cimpress' Board of Directors has succession plans for its executives, as is customary and best practice for NASDAQ-traded companies. It is not customary for NASDAQ-listed companies to have succession plans for board members, and accordingly Cimpress does not have such a plan for its Board.

Best practice provision 2.7.4: *All transactions in which there are conflicts of interest with management board members or supervisory board members should be agreed on terms that are customary in the market. Decisions to enter into transactions in which there are conflicts of interest with management board members or supervisory board members that are of material significance to the company and/or to the relevant management board members or supervisory board members should require the approval of the supervisory board. Such transactions should be published in the management report, together with a statement of the conflict of interest and a declaration that best practice provisions 2.7.3 and 2.7.4 have been complied with.*

We have a written related person transaction policy that sets forth the policies and procedures for the review and approval or ratification of related person transactions. All related person transactions (as defined in our policy) that we propose to enter into must be reported to our Chief Legal Officer (who is currently our General Counsel) and Chief Accounting Officer (who is currently our Chief Financial Officer) and reviewed and approved by the Audit Committee of our Board of Directors before the transaction becomes effective or is consummated. In addition, the Audit Committee will review annually any previously approved or otherwise already existing related person transaction that is ongoing in nature to ensure that such related person transaction has been conducted in accordance with the Audit Committee's previous approval, if any, and that all required disclosures regarding the related person transaction are made.

Best practice provision 3.1.2 vi: *The following aspects should in any event be taken into consideration when formulating the remuneration policy:*
vi. if shares are being awarded, the terms and conditions governing this. Shares should be held for at least five years after they are awarded.

No retention period applies to shares granted without financial consideration to the members of the Board of Directors, and our approach is common for NASDAQ-listed companies. The Board has, however, instituted share ownership guidelines for our executive officers, as defined under SEC rules, and directors, which require our executive officers and directors to hold Cimpress equity with a value equal to or greater than five times annual base salary for our Chief Executive Officer, three times annual base salary for our other executive officers, and three times annual cash retainer for our non-executive directors. The Board takes the view that in combination with the characteristics of our 2016 Performance Equity Plan under which no shares are issuable until a minimum number of years after a performance share unit award is granted (unless there is an earlier change in control), as described in relation to best practice provision 3.1.2 vii, the long-term character of the share remuneration and retention of management are sufficiently met.

Best practice provision 3.1.2 vii: *The following aspects should in any event be taken into consideration when formulating the remuneration policy:*
vii. if share options are being awarded, the terms and conditions governing this and the terms and conditions subject to which the share options can be exercised. Share options cannot be exercised during the first three years after they are awarded.

The Compensation Committee of our Board of Directors believes that granting equity awards is an effective way to motivate our Board members to manage the company in a manner that is consistent with our long term interests and those of our shareholders, with equity awards generating returns for our Board members and employees as our share price increases. We grant to our Board members and employees performance share units under our 2016 Performance Equity Plan, which are based upon performance conditions relating to the compound annual growth rate of the three-year moving average of the daily closing share price of Cimpress' ordinary shares over a multi-year period. Shares are issuable under the performance share units only if (i) the service vesting requirement has been met, which is 25% per year for four years; (ii) the performance conditions are satisfied; and (iii) a minimum number of years determined by the Board has elapsed (unless there is an earlier change in control of Cimpress). The Compensation Committee considers the performance conditions to be challenging.

Best practice provision 3.2.3: *The remuneration in the event of dismissal should not exceed one year's salary (the 'fixed' remuneration component). Severance pay will not be awarded if the agreement is terminated early at the initiative of the management board member, or in the event of seriously culpable or negligent behaviour on the part of the management board member.*

Cimpress has arrangements that are commensurate with local and legal requirements to ensure competitive employment offers to our executive director. We have entered into executive retention agreements with the executive director that provide that if we terminate his employment without cause or he terminates his employment for good reason before a change in control of Cimpress or within one year after a change in control (as defined in the executive retention agreements), then he is entitled under the executive retention agreement to receive a lump sum severance payment equal to two years' salary and bonus. In addition, the executive director would receive a pro rata portion, based on the number of days from the beginning of the then current fiscal year until the date of termination, of his annual and multi-year cash incentive awards, as well as continuation of all other employment-related benefits.

Best practice provision 3.3.2: *Supervisory board members may not be awarded remuneration in the form of shares and/or rights to shares.*

Each non-executive director receives performance share units under our 2016 Performance Equity Plan upon his or her initial appointment and annually on the date of each annual general meeting. Performance share units granted to members of our Board of Directors are based upon performance conditions relating to the compound annual growth rate of the three-year moving average of the daily closing share price of Cimpress' ordinary shares over a 6- to 10-year period. Shares are issuable under the performance share units only if (i) the service vesting requirement has been met; (ii) the performance conditions are satisfied; and (iii) a minimum of six years has elapsed (unless there is an earlier change in control of Cimpress). When we compensate our Board members pursuant to our remuneration policy, we considered the significant amount of time that directors expend in fulfilling their duties to Cimpress, the skill level that we require of members of our Board, and competitive compensation data from our peer group. This practice is in compliance with international business practice in our industry, including NASDAQ-listed companies, and we consider the grant of equity to be an important incentive to attract individuals with the required skills and expertise to serve as non-executive directors on our Board.

Best practice provision 3.3.3: *Shares held by a supervisory board member in the company on whose supervisory board they serve should be long-term investments.*

The NASDAQ listing requirements do not require board members to hold shares for any length of time. However, the Board of Directors has instituted share ownership guidelines for all of its members; see our response to Best practice provision 3.1.2 vi above for more details about the guidelines. Cimpress believes that allowing our Board members flexibility to sell their shares enhances our ability to attract and retain individuals with the required skills and expertise to serve on our Board.

Best practice provision 4.1.9: *The external auditor may be questioned by the general meeting in relation to his report on the fairness of the financial statements. The external auditor should for this purpose attend and be entitled to address this meeting.*

In practice, shareholders generally do not attend our general meetings, and therefore Cimpress' external auditor does not attend. If a shareholder were to request in advance that the external auditor attend a general meeting, we would consider asking our external auditor to do so.

Best practice provision 4.3.3: *The general meeting of shareholders of a company not having statutory two-tier status (structuurregime) may pass a resolution to cancel the binding nature of a nomination for the appointment of a member of the management board or of the supervisory board and/or a resolution to dismiss a member of the management board or of the supervisory board by an absolute majority of the votes cast. It may be provided that this majority should represent a given proportion of the issued capital, which proportion may not exceed one-third. If this proportion of the capital is not represented at the meeting, but an absolute majority of the votes cast is in favour of a resolution to cancel the binding nature of a nomination, or to dismiss a board member, a new meeting may be convened at which the resolution may be passed by an absolute majority of the votes cast, regardless of the proportion of the capital represented at the meeting.*

The articles of association currently provide that our shareholders at a general meeting may at all times overrule a binding nomination by a resolution adopted by at least a two-thirds majority of the votes cast, if such majority represents more than half of the issued share capital. We believe that this provision enhances the continuity of the Board of Directors, which we believe to be in the best interest of our stakeholders.

A resolution of the general meeting to suspend or dismiss members of the Board of Directors pursuant to a proposal by the Board requires an absolute majority of the votes cast to be passed. A resolution of the general meeting to suspend or dismiss members of the Board other than pursuant to a proposal by the Board requires a two-third majority of the votes cast representing more than half of the issued capital.

Board Structure

In November 2018, we moved to a single-tier board structure consisting of a Board of Directors; before then we had a two-tier board structure consisting of a Supervisory Board and a separate Management Board. Our Chief Executive Officer, Robert Keane, is the Chairman of our Board of Directors, and Sophie Gasperment, an independent, non-employee director, is the Lead Non-Executive Director (*voorzitter*) in the meaning of section 2:129a of the Dutch Civil Code.

General

The principal responsibility of the members of the Board of Directors is to manage Cimpress, which means, among other things, that it is responsible for implementing Cimpress' aims and strategy, managing Cimpress' associated risk profile, operating Cimpress' business on a day-to-day basis and addressing corporate social responsibility issues that are relevant to the enterprise. The Board is accountable to our shareholders.

Composition and appointment

The articles of association of Cimpress provide that Cimpress must have a Board of Directors consisting of at least one executive director and at least two non-executive directors. The Board determines the number of executive directors and non-executive directors and currently consists of one executive director and four non-executive directors, whose names and biographies can be found in the "Profile of the Board of Directors" below. Each member of the Board is appointed for a maximum period of four years.

Members of the Board of Directors are appointed by shareholders at a general meeting, from the binding nomination to be drawn up by the Board. Shareholders at a general meeting may at all times, by a resolution passed with a two-third majority of the votes cast, representing more than one-half of the issued capital, resolve to overrule the binding nomination submitted by the Board. If the binding nomination is overruled by the general meeting, the Board of Directors shall draw up a new binding nomination. If the Board of Directors fails to make use of its binding nomination, the general meeting is unrestricted in its nomination and appointment, in which case the shareholders may appoint a member of the Board by a resolution passed with a majority of at least two-thirds of the votes cast representing more than one-half of the issued capital.

A resolution of the general meeting to suspend or dismiss members of the Board pursuant to a proposal by the Board requires an absolute majority of the votes cast to be passed. A resolution of the general meeting to suspend or dismiss members of the Board other than pursuant to a proposal by the Board requires a two-third majority of the votes cast representing more than half of the issued capital.

The Board adopted Rules to assist in the exercise of its duties and responsibilities and to serve the best interests of Cimpress and our stakeholders. The Rules for the Board of Directors provide a framework for the conduct of the Board's business.

Among other things, the Rules for the Board provide as follows:

- A majority of the members of the Board must be independent directors, except as permitted by Nasdaq rules.
- The Board should focus on, and develop a strategy for, long-term valuation creation by Cimpress.
- The non-executive directors must meet at least twice a year in executive session without any members of Cimpress' management to discuss, among other matters, the performance of our Chief Executive Officer.
- The Board has full and free access to management and employees and the authority to hire and consult with independent advisors.

- The Board must have at all times an Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee composed of non-executive directors who meet the independence and other criteria set forth in Nasdaq rules.

- At least annually the Nominating and Corporate Governance Committee is required to oversee a self-evaluation of the Board to determine whether the Board and its committees are functioning effectively.

Remuneration of the Board of Directors

The Board of Directors determines the remuneration of its individual members in accordance with the remuneration policy, as adopted by our shareholders at a general meeting. For further information about the remuneration of the members of the Board, see the "Executive Compensation" section of the Board Report.

Conflicts of interest

During our fiscal year ended June 30, 2019, there were no material conflicts of interest involving the members of our Board of Directors.

Policies and Procedures for Related Party Transactions

We have a written related person transaction policy that sets forth the policies and procedures for the review and approval or ratification of related person transactions. This policy covers any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which we are a participant, the amount involved exceeds $25,000, and a related person has a direct or indirect material interest, including, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness, and employment by us of a related person. A related person is any person who is or was a Cimpress executive officer or member of our Board of Directors at any time since the beginning of our most recently completed fiscal year, the beneficial holder of more than 5% of any class of our voting securities, or an immediate family member of anyone described in this sentence.

All potential related person transactions that we propose to enter into must be reported to our Chief Legal Officer (CLO, who is currently our General Counsel) or Chief Accounting Officer (CAO, who is currently our Chief Financial Officer), who will determine whether each reported transaction qualifies as a related person transaction. If so, then the CLO and CAO will submit the transaction for review and approval by our Audit Committee. If our CLO and CAO determine that advance approval of a related person transaction by the full Audit Committee is not practicable under the circumstances, then they will submit the transaction to the Audit Committee chair for review and approval, and the full Audit Committee will review and ratify the related person transaction at the next Committee meeting.

In addition, the Audit Committee will review annually any previously approved or otherwise already existing related person transaction that is ongoing in nature to ensure that such related person transaction has been conducted in accordance with the Audit Committee's previous approval, if any, and that all required disclosures regarding the related person transaction are made.

When considering a proposed related person transaction, the Audit Committee will review and consider, to the extent appropriate for the circumstances:

- the related person's interest in the related person transaction;

- the approximate dollar value of the amount involved in the related person transaction;

- the approximate dollar value of the amount of the related person's interest in the transaction without regard to the amount of any profit or loss;

- whether the transaction was undertaken in the ordinary course of business;

- whether the transaction with the related person is entered into on terms no less favorable to us than terms that could have been reached with an unrelated third party;

- the purpose of, and the potential benefits to us of, the transaction; and
- any other information regarding the related person transaction or the related person that would be material to investors in light of the circumstances of the particular transaction.

The Audit Committee will review all relevant information available to it about the related person transaction. The Audit Committee may approve or ratify the related person transaction only if the Committee determines that, under all of the circumstances, the transaction is in or is not inconsistent with our best interests. The Committee may, in its sole discretion, impose conditions as it deems appropriate on us or the related person in connection with approval of the related person transaction.

In addition, under Dutch law, any member of our Board of Directors who has a conflict of interest is required to disclose that conflict to the Lead Non-Executive Director (*voorzitter*) and to abstain from voting on any resolution involving, or participating in any board discussion of, the conflict.

General Meeting

Functioning General Meeting of Shareholders

Cimpress must hold its annual general meeting of shareholders within six months after the end of each fiscal year. The Board of Directors may convene an extraordinary general meeting of shareholders whenever our interests so require.

Shareholders having the right thereto according to applicable law may submit proposals for the agenda. Because we are a Dutch limited company whose shares are traded on a U.S. securities exchange, both U.S. and Dutch rules and timeframes apply for shareholders to submit proposals for the agenda of a general meeting. Under Dutch law and our articles of association, we must receive such proposals no later than the 60th day before the general meeting of shareholders, and the proposals must meet other criteria set forth under applicable law and our articles of association to be included in the notice for the general meeting. Under U.S. securities laws, if a shareholder wishes to have a proposal included in the notice for the general meeting and proxy statement, then in addition to the above requirements, the shareholder also needs to follow the procedures outlined in Rule 14a-8 of the Exchange Act, and the deadline for submitting a proposal to us is generally earlier than the deadline specified above.

To facilitate the voting and attendance of shareholders at general meetings of shareholders, we set a record date. Shareholders registered at such date are entitled to vote in and attend the meeting and to exercise other shareholder rights during the meeting, notwithstanding the subsequent sale of their shares after the record date. Pursuant to the Dutch Civil Code the record date is a fixed date 28 days before the general meeting of shareholders.

We will give notice of the general meeting of shareholders in accordance with Dutch law, U.S. law and our articles of association.

Shareholders may appoint a proxy who can vote on their behalf in the general meeting of shareholders.

We will record the minutes of the general meeting of shareholders and make them available to shareholders on our website no later than three months after the meeting. The minutes are adopted by the chairman and the company secretary of the meeting. Also, we will publish the voting results via a Current Report on Form 8-K that we will file with the SEC no later than four business days after the general meeting, which Current Report will be available on our website.

Voting rights

Each of our ordinary shares and preference shares is entitled to one vote. Shareholders may vote by proxy. Resolutions of the general meeting of shareholders are adopted by a simple majority in a meeting in which at least one third of Cimpress' capital is represented, except where Dutch law or our articles of association provide for a special majority.

According to the articles of association, the following decisions of the general meeting of shareholders require a majority of at least two-thirds of the votes cast, representing more than 50% of the issued share capital:

- a resolution to overrule a binding nomination for the appointment of members of the Board of Directors
- a resolution to appoint members of the Board in contravention of the list of nominees submitted by the Board
- a resolution to dismiss or suspend members of the Board, other than pursuant to a proposal of the Board.

In addition, the articles of association require a majority of at least two-thirds of the issued capital, if less than 50% of the issued share capital is represented for among other matters:

- a resolution of the general meeting of shareholders regarding restricting and excluding pre-emptive rights, or decisions to designate the Board as the body authorised to exclude or restrict pre-emptive rights
- a resolution of the general meeting of shareholders to reduce the outstanding share capital
- a resolution of the general meeting of shareholders to merge or demerge.

Amendment of the Articles of Association

The general meeting of shareholders can resolve to amend our articles of association only upon a proposal by the Board of Directors. A resolution of the general meeting of shareholders requires a simple majority of votes cast in a meeting in which at least one third of Cimpress' capital is represented.

The capital structure

The company's authorised share capital equals €2,000,000 and is divided in 100,000,000 ordinary shares, each with a nominal value of €0.01 and 100,000,000 preferred shares, each with a nominal value of €0.01. As of June 30, 2019, a total of 44,080,627 and 30,445,669 ordinary shares are issued and outstanding, respectively.

Issue of shares

The Board of Directors has the power to issue shares or grant rights to acquire shares if so designated by the general meeting of shareholders. No resolution of the general meeting of shareholders or the Board is required for an issue of shares pursuant to the exercise of a previously granted right to subscribe for shares.
At our annual general meeting on November 13, 2018, our shareholders resolved to authorize the Board of Directors, until May 13, 2020, to issue ordinary shares or to grant rights to subscribe for ordinary shares up to a maximum of 10% of our outstanding share capital at the time of issue for general corporate purposes (including but not limited to equity compensation, acquisitions, and financings) and an additional 10% of our outstanding share capital at the time of issue in connection with our acquisition of all or a majority of the equity or assets of another entity. In addition to and separate from the general authorization described in the previous sentence, on May 27, 2016 our shareholders authorized our Board of Directors until May 27, 2021 to issue ordinary shares, or grant rights to subscribe for ordinary shares, pursuant to our 2016 Performance Equity Plan, up to a maximum of the number of ordinary shares issuable under that plan.

Pre-emptive rights

Without prejudice to the applicable legal provisions, upon the issue of ordinary shares for cash, each holder of ordinary shares has a pre-emptive right in proportion to the aggregate amount of ordinary shares held by him, her or it. The Board of Directors, if so designated by the general meeting of shareholders, may restrict or exclude shareholder pre-emptive rights. A resolution by the general meeting of shareholders to authorize the Board to exclude or restrict pre-emptive rights requires a majority of at least two-thirds of the votes cast, if less than 50% of our issued share capital is present or represented at the general meeting of shareholders. If the general meeting of shareholders has not delegated this authority to the Board, the general meeting of shareholders may itself vote to restrict or exclude pre-emptive rights, but only upon a proposal of the Board.

At our annual general meeting on November 13, 2018, our shareholders resolved to authorize the Board to restrict or exclude pre-emptive rights until May 13, 2020.

Purchase by the Company of its own shares

Under Dutch law and our articles of association, our shareholders may authorize the Board of Directors, subject to certain Dutch statutory provisions, to repurchase issued shares on our behalf in an amount, at prices and in the manner authorized by the shareholders. This authorization may not continue for more than 18 months, but may be given on a rolling basis. We currently have authorization from our shareholders to repurchase up to 6,200,000 of our issued and outstanding ordinary shares on the open market (including block trades that satisfy the safe harbor provisions of Rule 10b-18 pursuant to the Exchange Act), through privately negotiated transactions, or in one or more self tender offers at prices per share between an amount equal to €0.01 and an amount equal to 120% of the market price of our ordinary shares on the NASDAQ Global Select Market or any other securities exchange where our shares are then traded (the market price being deemed to be the average of the closing price on each of the consecutive days of trading during a period no shorter than one trading day and no longer than 10 trading days immediately preceding the date of repurchase, as reasonably determined by the Board). This authorization expires on May 13, 2020. As of June 30, 2019, we have repurchased 354,021 ordinary shares under this authorization.

Our Board of Directors determines the number of shares repurchased, if any, and the timing and manner of any repurchases in light of prevailing market conditions, our available resources, obligations under our equity compensation plans, and other factors that we cannot now predict. The repurchased shares will be used for the issuance of shares under our equity compensation plans and, if so desired, for corporate acquisitions or similar transactions and any other valid corporate purposes. The reduction in our outstanding shares resulting from any repurchases would increase the proportionate interest of the remaining shareholders in whatever future profits we may earn. Under Dutch law, the number of our ordinary shares that we or our subsidiaries hold may never exceed 50% of the total number of our issued shares.

Preference Shares

An independent foundation, Stichting Continuïteit Cimpress (the “Foundation”), was established to safeguard the interests of Cimpress and its stakeholders and to assist in maintaining our continuity and independence. On November 16, 2009, we entered into a Call Option Agreement (the "Call Option") with the Foundation pursuant to which the Foundation may acquire a number of our preferred shares up to a maximum of the total number of our ordinary shares then outstanding at an exercise price of €0.01 per share. The Call Option held by the Foundation is designed to provide a protective measure against unsolicited take-over bids for Cimpress or other hostile threats through the issuance of preferred shares to the Foundation that would give the Foundation voting and dispositive power over up to 50% of our outstanding securities.

There are currently no preferred shares issued.

Upon the issue of preferred shares, subscribers for preferred shares must pay at least 25% of the nominal value of the preferred shares. Each transfer of preferred shares requires the prior approval of the Board of Directors. No resolution of the general meeting of shareholders or the Board is required for an issue of preferred shares pursuant to the exercise of a previously granted right to subscribe for preferred shares (including the right of the Foundation to acquire preferred shares under the Call Option).

Mandatory Statement within the meaning of the Decree regarding the Content of the Management Report (Besluit inhoud bestuursverslag**)**

According to the Decree regarding the Content of the Management Report (Besluit inhoud bestuursverslag), as last amended on January 1, 2018 (the “Decree”), Cimpress must publish a statement on corporate governance (the “Corporate Governance Statement”). The Corporate Governance Statement must report on compliance with the Dutch Corporate Governance Code

The Board of Directors states that the aforementioned information is included in this Corporate Governance section.

PROFILE OF THE BOARD OF DIRECTORS

The Board of Directors of Cimpress N.V. consists of four independent, non-employee directors and Robert Keane, our Chief Executive Officer, who serve for rotating terms of up to three years.

Name	*Age*	*Board Position*	*Cimpress Director Since*	*Term Expires at our Annual General Meeting In:*	*Independent Director*
Robert S. Keane	56	Chairman, Executive Director	January 1995	2019	No
Sophie A. Gasperment	55	Lead Non-Executive Director (*voorzitter*)	November 2016	2020	Yes
John J. Gavin, Jr.	64	Non-Executive Director	August 2006	2021	Yes
Zachary S. Sternberg	34	Non-Executive Director	November 2017	2021	Yes
Scott J. Vassalluzzo	46	Non-Executive Director	January 2015	2019	Yes

ROBERT S. KEANE has served as our President and Chief Executive Officer since he founded Cimpress in January 1995 and as Chairman of our current Board of Directors since November 2018. Mr. Keane served as Chairman of our former Management Board from September 2009 to November 2018 and as the Chairman of the Board of Directors from January 1995 to August 2009. From 1988 to 1994, Mr. Keane was an executive at Flex-Key Corporation, an original equipment manufacturer of keyboards, displays and retail kiosks used for desktop publishing. Mr. Keane brings to Cimpress' Board his experience growing Cimpress from inception in 1995 to $2.75 billion of revenue in our 2019 fiscal year, his understanding of the drivers of intrinsic value per share, and his knowledge of Cimpress' customer needs, business model and markets.

SOPHIE A. GASPERMENT held multiple marketing and general management positions at L'Oréal, the world's leading beauty company, from September 1986 to November 2018. This included Chief Executive Officer and Executive Chairman of The Body Shop International, the iconic British retailer spanning 60 countries and ca. 20,000 people strong, from July 2008 to October 2013, as well as Managing Director, L'Oréal UK and Ireland, from January 2004 to January 2008. Most recently, from January 2014 to November 2018, Ms. Gasperment was L'Oréal's Group General Manager leading Financial Communication and Strategic Prospective. Since June 2010, Ms. Gasperment has served on the board of Accor, a publicly traded company and a world leader in hospitality, and is currently Chair of that board's Appointments, Compensation and CSR Committee and a member of the Audit and Compliance Committee. Since May 2018, Ms. Gasperment has also served on the Supervisory board of D'Ieteren, a Euronext-listed global company, and is a member of the Appointments and Compensation Committee. Since December 2018, Ms Gasperment has also served on the board of Kingfisher plc, a FTSE 100 Home Improvement international company, and is a member of that board's Nomination Committee. In addition to serving on the Board of Directors of Cimpress N.V., Ms. Gasperment also serves on the supervisory board of Vistaprint B.V., a wholly owned Dutch subsidiary of Cimpress. Ms. Gasperment brings to Cimpress' Board her leadership and strategy skills and perspective, her international brand-building expertise, her experience of digital transformation and acceleration, her acumen in both consumer goods and retail, as well as her experience on the boards of other public companies, and her broader business experience in multi-cultural environments.

JOHN J. GAVIN, JR. serves on the board of Varonis Systems, Inc., a provider of data governance solutions for unstructured data. Mr. Gavin previously served as Chief Financial Officer of BladeLogic, Inc., a provider of data center automation software, from January 2007 through June 2008, when it was acquired by BMC Software, and as Chief Financial Officer of Navisite, Inc., a provider of information technology hosting, outsourcing and professional services, from April 2004 through December 2006. Prior to Navisite, Mr. Gavin served as the Chief Financial Officer of Cambridge Technology Partners and Data General Corporation. Mr. Gavin also spent ten years at Price Waterhouse LLP (now PricewaterhouseCoopers LLP), an accounting firm, in various accounting and audit positions including as Senior Manager in charge of multi-national audits. In addition to serving on the Board of Directors of Cimpress N.V., Mr. Gavin also serves on the supervisory board of Vistaprint B.V., a wholly owned Dutch subsidiary of Cimpress. Mr. Gavin brings to Cimpress' Board his extensive experience as chief financial officer of several growing companies, his experience on the boards of other public companies, and ten years as an independent auditor. Mr. Gavin is a certified public accountant.

ZACHARY S. STERNBERG is the co-founder and Managing Member of the General Partner of The Spruce House Partnership, a New York-based investment partnership. Spruce House invests in public and private companies globally and seeks to partner with management teams that are focused on growing the per share value of their companies over the long-term. Spruce House holds 8.2% of Cimpress' outstanding shares and has been a shareholder of Cimpress since 2011. Mr. Sternberg brings to the Board his perspective as a material and long-term shareholder of Cimpress with a deep understanding of the importance of long-term stewardship of capital informed by more than a decade of successful investment experience.

SCOTT J. VASSALLUZZO is a Managing Member of Prescott General Partners LLC ("PGP"), an investment adviser registered with the U.S. Securities and Exchange Commission that holds 16.2% of Cimpress' outstanding shares. PGP serves as the general partner of three private investment limited partnerships, including Prescott Associates L.P. (together, the "Prescott Partnerships"). Mr. Vassalluzzo joined the Prescott organization in 1998 as an equity analyst, became a general partner of the Prescott Partnerships in 2000, and transitioned to Managing Member of PGP following Prescott's reorganization in January 2012. Prior to 1998, Mr. Vassalluzzo worked in public accounting at Coopers & Lybrand (now PricewaterhouseCoopers LLP) and was a certified public accountant. Mr. Vassalluzzo serves on the boards of directors of Credit Acceptance Corporation, an auto finance company providing automobile loans and other related financial products, and World Acceptance Corporation, a personal installment loan company. Mr. Vassalluzzo brings to the Board his advocacy for the priorities of long-termism and intrinsic value per share, his appreciation and understanding of the perspectives of our other long-term shareholders, and his experience on the boards and board committees of other publicly traded companies.

BOARD OF DIRECTORS REPORT

Activities of the Board of Directors - Fiscal 2019

During our fiscal year ended June 30, 2019, our Board of Directors met five times, and each of our directors attended at least 90% of the total number of meetings of the Board and the committees of which such director was a member during the period of time he or she served on such committee.

Below are some of the activities and actions that our Board undertook during our fiscal year ended June 30, 2019:

- The Board reviewed Cimpress' corporate strategy and oversaw the strategy planning process.
- The Board approved Cimpress' operational and financial objectives, strategy, and capital allocation as presented by management.
- The Board reviewed and approved a program for the repurchase of Cimpress' ordinary shares.
- The Board reviewed and approved strategic transactions of Cimpress.
- The Audit Committee of the Board regularly reviews and discusses our internal control over financial reporting at its meetings and reviewed management's conclusion that such internal control was effective during fiscal 2019.

Committees

The Board has standing Audit, Compensation, and Nominating and Corporate Governance Committees. Each committee has a charter that has been approved by the Board, and each committee must review the adequacy of its charter at least annually.

	Audit Committee	*Compensation Committee*	*Nominating and Corporate Governance Committee*
Sophie A. Gasperment		member	member
John J. Gavin, Jr.	Chair and Audit Committee Financial Expert		
Zachary S. Sternberg	member	member	Chair
Scott J. Vassalluzzo	member	Chair	member
All committee members independent?	Yes, meet independence criteria for audit committee members	Yes, meet independence criteria for compensation committee members	Yes

Audit Committee

The Audit Committee met seven times during fiscal year 2019. The Audit Committee's responsibilities include the following:

- evaluating and, subject to shareholder approval, retaining our independent registered public accounting firm
- approving the compensation of, and assessing (or recommending that the Board assess) the independence of, our registered public accounting firm
- overseeing the work of our independent registered public accounting firm, including the receipt and consideration of certain reports from the firm
- reviewing and discussing our financial statements and other financial disclosures and considering whether to recommend to the Board that our audited financial statements be included in our Annual Report on Form 10-K
- coordinating the Board's oversight of our internal control over financial reporting and disclosure controls and procedures
- overseeing our internal audit function
- establishing procedures for the receipt, retention, and treatment of accounting-related complaints and concerns
- reviewing and approving any related person transactions
- discussing our policies with respect to financial and accounting risk assessment and risk management
- preparing the Audit Committee report included in this proxy statement

Compensation Committee

The Compensation Committee met once during fiscal year 2019. The Compensation Committee's responsibilities include the following:

- reviewing and approving, or making recommendations to the Board with respect to, the compensation of our Chief Executive Officer and our other executive officers
- reviewing and making recommendations to the Board with respect to incentive compensation and equity-based plans and overseeing and administering our equity-based plans

- reviewing and making recommendations to the Board with respect to director compensation
- overseeing the risks associated with our compensation policies and practices
- reviewing and discussing with management the Compensation Discussion and Analysis section of the proxy statement and considering whether to recommend to the Board that the Compensation Discussion and Analysis be included in the proxy statement
- preparing the Compensation Committee report included in this proxy statement

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee did not meet during fiscal year 2019. The responsibilities of the Nominating and Corporate Governance Committee include the following:

- identifying individuals qualified to become Board members
- recommending to the Board the persons to be nominated for appointment as directors and to each of the Board's committees
- overseeing an annual evaluation of the Board and its committees to determine whether each is functioning effectively
- monitoring communications to the Board from shareholders and other interested parties
- coordinating the Board's oversight of our Code of Business Conduct and reviewing allegations made on our confidential reporting helpline
- reviewing and assessing the adequacy of the Rules of the Board of Directors

Code of Business Conduct

We have adopted a written code of business conduct that applies to our Board of Directors, officers, and employees, a current copy of which is posted on the Corporate Governance Page of *ir.cimpress.com*. In addition, we intend to post on our website all disclosures that are required by law or Nasdaq stock market listing standards concerning any amendments to, or waivers from, any provision of the code.

Determination of Independence

Under Nasdaq rules, members of our Board qualify as "independent directors" only if, in the opinion of the Board, they do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board has determined that none of its members other than Robert Keane, our Chief Executive Officer, has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that all of the non-executive directors are "independent directors" as defined under Nasdaq's Marketplace Rules.

In addition, all of our non-executive directors satisfy the criteria for independence under the Dutch Code, other than Mr. Scott Vassalluzzo, who is a Managing Member of a Cimpress shareholder that holds more than 10% of our outstanding shares.

Oversight of Risk

Our Board has responsibility for risk oversight, and the full Board or its relevant committees regularly conduct reviews of certain risk areas. The oversight responsibility of the Board and its committees is enabled by our internal risk management processes, including but not limited to our Enterprise Risk Management (ERM) program, which conducts company-wide risk assessments to identify our most important enterprise risks, develops mitigation strategies, standards, and tools, and monitors the implementation of risk mitigation activities by all of our businesses. Our Audit Committee oversees the ERM program, and areas of ERM focus for fiscal year 2019 included cybersecurity, data privacy, supply chain ethics and product safety, fraud and corruption, and control environment in a decentralized structure.

In addition, based on an internal risk assessment, we believe that any risks arising from our compensation programs for our employees are not reasonably likely to have a material adverse effect on Cimpress.

Board Nomination Process

The process that our Nominating and Corporate Governance Committee follows to identify and evaluate candidates for members of our Board includes requests to its members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates, and interviews of selected candidates by members of the Committee and the Board.

In considering whether to recommend any particular candidate for inclusion in the Board's slate of nominees, the Nominating and Corporate Governance Committee applies, among other things, the criteria for Board members set forth as an attachment to the Nominating and Corporate Governance Committee Charter. These criteria include among others the candidate's integrity, business acumen, knowledge of our business and industry, experience, diligence, absence of any conflicts of interest, and ability to act in the interests of all of Cimpress' stakeholders. In addition, the Charter specifies that nominees shall not be discriminated against on the basis of race, religion, national origin, sex, sexual orientation, disability, or any other basis proscribed by law and that the Nominating and Corporate Governance Committee and Board should consider the value of diversity on the Board. The Committee does not assign specific weights to particular criteria, and no particular criterion other than integrity and good character is a prerequisite for each prospective nominee.

We believe that the backgrounds and qualifications of the members of our Board, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities. Accordingly, the Nominating and Corporate Governance Committee seeks nominees with a broad diversity of experience, professions, skills and backgrounds.

Shareholders may recommend individuals to the Nominating and Corporate Governance Committee for consideration as potential candidates for the Board by submitting their names, together with appropriate biographical information and background materials and a statement as to whether the shareholder or group of shareholders making the recommendation has beneficially owned more than 5% of our ordinary shares for at least a year as of the date such recommendation is made, to Nominating and Corporate Governance Committee, c/o General Counsel, Cimpress USA Incorporated, 275 Wyman Street, Waltham, MA 02451 USA. If appropriate biographical and background material has been provided on a timely basis, the Nominating and Corporate Governance Committee will evaluate shareholder-recommended candidates by following substantially the same process, and applying substantially the same criteria, as it follows for candidates submitted by others.

If the Board of Directors does not submit a binding nomination for a Board position, then the shareholders represented at the general meeting may select a nominee. The shareholders may appoint such a nominee as a member of the Board by the vote of at least two thirds of the votes cast at the meeting representing more than half of our share capital.

Compensation Discussion and Analysis

Executive Overview

Our success depends on our ability to attract and retain top talent in a competitive marketplace, and to motivate that talent to achieve outstanding performance. In determining the compensation of our executive officers, our Compensation Committee begins with an analysis of the competitiveness of our executive compensation program and, as a starting point, seeks to pay our executives total compensation (including base salary and long-term incentive awards) at the 75th percentile of the competitive market for extraordinary performance by Cimpress. The Compensation Committee then applies its own discretion to take into account any other factors it may deem relevant in any given fiscal year, such as general economic conditions, the internal equity of compensation among our executives, each executive's experience and role, and individual performance. The Committee does not assign specific weights to particular factors but considers them together in determining compensation.

When considering the competitiveness of our executive compensation program for fiscal year 2019, our Compensation Committee took into account the compensation analysis from the prior fiscal year with updates made to published compensation survey data, as well as detailed historical compensation analyses for each executive officer. The Committee did not use a compensation peer group or engage a compensation consultant for fiscal year 2019.

Incentive compensation. In fiscal year 2019, we used the following two long-term incentive, or LTI, compensation vehicles:

1. Performance share units, or PSUs, granted under our 2016 Performance Equity Plan, or 2016 Plan. Each PSU represents a right to receive between 0 and 2.5 ordinary shares of Cimpress N.V. upon the satisfaction of both service-based vesting over time and performance conditions relating to the compound annual growth rate, or CAGR, of the three-year moving average of the daily closing share price of Cimpress' ordinary shares, or 3YMA, over a six- to ten-year period.

2. Cash retention bonus awards for employees other than Robert Keane, who receives 100% of his LTI compensation in the form of PSUs. These bonus awards are focused on retention and pay the employee a fixed amount in equal payments over several years (typically four years) so long as Cimpress continues to employ the recipient.

Pay for performance. Cimpress' uppermost financial objective is to maximize our intrinsic value per share, or IVPS. We define IVPS as (a) the unlevered free cash flow per diluted share that, in our best judgment, will occur between now and the long-term future, appropriately discounted to reflect our cost of capital, minus (b) net debt per diluted share. We define unlevered free cash flow as free cash flow plus cash interest expense related to borrowing. Extending our history of success into the next decade and beyond in line with this top-level objective is important to us, and we have designed our compensation program to encourage our executives and employees to manage to a long-term time horizon and to forgo short-term actions and metrics except to the extent those short-term actions and metrics support our long-term goals. We believe that the 3YMA CAGR over a six- to ten-year period is a proxy for the change in our IVPS over the same time frame. Accordingly, the PSUs we granted to our executives and employees in fiscal year 2019 are based on Cimpress' performance over a period of six to ten years, and the earliest that Cimpress may issue shares under a PSU award, and therefore the earliest that executives and employees could receive any value from the PSUs, is six years from grant (unless there is an earlier change in control), and only if Cimpress' 3YMA meets or exceeds our CAGR targets.

The total compensation package for our executive officers is weighted heavily toward compensation based on Cimpress' long-term performance. For example, beginning in the second half of fiscal year 2019, our Chief Executive Officer receives all of his compensation, including base salary and Board retainer fees, in the form of PSUs, other than $455 per week paid in cash which is the minimum weekly salary for exempt employees under the U.S. Fair Labor Standards Act. With this change, 89% of the total compensation granted to our Chief Executive Officer for fiscal year 2019 was at risk through our LTI program.

Our Compensation Committee takes into account shareholder feedback when designing our executive compensation program, which has received more than 96% approval from our shareholders at each of our last six annual general meetings of shareholders. The Compensation Committee intends to continue to consider the outcome of the say-on-pay vote when making future compensation decisions for our named executive officers.

Compensation Components for Executives

For fiscal year 2019, the principal elements of our compensation program for our executive officers included:

Base Salary	LTI Awards
50th percentile of market data Beginning in the second half of fiscal year 2019, Robert Keane's base salary is paid in PSUs (other than $455 per week paid in cash, per the U.S. Fair Labor Standards Act)	Reward executives based on the creation of value for our shareholders over the long term, as well as Cimpress' achievement of longer-term financial objectives: • PSUs with performance conditions tied to the appreciation of our 3-year moving average share price over a six- to ten-year period • Cash retention bonuses for executives who elected to allocate less than 100% of their LTI awards to PSUs (subject to minimum thresholds)
Health and Welfare Benefits	
Standard benefits that are applicable to all of our employees in each executive's geographic location	
Expat Benefits	**Severance/CIC**
From time to time we provide expatriate benefits for executives who are assigned to work in geographic locations outside of their home countries	We have severance and change in control arrangements with most of our executive officers

Under our pay-for-performance philosophy, the compensation of our executives and other employees at higher levels in the organization is more heavily weighted toward variable compensation based on our performance, and base salary generally accounts for a smaller portion of these employees' total compensation packages. The percentiles of competitive market data that we use to evaluate the compensation of our named executive officers are designed to ensure that our executive officers will receive total compensation significantly below the median if Cimpress does not perform well and significantly above the median for Cimpress' extraordinary performance. In accordance with this philosophy, the Compensation Committee initially allocates the compensation of our executive officers within the percentiles listed below, and then may use its discretion to adjust each executive officer's compensation to reflect other factors such as general economic conditions, the internal equity of compensation among our executives, and the executive's experience, role, and individual performance.

- Base salary at the 50th percentile of competitive market data
- Total compensation (base salary plus LTI awards) at the 75th percentile of competitive market data

Base Salary

For fiscal year 2019, the Compensation Committee did not make any changes to the base salaries of our then-current executive officers from their fiscal year 2018 levels. After considering the internal equity among executives, executive's experience and role, and individual performance, the Committee decided to maintain executive officers' base salaries at the same levels as the previous year because the salaries were already competitive versus the market.

Although the amount of Mr. Keane's salary did not change from fiscal year 2018 to fiscal year 2019, Mr. Keane and the Compensation Committee decided that his base salary would be paid in PSUs instead of cash beginning in the second half of fiscal year 2019, other than $455 per week paid in cash which is the minimum weekly salary for exempt employees under the U.S. Fair Labor Standards Act. The reason for this change was to tie Mr. Keane's compensation as fully as possible to Cimpress' long-term performance.

Long-Term Incentive Program

Our LTI program is designed to focus our executives and employees on long-term performance and value creation for the company and our shareholders.

Performance Share Units (PSUs) under our 2016 Plan

Each PSU represents a right to receive between 0 and 2.5 ordinary shares of Cimpress N.V. upon the satisfaction of both service-based vesting over time and performance conditions relating to the 3YMA CAGR over a period determined by the Board, which for PSUs granted during fiscal year 2019 was six to ten years. We refer to the issuance of Cimpress ordinary shares pursuant to a PSU upon satisfaction of both conditions as the Performance Dependent Issuance.

First condition to a Performance Dependent Issuance: Service-based Vesting
PSUs granted to employees generally vest 25% per year over four years so long as the employee remains employed by Cimpress. However, service-based vesting is not sufficient for payout; PSU service-based vesting events are the dates after which the participant gains the future right to a Performance Dependent Issuance with respect to their then-vested PSUs, subject to achievement of the relevant performance conditions.

If a participant resigns or is terminated other than for cause, they retain all PSUs that have satisfied the service-based vesting condition as of their resignation or termination date. If Cimpress achieves the performance thresholds described below, the former participant would receive Cimpress ordinary shares upon settlement of the PSUs, even though they no longer have an employment, director, or other service relationship with Cimpress.

Second condition to a Performance Dependent Issuance: 3YMA Performance
For each PSU award, we calculate a baseline 3YMA as of a specified date at the time of grant for two purposes: to establish the number of units to be granted and to establish the baseline for future performance measurement. Beginning on the sixth anniversary of this baseline measurement date, and on each anniversary thereafter through year nine, we will calculate the 3YMA as of such date. On the first of these measurement dates that the 3YMA equals or exceeds a CAGR of 11%, the 3YMA performance condition would be satisfied, and we would issue to the participant the number of Cimpress ordinary shares determined by multiplying the number of PSUs subject to the award by the applicable performance-based multiplier set forth in Table 1 below.

TABLE 1:

3YMA CAGR	Multiplier to the number of PSUs subject to the award
11 to 11.99%	125.0%
12 to 12.99%	137.5%
13 to 13.99%	150.0%
14 to 14.99%	162.5%
15 to 15.99%	175.0%
16 to 16.99%	187.5%
17 to 17.99%	200.0%
18 to 18.99%	212.5%
19 to 19.99%	225.0%
20% to 25.8925%	250.0%
Above 25.8925%	Variable Cap (defined below)

If the 3YMA has not reached at least 11% on any of the sixth through ninth anniversaries of the baseline measurement date for the PSU award and thus a Performance Dependent Issuance has not yet occurred, then the threshold CAGR level for 3YMA performance at the tenth anniversary of the baseline measurement date is lowered to a 7% CAGR for participants other than Robert Keane and the other members of our Board of Directors. If the 3YMA performance meets or exceeds a 7% CAGR on the tenth anniversary, recipients other than Mr. Keane and the other Board members would still receive Cimpress ordinary shares, but at a significantly declining multiple, as set forth in Table 2 below. Table 2 does not apply to PSUs granted to Mr. Keane or other members of the Board, and we will use Table 1 for all measurement dates for PSUs granted to Mr. Keane and the other Board members.

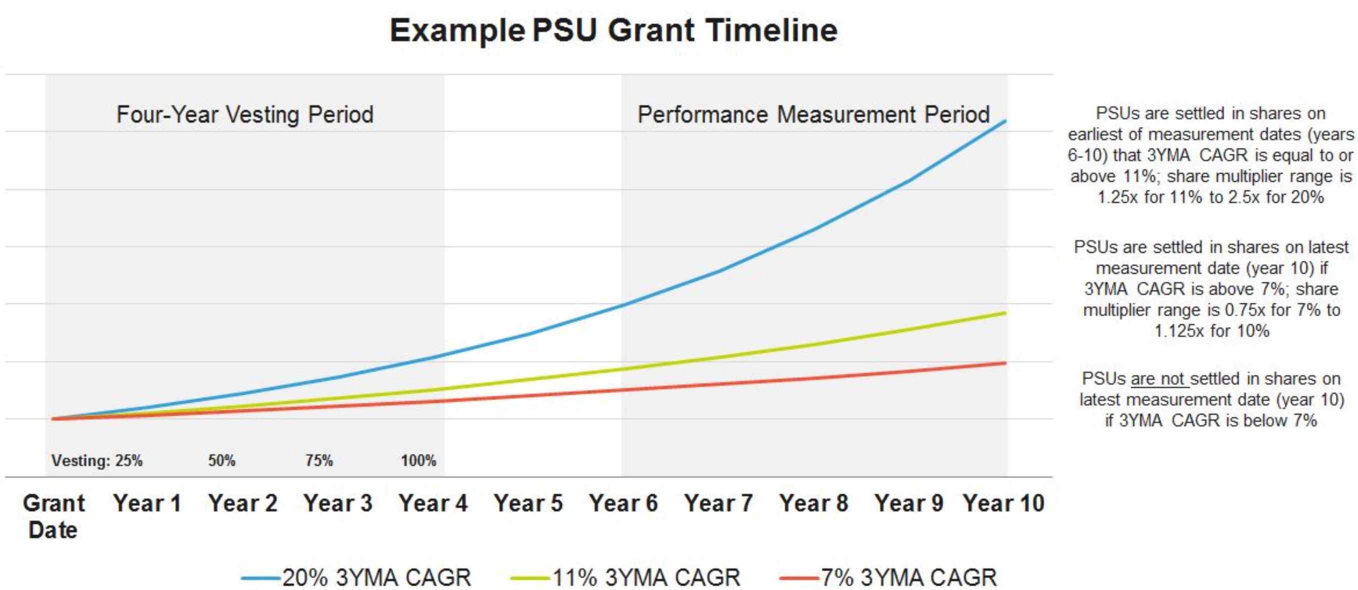
TABLE 2:

3YMA CAGR	Multiplier to the number of PSUs subject to the award
11% & higher	Same as Table 1 above
10 to 10.99%	112.5%
9 to 9.99%	100.0%
8 to 8.99%	87.5%
7 to 7.99%	75.0%
Less than 7%	0%

If none of the 3YMA CAGR performance goals are achieved by the tenth anniversary of the baseline measurement date for the PSU award, then the PSU award would be terminated and no Cimpress ordinary shares would be issued with respect to the award.

The 2016 Plan limits the 3YMA value of the share issuance (defined as the number of Cimpress ordinary shares to be issued multiplied by the 3YMA at the measurement date on which the Performance Dependent Issuance is triggered) to a maximum of ten times the 3YMA grant value of the PSU award (defined as the number of PSUs granted multiplied by the baseline 3YMA used for the initial grant). Therefore, in cases of a 3YMA CAGR above 25.8925%, a "Variable Cap," which is less than 250.0%, will be applied in order to achieve the fixed ten times maximum 3YMA value of the share issuance.

The actual closing price of the Cimpress shares issued upon the Performance Dependent Issuance may be higher or lower than the 3YMA used to calculate the number of shares issued at such time.



Cash Retention Bonuses

Cash retention bonuses pay the employee a fixed amount in equal payments over several years (typically four years) so long as Cimpress continues to employ the recipient. Since PSU awards are more risky than cash retention bonuses, we allow many of our executive officers and employees, other than our Chief Executive Officer, to choose the levels of risk and reward they wish to undertake by choosing the percentage of their LTI compensation that will be allocated to cash retention bonuses and PSU awards, subject to a minimum threshold based on the employee's level that must be allocated to PSUs. This approach recognizes that different employees have a broad spectrum of personal circumstances and attitudes regarding the trade off between risk and reward.

The following table shows the amount of the annual LTI award received by each of our executive officers for fiscal year 2019, the minimum percentage that we require them to allocate to PSUs, and the actual percentage that each executive allocated to PSUs. Cornelis Arends did not receive an LTI award for fiscal year 2019 in line with the terms of his employment agreement.

Executive Officer	LTI award value FY2019	Minimum percentage of LTI award value required to be allocated to PSUs	Actual percentage of LTI award value allocated to PSUs (per each executive's election)
Robert Keane(1)	$ 6,037,500	100%	100%
Peter Kelly(2)	$ 1,000,000	60%	60%
Donald LeBlanc(3)	$ 1,265,000	60%	75%
Sean Quinn	$ 2,070,000	60%	75%
Maarten Wensveen(2)	$ 300,000	50%	100%
Katryn Blake(3)	$ 2,300,000	60%	60%

(1) Mr. Keane is not eligible to make an election and receives 100% of his LTI awards in the form of PSUs. The number of PSUs he may receive in any fiscal year is capped at a maximum of 75,000.

(2) Messrs. Kelly and Wensveen were appointed as executive officers during fiscal year 2019 and were not yet executive officers when their LTI awards were granted. At the time Mr. Wensveen received his LTI award, he was a Senior Vice President, which level has a lower minimum percentage required to be allocated to PSUs.

(3) Ms. Blake left Cimpress in March 2019, and Mr. LeBlanc left Cimpress in August 2019.

Legacy Long-Term Cash Incentive Awards and Restricted Share Units

Donald LeBlanc, Sean Quinn, and Maarten Wensveen became executive officers within the last four fiscal years, and in fiscal year 2016, before their promotions, they received four-year cash incentive awards under our long-term incentive program for non-executive employees. Each of these long-term cash incentive awards had a performance cycle of four fiscal years, and each employee was eligible to receive 25% of their total award for each fiscal year in the performance cycle based on Cimpress' achievement of specified goals. Because Cimpress did not meet its unlevered free cash flow target for fiscal year 2019, as calculated in accordance with the long-term incentive program, there was no payout on the awards, and all of the long-term cash incentive awards expired.

In addition, for fiscal years 2016 and before, we granted restricted share units, or RSUs, to our employees to help align employees' interests with the long-term interests of both the company and our shareholders. The RSUs also served as a retention tool, as the RSUs vest over four years only if the employee continues to be employed by us on each vesting date. Ms. Blake and Messrs. LeBlanc, Quinn, and Wensveen hold, or held, RSUs that were granted to them before fiscal year 2017 and that continued to vest during fiscal year 2019.

Benefit Programs

The Compensation Committee believes that all employees based in the same geographic location should have access to similar levels of health and welfare benefits, and therefore our executive officers are eligible for the same health and welfare benefits, including medical, dental, vision, and disability plans, group life and accidental death and disability insurance and other benefit plans, as those offered to other employees in their location.

U.S.-based employees may participate in a 401(k) plan that provides a company match of up to 50% on the first 6% of the participant's eligible compensation that is contributed, subject to certain limits under the United States Internal Revenue Code of 1986, or US Tax Code, with company matching contributions vesting over a four-year period. We also provide customary pension plans to our European employees.

Perquisites

In general, executives are not entitled to benefits that are not otherwise available to all other employees who work in the same geographic location, although we do pay for a driver so that Mr. Keane can work during his commute. We also from time to time enter into arrangements with some of our named executive officers to reimburse them for living and relocation expenses and tax preparation fees and associated tax gross-ups relating to their work outside of their home countries. You can find more information about these arrangements in the Summary Compensation Table of this proxy statement.

Executive Retention and Other Agreements

We have entered into executive retention agreements with all of our executive officers other than Mr. Arends, whose employment agreement with Cimpress (described below) does not include any severance or change in control provisions. Under the executive retention agreements, if we terminate an executive officer's employment other than for cause, death, or disability (each as defined in the agreements) or the executive terminates his or her employment for good reason (as defined in the agreements) before a change in control of Cimpress or within one year after a change in control (as defined in the agreements), then the executive is entitled to receive:

- A lump sum severance payment equal to two years' salary and annual bonus, in the case of Mr. Keane, or one year's salary and annual bonus, in the case of the other executive officers, excluding Mr. Arends. Because we no longer grant annual bonuses to our executives and employees, this amount would include only salary.

- With respect to any outstanding annual cash incentive award under any cash incentive plan, a pro rata portion, based on the number of days from the beginning of the then current fiscal year until the date of termination, of his or her target incentive for the fiscal year multiplied by the average actual payout percentage for the previous two fiscal years. If there is no change in control of Cimpress during the fiscal year, this pro rata portion is capped at the actual amount of annual cash incentive that the executive would have received had he or she remained employed by Cimpress through the end of the fiscal year. Because we no longer grant annual cash incentive awards to our executives and employees, this amount would be zero.

- With respect to any outstanding multi-year cash incentive award under any cash incentive plan, a pro rata portion, based on the number of days from the beginning of the then current performance period until the date of termination, of his or her mid-range target incentive for the then current performance period multiplied by the average actual payout percentage for the previous two fiscal years. If there is no change in control of Cimpress during the applicable performance period, this pro rata portion is capped at the actual amount of cash incentive for the performance period that the executive would have received had he or she remained employed by Cimpress through the end of the performance period.

- The continuation of all other employment-related health and welfare benefits for up to two years after the termination in the case of Mr. Keane, or up to one year after the termination in the case of our other executive officers.

Both the executive retention agreements and our 2016 Plan have change in control provisions. The executive retention agreements provide that, upon a change in control of Cimpress, all equity awards (other than PSUs and supplemental PSUs granted under the 2016 Plan) granted to each executive officer will accelerate and become fully vested; each executive's multi-year cash incentive awards under our cash incentive plan will accelerate such that the executive will receive the mid-range target bonus for the then current performance period and each performance period after the change in control; and each executive will receive a pro rata portion, based on the number of days in the fiscal year before the change in control, of his or her target annual cash incentive award for that fiscal year. In addition, if after a change in control Cimpress' successor terminates the executive's employment without cause, or the executive terminates his or her employment for good reason, then each of the executive’s share options remains exercisable until the earlier of one year after termination or the original expiration date of the award.

The 2016 Plan provides that, upon a change in control, all PSUs that have satisfied the applicable service-based vesting conditions will be settled for Cimpress ordinary shares in accordance with the plan if the actual price paid per share to holders of Cimpress' securities in connection with the change in control equals or exceeds the CAGR performance goals set forth in the plan.

Our Compensation Committee decided that we would no longer include any excise tax gross-up provisions in any executive retention agreements we enter into with new executives after August 1, 2012, and accordingly, the only current executive officer who has an excise tax gross-up provision in his agreement is Mr. Keane. If Mr. Keane is required to pay any excise tax pursuant to Section 4999 of the US Tax Code as a result of compensation payments made to him, or benefits he obtained (including the acceleration of equity awards), in connection with a change in ownership or control of Cimpress, we are required to pay him an amount, referred to as a gross-up payment, equal to the amount of such excise tax plus any additional taxes attributable to such gross-up payment. However, if reducing Mr. Keane's compensation payments by up to $50,000 would eliminate the requirement to pay an excise tax under Section 4999 of the US Tax Code, then Cimpress has the right to reduce the payment by up to $50,000 to avoid triggering the excise tax and thus avoid providing gross-up payments to Mr. Keane.

The following table sets forth information on the potential payments to our named executive officers upon their termination or a change in control of Cimpress, assuming that a termination or change in control took place on June 30, 2019.

Name	Cash Payment ($)(1)	Accelerated Vesting of Share Options ($)(2)	Accelerated Vesting of RSUs and PSUs ($)(3)	Benefits ($)(4)	Tax Gross-Up Payment ($)(5)	Total ($)
Robert S. Keane						
• Termination Without Cause or With Good Reason	3,360,000	—	—	56,088	—	3,416,088
• Change in Control	—	—	12,498,011	—	—	12,498,011
• Change in Control w/ Termination Without Cause or With Good Reason	3,360,000	—	12,498,011	56,088	—	15,914,099
Peter Kelly						
• Termination Without Cause or With Good Reason	745,000	—	—	8,962	—	753,962
• Change in Control	—	—	1,774,991	—	—	1,774,991
• Change in Control w/ Termination Without Cause or With Good Reason	745,000	—	1,774,991	8,962	—	2,528,953
Donald LeBlanc(6)						
• Termination Without Cause or With Good Reason	705,000	—	—	26,951	—	731,951
• Change in Control	—	4,661	3,398,377	—	—	3,403,038
• Change in Control w/ Termination Without Cause or With Good Reason	705,000	4,661	3,398,377	26,951	—	4,134,989
Sean E. Quinn						
• Termination Without Cause or With Good Reason	770,000	—	—	21,098	—	791,098
• Change in Control	—	—	4,360,993	—	—	4,360,993
• Change in Control w/ Termination Without Cause or With Good Reason	770,000	—	4,360,993	21,098	—	5,152,091

Maarten Wensveen						
• Termination Without Cause or With Good Reason	600,000	—	—	28,044	—	628,044
• Change in Control	—	—	2,258,707	—	—	2,258,707
• Change in Control w/ Termination Without Cause or With Good Reason	600,000	—	2,258,707	28,044	—	2,886,751
Katryn S. Blake(7)						
• Termination Without Cause	1,370,385	75,586	73,929	37,128	—	1,557,028
Cornelis David Arends(8)						
• Termination Without Cause or With Good Reason	—	—	—	—	—	—
• Change in Control	—	—	528,071	—	—	528,071
• Change in Control w/ Termination Without Cause or With Good Reason	—	—	528,071	—	—	528,071

(1) Amounts in this column for Termination Without Cause or With Good Reason represent severance amounts payable under the executive retention agreements.

(2) Amounts in this column represent the value of unvested, in-the-money share options that would vest upon the triggering event described in the first column. For named executive officers other than Ms. Blake, the value of share options is based on the difference between the exercise price of the options and $90.89 per share, which was the closing price of our ordinary shares on Nasdaq on June 28, 2019, the last trading day of our 2019 fiscal year. For Ms. Blake, the value of share options is based on the difference between the exercise price of the options and $82.51 per share, which was the closing price of our ordinary shares on Nasdaq on March 1, 2019, her last date of employment with Cimpress.

(3) For named executive officers other than Ms. Blake, amounts in this column represent the value, based on $90.89 per share, which was the closing price of our ordinary shares on Nasdaq on June 28, 2019, the last trading day of our 2019 fiscal year, of (1) unvested RSUs that would vest and (2) shares that would be issued pursuant to vested PSUs upon the triggering event described in the first column. For PSUs, we assumed the price paid per share to holders of Cimpress' shares in connection with the change in control would represent an 11% CAGR over the baseline 3YMA of the PSUs, which is the target performance goal in the 2016 Plan. For Ms. Blake, amounts in this column represent the value of accelerated RSUs, based on $82.51 per share, which was the closing price of our ordinary shares on Nasdaq on March 1, 2019, her last date of employment with Cimpress.

(4) For named executive officers other than Ms. Blake, amounts reported in this column represent the estimated cost of providing employment related benefits (such as insurance for medical, dental, and vision) during the period the named executive officer is eligible to receive those benefits under the executive retention agreements, which is two years for Mr. Keane and one year for Messrs. Kelly, LeBlanc, Quinn and Wensveen. For Ms. Blake, the amount in this column represents the maximum amount of COBRA premiums for benefits continuation coverage and payment of her attorneys' fees in connection with the termination of her employment and the negotiation of her separation agreement.

(5) Amounts in this column are estimates based on a number of assumptions and do not necessarily reflect the actual amount of a tax gross-up payment that Mr. Keane would receive.

(6) Mr. LeBlanc left Cimpress in August 2019.

(7) Ms. Blake left Cimpress in March 2019, and the amounts in this table represent the actual amounts paid to her and the actual acceleration of her equity awards in connection with her termination pursuant to the terms of her separation agreement, which is described below. In addition to the amounts in the table, she also received acceleration of the service-based vesting condition of 14,170 PSUs and 4,813 supplemental performance share units; however, there is no change to the performance conditions or timing of share issuance (if any) of these awards.

(8) Mr. Arends' employment agreement with Cimpress (described below) does not provide for any cash payment upon termination or change in control. Mr. Arends ceased to be an executive officer in January 2019 but remains an employee of Cimpress.

Ms. Blake entered into a separation agreement Cimpress USA Incorporated, a subsidiary of Cimpress N.V., dated January 30, 2019 that provided for compensation and benefits to Ms. Blake as follows:

- A severance payment of $850,000, which equals 12 months of base salary
- Payment of 100% of the COBRA premium incurred by Ms. Blake until the earlier of August 31, 2020 or the date on which Ms. Blake obtains new employment and becomes eligible to participate in her new employer's group healthcare plan or is no longer eligible for COBRA
- A payment of $430,000, which is the aggregate amount of cash retention bonuses that would be payable if Ms. Blake had remained a Cimpress employee through June 30, 2019
- Acceleration of the vesting of 896 restricted share units

- Acceleration of the vesting of 2,325 shares subject to Ms. Blake's share option award
- Extension of Ms. Blake's deadline to exercise her share option award to December 31, 2019
- Acceleration of the service-based vesting condition of 14,170 performance share units and 4,813 supplemental performance share units; however, there is no change to the performance conditions or timing of share issuance (if any) of these awards
- A lump-sum payment of $90,385
- Payment of Ms. Blake's attorneys' fees in connection with the termination of her employment with Cimpress and the negotiation of her separation agreement, up to a maximum of $10,000

The separation agreement also contains customary releases and waivers of claims by Ms. Blake.

Mr. Arends has an employment agreement with Cimpress N.V. dated December 20, 2018 that provides for Mr. Arends to work on a 50% part-time basis until September 30, 2022, after which his work time will reduce to zero hours per week. Under the employment agreement, Cimpress agreed to pay Mr. Arends an annual base salary of €2,250,000 proportionally reduced based on his working time (i.e., 50% of that amount until September 30, 2022 and 0% thereafter), as well as a pension allowance equal to the voluntary pension contributions Cimpress would otherwise pay on an annual basis under the pension scheme applicable to Mr. Arends. In addition, Cimpress agreed to bear the cost of a fully furnished and serviced accommodation in Paris, France for Mr. Arends' use throughout his employment, subject to a cap of €15,000 per month.

The Role of Company Executives in the Compensation Process

Although the Compensation Committee manages and makes decisions about the compensation process, the Committee also takes into account the views of our Chief Executive Officer, who makes initial recommendations with respect to the compensation of executive officers other than himself. Other employees of Cimpress also participate in the preparation of materials presented to or requested by the Compensation Committee for use and consideration at Compensation Committee meetings.

Share Ownership Guidelines

We have share ownership guidelines for all of our executive officers and members of our Board of Directors. The guidelines require our executive officers and directors to hold Cimpress equity, including ordinary shares they hold directly or indirectly, unvested RSUs, vested and unvested PSUs, and vested, unexercised, in-the-money share options, with a value, based on the two-year trailing average of the closing prices of Cimpress' ordinary shares on Nasdaq, equal to or greater than a multiple of the executive officer's annual base salary or the director's annual retainer, as follows:

- Chief Executive Officer: 5 times annual base salary
- Other executive officers: 3 times annual base salary
- Board of Directors: 3 times Board annual cash retainer

We give each executive officer and Board member four years from his or her initial appointment as a Cimpress officer or director to comply with the share ownership guidelines. As of June 30, 2019, all executive officers and directors had satisfied their ownership guideline requirement.

Tax Deductibility of Certain Awards

Changes to the United States tax laws in 2017 eliminated the tax deduction pursuant to Section 162(m) of the U.S. Internal Revenue Code for performance-based compensation paid after January 1, 2018 to named executive officers under arrangements entered into or materially modified on or after November 2, 2017. Although our Compensation Committee previously considered the impact of Section 162(m) when administering Cimpress' compensation plans, it did not make decisions regarding executive compensation based solely on the expected tax treatment of such compensation. We do not expect the elimination of the deduction to have a material effect on Cimpress or our compensation programs.

SUMMARY COMPENSATION TABLES

Summary Compensation Table

The following table summarizes the compensation earned in each of the last three fiscal years by:

(i) our principal executive officer,

(ii) our principal financial officer,

(iii) our other three executive officers as of June 30, 2019, and

(iv) two former executive officers who served in that role during a portion of fiscal year 2019.

Throughout this proxy statement, we refer to the individuals listed in (i) through (iv) above as our named executive officers.

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Share Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	All Other Compensation ($)	Total ($)
Robert S. Keane	2019	863,628(4)	—	11,369,327	—	47,965(5)	12,280,920
Chairman and	2018	1,677,243	—	6,784,477	—	1,961	8,463,681
Chief Executive Officer	2017	1,619,804	—	9,248,693	—	3,260	10,871,757
Peter Kelly(6)	2019	745,000	387,615	1,096,224	—	8,950(7)	2,237,789
Executive Vice President and Chief Executive Officer, National Pen							
Donald LeBlanc(8)	2019	705,000	79,063	1,733,358	—	8,364(7)	2,525,785
Executive Vice President	2018	707,596	—	2,946,442	212,528	8,341	3,874,907
and President, Vistaprint Corporate Solutions	2017	677,596	—	2,006,214	142,500	7,975	2,834,285
Sean E. Quinn	2019	769,774	354,375	2,836,524	—	7,620(7)	3,968,293
Executive Vice President	2018	772,919	225,000	3,615,997	55,419	6,363	4,675,698
and Chief Financial Officer	2017	702,692	112,500	2,462,142	29,875	11,619	3,318,828
Maarten Wensveen(6)	2019	501,923	—	548,018	—	35,991(9)	1,085,932
Executive Vice President and Chief Technology Officer							
Katryn S. Blake(8)	2019	572,019	—	2,521,334	—	1,651,186(10)	4,744,539
Former Executive Vice	2018	853,019	200,000	3,214,220	—	1,403,574	5,670,813
President and Chief Executive Officer, Vistaprint	2017	803,019	—	3,647,557	—	412,525	4,863,101
Cornelis David Arends(11)	2019	1,512,436	—	—	—	359,139(12)	1,871,575
Former Executive Vice	2018	1,894,035	—	1,229,128	—	737,100	3,860,263
President and President, Upload and Print	2017	1,964,743	—	—	—	706,765	2,671,508

(1) The amounts reported in this column for executive officers other than Mr. Kelly represent the payment of cash retention bonuses. For Mr. Kelly, $340,000 of this amount represents the payment of cash retention bonuses, and $47,615 represents the payment of a transaction bonus relating to Cimpress' acquisition of National Pen in December 2016.

(2) The amounts reported in this column represent a dollar amount equal to the grant date fair value of the share awards as computed in accordance with FASB ASC Topic 718. You can find the assumptions we used in the calculations for these amounts in Note 11 to our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2019.

(3) The amounts reported in this column represent the payment of the component of each officer's legacy long-term cash incentive award that is attributable to that fiscal year.

(4) Beginning in the second half of fiscal year 2019, Mr. Keane receives all of his compensation, including base salary and Board retainer fees, in the form of PSUs, other than $455 per week paid in cash which is the minimum weekly salary for exempt employees under the U.S. Fair Labor Standards Act.

(5) $46,328 of this amount represents reimbursement of commuting expenses, $1,532 of this amount represents payments of tax preparation fees, and $105 represents tax-gross up amounts associated with the tax preparation fees and travel expenses.

(6) Mr. Kelly was appointed as an executive officer in November 2018, and Mr. Wensveen was appointed as an executive officer in January 2019.

(7) This amount represents our matching contributions under our 401(k) deferred savings retirement plans.

(8) Ms. Blake left Cimpress in March 2019, and Mr. LeBlanc left Cimpress in August 2019.

(9) This amount represents a living allowance paid to Mr. Wensveen during his long-term assignment to Switzerland.

(10) $1,370,385 of this amount represents severance payments, $265,406 of this amount represents tax payments relating to Ms. Blake's expatriate payments for her assignment in Paris that ended in 2016, $7,075 represents tax gross-up amounts associated with the tax payments, and $8,320 of this amount represents our matching contributions under Cimpress USA's 401(k) deferred savings plan.

(11) Mr. Arends ceased to be an executive officer in January 2019 but remains an employee of Cimpress. These amounts relating to Mr. Arends' compensation were paid in Euros. For purposes of this table, we converted these payments from Euros to U.S. dollars at a currency exchange rate of 1.1689 based on the average currency exchange rate for the fiscal year ended June 30, 2019.

(12) $250,000 of this amount represents a mobility premium, $52,497 of this amount represents rent contribution for Mr. Arends' housing, and $8,511 of this amount represents health insurance contributions, all of which amounts were paid under Mr. Arends' long term international assignment agreement that expired in December 2018. $14,055 of this amount represents pension contributions.

Grants of Plan-Based Awards in the Fiscal Year Ended June 30, 2019

The following table contains information about plan-based awards granted to each of our named executive officers during the fiscal year ended June 30, 2019. Cornelis Arends did not receive any plan-based awards during the fiscal year ended June 30, 2019.

		Estimated Future Payouts Under Equity Incentive Plan Awards(1)			Grant Date Fair Value of Share Awards
Name	**Grant Date**	**Threshold (#)**	**Target (#)(2)**	**Maximum (#)(3)**	**($)(4)**
Robert S. Keane	8/15/2018(5)	—	73,498	146,997	10,720,904
	2/15/2019(6)	—	8,895	17,790	536,034
	2/15/2019(7)	—	1,428	2,857	86,100
	2/15/2019(8)	—	436	872	26,289
Peter Kelly	8/15/2018(5)	—	7,303	14,607	1,096,224
Donald LeBlanc(9)	8/15/2018(5)	—	11,548	23,097	1,733,358
Sean E. Quinn	8/15/2018(5)	—	18,898	37,797	2,836,524
Maarten Wensveen	8/15/2018(5)	—	3,651	7,302	548,018
Katryn S. Blake(9)	8/15/2018(5)	—	16,798	33,597	2,521,334

(1) These columns represent PSUs granted under our 2016 Plan. Each PSU represents a right to receive between 0 and 2.5 Cimpress ordinary shares upon the satisfaction of (A) service-based vesting, and (B) performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares.

(2) These amounts represent the number of Cimpress ordinary shares issuable to each named executive officer six to ten years after the grant date if the following conditions are achieved: (1) The named executive officer fully satisfies the service-based vesting condition described in footnote 5, 6, 7 or 8, as applicable, and (2) the 3YMA CAGR is 11% to 11.99% on any of the sixth through tenth anniversaries of the grant date.

(3) These amounts represent the number of Cimpress ordinary shares issuable to each named executive officer six to ten years after the grant date if the following conditions are achieved: (1) The named executive officer fully satisfies the service-based vesting condition described in footnote 5, 6, 7 or 8, as applicable, and (2) the 3YMA CAGR is 20% to 25.8925% on any of the sixth through tenth anniversaries of the grant date.

(4) The amounts reported in this column represent the grant date fair value for the PSU awards computed in accordance with FASB ASC Topic 718 assuming the probable outcome of the performance conditions. You can find the assumptions we used in the calculations for these amounts in Note 11 to our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2019. The value of the PSUs granted in fiscal year 2019 assuming the maximum achievement of the performance conditions, which we estimated by multiplying the maximum number of shares issuable pursuant to each PSU award by the closing price of our ordinary shares on Nasdaq on the applicable grant date, is $22,557,681 in the aggregate for all of Mr. Keane's PSU awards, $2,065,430 for Mr. Kelly, $3,265,916 for Mr. LeBlanc, $5,344,496 for Mr. Quinn, $1,032,503 for Mr. Wensveen, and $4,750,616 for Ms. Blake.

(5) The service-based vesting condition of the PSUs reported in this row is that 25% of the original number of PSUs vest on June 30 of each of 2020 through 2023 so long as the executive officer continues to be an eligible participant under Cimpress' 2016 Plan on such vesting date.

(6) This PSU award was granted to Mr. Keane in lieu of the cash base salary he would have received as Chief Executive Officer in the second half of fiscal year 2019. The service-based vesting condition of this PSU award is that 50% of the original number of PSUs vest on March 31, 2019 and the remaining 50% vest on June 30, 2019 so long as Mr. Keane continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date.

(7) This PSU award was granted to Mr. Keane in line with the annual PSU awards granted to members of our Board of Directors. The service-based vesting condition of this PSU award is that 25% of the original number of PSUs vest on November 12 of each of 2019 through 2022, so long as Mr. Keane continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date.

(8) This PSU award was granted to Mr. Keane in lieu of the Irish-sourced Board fees he would have received as an executive director in the second half of fiscal year 2019. The service-based vesting condition of this PSU award is that 100% of the PSUs vest on June 30, 2019 so long as Mr. Keane continues to be an eligible participant under Cimpress' 2016 Plan on such vesting date.

(9) Ms. Blake left Cimpress in March 2019, and Mr. LeBlanc left Cimpress in August 2019.

Outstanding Equity Awards at June 30, 2019

The following table contains information about unexercised share options, unvested RSUs, and unearned PSUs as of June 30, 2019 for each of our named executive officers.

	Option Awards				Share Awards			
	Number of Securities Underlying Unexercised Options		Option Exercise Price	Option Expiration	Number of Share Units That Have Not Vested	Market Value of Share Units That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares	Equity Incentive Plan Awards: Market Value of Unearned Shares
Name	(#) Exercisable	(#) Unexercisable	($)(1)	Date	(#)(2)	($)(3)	(#)(4)	($)(5)
Robert S. Keane(6)	96,800	—	47.91	5/6/2020				
	105,240	—	54.02	5/5/2021				
	1,224,462(7)	—	50.00(7)	5/4/2020(7)				
					N/A	N/A	93,750(8)	8,520,938
							78,970(9)	7,177,583
							73,498(10)	6,680,233
							8,895(11)	808,467
							1,428(12)	129,791
							436(13)	39,628
Peter Kelly	—	—	N/A	N/A	N/A	N/A	19,757(14)	1,795,714
							3,610(9)	328,113
							9,025(15)	820,282
							7,303(10)	663,770
Donald LeBlanc	—	114(7)	50.00(7)	8/15/2020(7)				
					346	31,448	19,801(8)	1,799,713
							16,546(9)	1,503,866
							16,546(15)	1,503,866
							11,548(10)	1,049,598
Sean E. Quinn	—	—	N/A	N/A	1,338	121,611	24,301(8)	2,208,718
							20,306(9)	1,845,612
							20,306(15)	1,845,612
							18,898(10)	1,717,639
Maarten Wensveen	—	—	N/A	N/A	100	9,089	14,400(8)	1,308,816
							6,016(9)	546,794
							15,041(15)	1,367,076
							3,651(10)	331,839
Katryn S. Blake	—	—	N/A	N/A	N/A	N/A	27,001(8)	2,454,121
							9,025(9)	820,282
							12,033(15)	1,093,679
							4,200(10)	381,738
Cornelis David Arends	—	—	N/A	N/A	N/A	N/A	7,746(15)	704,034

(1) Except as set forth in footnote 7 below, each share option has an exercise price equal to the fair market value of our ordinary shares on the date of grant and is fully exercisable as of June 30, 2019. Except as set forth in footnote 7, each share option expires 10 years after the date on which it was granted.

(2) This column represents RSUs. So long as the named executive officer continues to be employed with us, each RSU award vests, and the vested shares are issued to the named executive officer, over a period of four years: 25% of the shares subject to the award after one year and 6.25% per quarter thereafter.

(3) The market value of the unvested RSUs is determined by multiplying the number of RSUs by $90.89 per share, which was the closing price of our ordinary shares on Nasdaq on June 28, 2019, the last trading day of our 2019 fiscal year.

(4) This column represents the number of Cimpress ordinary shares that would be issuable under outstanding PSUs if the following conditions are achieved: (A) The service-based vesting condition described in footnotes 8 through 15, as applicable, is fully satisfied, (B) the 3YMA CAGR is 11% to 11.99% on a measurement date six to ten years after grant, and (C) for the supplemental PSU awards described in footnote 15 only, Cimpress achieves the cumulative unlevered free cash flow goal over the period from July 1, 2017 through June 30, 2020, as set by the Compensation Committee.

(5) The market value of the unearned PSUs is determined by multiplying the number of shares that would be issuable if the conditions described in footnote 4 were achieved by $90.89 per share, which was the closing price of our ordinary shares on Nasdaq on June 28, 2019, the last trading day of our 2019 fiscal year.

(6) Mr. Keane's share option awards are held by entities wholly owned by irrevocable discretionary trusts established for the benefit for Mr. Keane or members of his immediate family (the Trusts).

(7) These awards are premium-priced share options with an exercise price that is significantly higher than the closing price of Cimpress' ordinary shares on Nasdaq on the grant dates. The Compensation Committee chose this exercise price in part because it is higher than the highest of the three-, six-, and twelve-month trailing averages of Cimpress' share price on Nasdaq as of the July 28, 2011 public announcement of our growth strategy. The premium-priced share options vest over seven years and have an eight-year term. Mr. Keane may not exercise his premium-priced options unless our share price on Nasdaq is at least $75.00 on the exercise date.

(8) The service-based vesting condition for these PSUs held by named executive officers other than Ms. Blake, who left Cimpress in March 2019 and no longer holds unvested PSUs, is that 25% of the original number of PSUs vest on June 30 of each of 2017 through 2020 so long as the executive officer continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date. However, the PSUs are not earned, and no shares are issuable pursuant to the PSUs, until August 15, 2022 at the earliest (unless there is an earlier change in control) and only if the performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares are satisfied.

(9) The service-based vesting condition for these PSUs held by named executive officers other than Ms. Blake, who left Cimpress in March 2019 and no longer holds unvested PSUs, is that 25% of the original number of PSUs vest on June 30 of each of 2018 through 2021 so long as the executive officer continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date. However, the PSUs are not earned, and no shares are issuable pursuant to the PSUs, until August 15, 2023 at the earliest (unless there is an earlier change in control) and only if the performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares are satisfied.

(10) The service-based vesting condition for these PSUs held by named executive officers other than Ms. Blake, who left Cimpress in March 2019 and no longer holds unvested PSUs, is that 25% of the original number of PSUs vest on June 30 of each of 2019 through 2022 so long as the executive officer continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date. However, the PSUs are not earned, and no shares are issuable pursuant to the PSUs, until August 15, 2024 at the earliest (unless there is an earlier change in control) and only if the performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares are satisfied.

(11) The service-based vesting condition for these PSUs is that 50% of the original number of PSUs vest on March 31, 2019 and the remaining 50% vest on June 30, 2019 so long as Mr. Keane continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date. However, the PSUs are not earned, and no shares are issuable pursuant to the PSUs, until February 15, 2025 at the earliest (unless there is an earlier change in control) and only if the performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares are satisfied.

(12) The service-based vesting condition for these PSUs is that 25% of the original number of PSUs vest on November 12 of each of 2019 through 2022 so long as Mr. Keane continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date. However, the PSUs are not earned, and no shares are issuable pursuant to the PSUs, until February 15, 2025 at the earliest (unless there is an earlier change in control) and only if the performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares are satisfied.

(13) The service-based vesting condition for these PSUs is that 100% of the PSUs vest on June 30, 2019 so long as Mr. Keane continues to be an eligible participant under Cimpress' 2016 Plan on such vesting date. However, the PSUs are not earned, and no shares are issuable pursuant to the PSUs, until February 15, 2025 at the earliest (unless there is an earlier change in control) and only if the performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares are satisfied.

(14) The service-based vesting condition for these PSUs is that 25% of the original number of PSUs vest on January 2 of each of 2018 through 2021 so long as Mr. Kelly continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date. However, the PSUs are not earned, and no shares are issuable pursuant to the PSUs, until February 15, 2023 at the earliest (unless there is an earlier change in control) and only if the performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares are satisfied.

(15) The service-based vesting condition of these supplemental PSUs granted to Messrs. Kelly, LeBlanc, Quinn, and Wensveen is that 1/3 of the original number of PSUs vest on June 30 of each of 2018 through 2020 so long as the executive officer continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date. Ms. Blake left Cimpress in March 2019 and no longer holds unvested PSUs. The service-based vesting condition of these supplemental PSUs granted to Mr. Arends is that 50% of the original number of PSUs vested on June 30, 2018 and 25% vest on June 30 of each of 2019 and 2020 so long as Mr. Arends continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date. However, the supplemental PSUs are not earned, and no shares are issuable pursuant to the supplemental PSUs, until August 15, 2023 at the earliest (unless there is an earlier change in control) and only if (1) Cimpress' cumulative consolidated unlevered free cash flow over the period from July 1, 2017 through June 30, 2020 equals or exceeds the goal set by the Compensation Committee and (2) the performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares are satisfied.

Option Exercises and Shares Vested in the Fiscal Year Ended June 30, 2019

The following table contains information about option exercises and vesting of RSUs on an aggregated basis during fiscal year 2019 for each of our named executive officers.

	Option Awards		Share Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (1)($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (2)($)
Robert S. Keane	146,028	8,005,255	—	—
Peter Kelly	—	—	—	—
Donald LeBlanc	3,621	137,939	1,879	218,811
Sean E. Quinn	—	—	3,556	400,062
Maarten Wensveen	—	—	452	50,379
Katryn S. Blake	9,297	377,250	3,583	380,885
Cornelis David Arends	—	—	—	—

(1) Represents the net amount realized from all option exercises during fiscal year 2019. In cases involving an exercise and immediate sale, the value was calculated on the basis of the actual sale price. In cases involving an exercise without immediate sale, the value was calculated on the basis of our closing sale price of our ordinary shares on Nasdaq on the date of exercise.

(2) The value realized on vesting of RSUs is determined by multiplying the number of shares that vested by the closing sale price of our ordinary shares on Nasdaq on the vesting date.

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Share Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	All Other Compensation ($)	Total ($)
Robert S. Keane	2019	863,628(4)	—	11,369,327	—	47,965(5)	12,234,642
Chairman and	2018	1,677,243	—	6,784,477	—	1,961	8,463,681
Chief Executive Officer	2017	1,619,804	—	9,248,693	—	3,260	10,871,757
Peter Kelly(6)	2019	745,000	387,615	1,096,224	—	8,950(7)	2,237,789
Executive Vice President and Chief Executive Officer, National Pen							
Donald LeBlanc(8)	2019	705,000	79,063	1,733,358	—	8,364(7)	2,525,785
Executive Vice President	2018	707,596	—	2,946,442	212,528	8,341	3,874,907
and President, Vistaprint Corporate Solutions	2017	677,596	—	2,006,214	142,500	7,975	2,834,285
Sean E. Quinn	2019	769,774	354,375	2,836,524	—	7,620(7)	3,968,293
Executive Vice President	2018	772,919	225,000	3,615,997	55,419	6,363	4,675,698
and Chief Financial Officer	2017	702,692	112,500	2,462,142	29,875	11,619	3,318,828
Maarten Wensveen(6)	2019	501,923	—	548,018	—	35,991(9)	1,085,932
Executive Vice President and Chief Technology Officer							
Katryn S. Blake(8)	2019	572,019	—	2,521,334	—	1,651,186(10)	4,744,539
Former Executive Vice	2018	853,019	200,000	3,214,220	—	1,403,574	5,670,813
President and Chief Executive Officer, Vistaprint	2017	803,019	—	3,647,557	—	412,525	4,863,101
Cornelis David Arends(11)	2019	1,512,436	—	—	—	359,139(12)	1,871,575
Former Executive Vice	2018	1,894,035	—	1,229,128	—	737,100	3,860,263
President and President, Upload and Print	2017	1,964,743	—	—	—	706,765	2,671,508

(1) The amounts reported in this column for executive officers other than Mr. Kelly represent the payment of cash retention bonuses. For Mr. Kelly, $340,000 of this amount represents the payment of cash retention bonuses, and $47,615 represents the payment of a transaction bonus relating to Cimpress' acquisition of National Pen in December 2016.

(2) The amounts reported in this column represent a dollar amount equal to the grant date fair value of the share awards as computed in accordance with FASB ASC Topic 718. You can find the assumptions we used in the calculations for these amounts in Note 11 to our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2019.

(3) The amounts reported in this column represent the payment of the component of each officer’s legacy long-term cash incentive award that is attributable to that fiscal year.

(4) Beginning in the second half of fiscal year 2019, Mr. Keane receives all of his compensation, including base salary and Board retainer fees, in the form of PSUs, other than $455 per week paid in cash which is the minimum weekly salary for exempt employees under the U.S. Fair Labor Standards Act.

(5) $46,328 of this amount represents reimbursement of commuting expenses, $1,532 of this amount represents payments of tax preparation fees, and $105 represents tax-gross up amounts associated with the tax preparation fees and travel expenses.

(6) Mr. Kelly was appointed as an executive officer in November 2018, and Mr. Wensveen was appointed as an executive officer in January 2019.

(7) This amount represents our matching contributions under our 401(k) deferred savings retirement plans.

(8) Ms. Blake left Cimpress in March 2019, and Mr. LeBlanc left Cimpress in August 2019.

(9) This amount represents a living allowance paid to Mr. Wensveen during his long-term assignment to Switzerland.

(10) $1,370,385 of this amount represents severance payments, $265,406 of this amount represents tax payments relating to Ms. Blake's expatriate payments for her assignment in Paris that ended in 2016, $7,075 represents tax gross-up amounts associated with the tax payments, and $8,320 of this amount represents our matching contributions under Cimpress USA’s 401(k) deferred savings plan.

(11) Mr. Arends ceased to be an executive officer in January 2019 but remains an employee of Cimpress. These amounts relating to Mr. Arends' compensation were paid in Euros. For purposes of this table, we converted these payments from Euros to U.S. dollars at a currency exchange rate of 1.1689 based on the average currency exchange rate for the fiscal year ended June 30, 2019.

(12) $250,000 of this amount represents a mobility premium, $52,497 of this amount represents rent contribution for Mr. Arends' housing, and $8,511 of this amount represents health insurance contributions, all of which amounts were paid under Mr. Arends' long term international assignment agreement that expired in December 2018. $14,055 of this amount represents pension contributions.

Grants of Plan-Based Awards in the Fiscal Year Ended June 30, 2019

The following table contains information about plan-based awards granted to each of our named executive officers during the fiscal year ended June 30, 2019.

Name	Grant Date	Estimated Future Payouts Under Equity Incentive Plan Awards(1) Threshold (#)	Target (#)(2)	Maximum (#)(3)	Grant Date Fair Value of Share Awards ($)(4)
Robert S. Keane	8/15/2018(5)	—	73,498	146,997	10,720,904
	2/15/2019(6)	—	8,895	17,790	536,034
	2/15/2019(7)	—	1,428	2,857	86,100
	2/15/2019(8)	—	436	872	26,289
Peter Kelly	8/15/2018(5)	—	7,303	14,607	1,096,224
Donald LeBlanc(9)	8/15/2018(5)	—	11,548	23,097	1,733,358
Sean E. Quinn	8/15/2018(5)	—	18,898	37,797	2,836,524
Maarten Wensveen	8/15/2018(5)	—	3,651	7,302	548,018
Katryn S. Blake(9)	8/15/2018(5)	—	16,798	33,597	2,521,334

(1) These columns represent PSUs granted under our 2016 Plan. Each PSU represents a right to receive between 0 and 2.5 Cimpress ordinary shares upon the satisfaction of (A) service-based vesting, and (B) performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares.

(2) These amounts represent the number of Cimpress ordinary shares issuable to each named executive officer six to ten years after the grant date if the following conditions are achieved: (1) The named executive officer fully satisfies the service-based vesting condition described in footnote 5, 6, 7 or 8, as applicable, and (2) the 3YMA CAGR is 11% to 11.99% on any of the sixth through tenth anniversaries of the grant date.

(3) These amounts represent the number of Cimpress ordinary shares issuable to each named executive officer six to ten years after the grant date if the following conditions are achieved: (1) The named executive officer fully satisfies the service-based vesting condition described in footnote 5, 6, 7 or 8, as applicable, and (2) the 3YMA CAGR is 20% to 25.8925% on any of the sixth through tenth anniversaries of the grant date.

(4) The amounts reported in this column represent the grant date fair value for the PSU awards computed in accordance with FASB ASC Topic 718 assuming the probable outcome of the performance conditions. You can find the assumptions we used in the calculations for these amounts in Note 11 to our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2019. The value of the PSUs granted in fiscal year 2019 assuming the maximum achievement of the performance conditions, which we estimated by multiplying the maximum number of shares issuable pursuant to each PSU award by the closing price of our ordinary shares on Nasdaq on the applicable grant date, is $22,557,681 in the aggregate for all of Mr. Keane's PSU awards, $2,065,430 for Mr. Kelly, $3,265,916 for Mr. LeBlanc, $5,344,496 for Mr. Quinn, $1,032,503 for Mr. Wensveen, and $4,750,616 for Ms. Blake.

(5) The service-based vesting condition of the PSUs reported in this row is that 25% of the original number of PSUs vest on June 30 of each of 2020 through 2023 so long as the executive officer continues to be an eligible participant under Cimpress' 2016 Plan on such vesting date.

(6) This PSU award was granted to Mr. Keane in lieu of the cash base salary he would have received as Chief Executive Officer in the second half of fiscal year 2019. The service-based vesting condition of this PSU award is that 50% of the original number of PSUs vest on March 31, 2019 and the remaining 50% vest on June 30, 2019 so long as Mr. Keane continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date.

(7) This PSU award was granted to Mr. Keane in line with the annual PSU awards granted to members of our Board of Directors. The service-based vesting condition of this PSU award is that 25% of the original number of PSUs vest on November 12 of each of 2019 through 2022, so long as Mr. Keane continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date.

(8) This PSU award was granted to Mr. Keane in lieu of the Irish-sourced Board fees he would have received as an executive director in the second half of fiscal year 2019. The service-based vesting condition of this PSU award is that 100% of the PSUs vest on June 30, 2019 so long as Mr. Keane continues to be an eligible participant under Cimpress' 2016 Plan on such vesting date.

(9) Ms. Blake left Cimpress in March 2019, and Mr. LeBlanc left Cimpress in August 2019.

Outstanding Equity Awards at June 30, 2019

The following table contains information about unexercised share options, unvested RSUs, and unearned PSUs as of June 30, 2019 for each of our named executive officers.

	Option Awards				Share Awards			
	Number of Securities Underlying Unexercised Options		Option Exercise Price	Option Expiration	Number of Share Units That Have Not Vested	Market Value of Share Units That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares	Equity Incentive Plan Awards: Market Value of Unearned Shares
Name	(#) Exercisable	(#) Unexercisable	($)(1)	Date	(#)(2)	($)(3)	(#)(4)	($)(5)
Robert S. Keane(6)	96,800	—	47.91	5/6/2020				
	105,240	—	54.02	5/5/2021				
	1,224,462(7)	—	50.00(7)	5/4/2020(7)				
					N/A	N/A	93,750(8)	8,520,938
							78,970(9)	7,177,583
							73,498(10)	6,680,233
							8,895(11)	808,467
							1,428(12)	129,791
							436(13)	39,628
Peter Kelly	0	0	N/A	N/A	N/A	N/A	19,757(14)	1,795,714
							3,610(9)	328,113
							9,025(15)	820,282
							7,303(10)	663,770
Donald LeBlanc	—	114(7)	50.00(7)	8/15/2020(7)				
					346	31,448	19,801(8)	1,799,713
							16,546(9)	1,503,866
							16,546(15)	1,503,866
							11,548(10)	1,049,598
Sean E. Quinn	—	—	N/A	N/A	1,338	121,611	24,301(8)	2,208,718
							20,306(9)	1,845,612
							20,306(15)	1,845,612
							18,898(10)	1,717,639
Maarten Wensveen	—	—	N/A	N/A	100	9,089	14,400(8)	1,308,816
							6,016(9)	546,794
							15,041(15)	1,367,076
							3,651(10)	331,839
Katryn S. Blake	—	—	N/A	N/A	N/A	N/A	27,001(8)	2,454,121
							9,025(9)	820,282
							12,033(15)	1,093,679
							4,200(10)	381,738
Cornelis David Arends	—	—	N/A	N/A	N/A	N/A	7,746(15)	704,034

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(1) Except as set forth in footnote 7 below, each share option has an exercise price equal to the fair market value of our ordinary shares on the date of grant and is fully exercisable as of June 30, 2019. Except as set forth in footnote 7, each share option expires 10 years after the date on which it was granted.

(2) This column represents RSUs. So long as the named executive officer continues to be employed with us, each RSU award vests, and the vested shares are issued to the named executive officer, over a period of four years: 25% of the shares subject to the award after one year and 6.25% per quarter thereafter.

(3) The market value of the unvested RSUs is determined by multiplying the number of RSUs by $90.89 per share, which was the closing price of our ordinary shares on Nasdaq on June 28, 2019, the last trading day of our 2019 fiscal year.

(4) This column represents the number of Cimpress ordinary shares that would be issuable under outstanding PSUs if the following conditions are achieved: (A) The service-based vesting condition described in footnotes 8 through 15, as applicable, is fully satisfied, (B) the 3YMA CAGR is 11% to 11.99% on a measurement date six to ten years after grant, and (C) for the supplemental PSU awards described in footnote 15 only, Cimpress achieves the cumulative unlevered free cash flow goal over the period from July 1, 2017 through June 30, 2020, as set by the Compensation Committee.

(5) The market value of the unearned PSUs is determined by multiplying the number of shares that would be issuable if the conditions described in footnote 4 were achieved by $90.89 per share, which was the closing price of our ordinary shares on Nasdaq on June 28, 2019, the last trading day of our 2019 fiscal year.

(6) Mr. Keane's share option awards are held by entities wholly owned by irrevocable discretionary trusts established for the benefit for Mr. Keane or members of his immediate family (the Trusts).

(7) These awards are premium-priced share options with an exercise price that is significantly higher than the closing price of Cimpress' ordinary shares on Nasdaq on the grant dates. The Compensation Committee chose this exercise price in part because it is higher than the highest of the three-, six-, and twelve-month trailing averages of Cimpress' share price on Nasdaq as of the July 28, 2011 public announcement of our growth strategy. The premium-priced share options vest over seven years and have an eight-year term. Mr. Keane may not exercise his premium-priced options unless our share price on Nasdaq is at least $75.00 on the exercise date.

(8) The service-based vesting condition for these PSUs held by named executive officers other than Ms. Blake, who left Cimpress in March 2019 and no longer holds unvested PSUs, is that 25% of the original number of PSUs vest on June 30 of each of 2017 through 2020 so long as the executive officer continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date. However, the PSUs are not earned, and no shares are issuable pursuant to the PSUs, until August 15, 2022 at the earliest (unless there is an earlier change in control) and only if the performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares are satisfied.

(9) The service-based vesting condition for these PSUs held by named executive officers other than Ms. Blake, who left Cimpress in March 2019 and no longer holds unvested PSUs, is that 25% of the original number of PSUs vest on June 30 of each of 2018 through 2021 so long as the executive officer continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date. However, the PSUs are not earned, and no shares are issuable pursuant to the PSUs, until August 15, 2023 at the earliest (unless there is an earlier change in control) and only if the performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares are satisfied.

(10) The service-based vesting condition for these PSUs held by named executive officers other than Ms. Blake, who left Cimpress in March 2019 and no longer holds unvested PSUs, is that 25% of the original number of PSUs vest on June 30 of each of 2019 through 2022 so long as the executive officer continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date. However, the PSUs are not earned, and no shares are issuable pursuant to the PSUs, until August 15, 2024 at the earliest (unless there is an earlier change in control) and only if the performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares are satisfied.

(11) The service-based vesting condition for these PSUs is that 50% of the original number of PSUs vest on March 31, 2019 and the remaining 50% vest on June 30, 2019 so long as Mr. Keane continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date. However, the PSUs are not earned, and no shares are issuable pursuant to the PSUs, until February 15, 2025 at the earliest (unless there is an earlier change in control) and only if the performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares are satisfied.

(12) The service-based vesting condition for these PSUs is that 25% of the original number of PSUs vest on November 12 of each of 2019 through 2022 so long as Mr. Keane continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date. However, the PSUs are not earned, and no shares are issuable pursuant to the PSUs, until February 15, 2025 at the earliest (unless there is an earlier change in control) and only if the performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares are satisfied.

(13) The service-based vesting condition for these PSUs is that 100% of the PSUs vest on June 30, 2019 so long as Mr. Keane continues to be an eligible participant under Cimpress' 2016 Plan on such vesting date. However, the PSUs are not earned, and no shares are issuable pursuant to the PSUs, until February 15, 2025 at the earliest (unless there is an earlier change in control) and only if the performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares are satisfied.

(14) The service-based vesting condition for these PSUs is that 25% of the original number of PSUs vest on January 2 of each of 2018 through 2021 so long as Mr. Kelly continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date. However, the PSUs are not earned, and no shares are issuable pursuant to the PSUs, until February 15, 2023 at the earliest (unless there is an earlier change in control) and only if the performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares are satisfied.

(15) The service-based vesting condition of these supplemental PSUs granted to Messrs. Kelly, LeBlanc, Quinn, and Wensveen is that 1/3 of the original number of PSUs vest on June 30 of each of 2018 through 2020 so long as the executive officer continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date. Ms. Blake left Cimpress in March 2019 and no longer holds unvested PSUs. The service-based vesting condition of these supplemental PSUs granted to Mr. Arends is that 50% of the original number of PSUs vested on June 30, 2018 and 25% vest on June 30 of each of 2019 and 2020 so long as Mr. Arends continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date. However, the supplemental PSUs are not earned, and no shares are issuable pursuant to the supplemental PSUs, until August 15, 2023 at the earliest (unless there is an earlier change in control) and only if (1) Cimpress' cumulative consolidated unlevered free cash flow over the period from July 1, 2017 through June 30, 2020 equals or exceeds the goal set by the Compensation Committee and (2) the performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares are satisfied.

Option Exercises and Shares Vested in the Fiscal Year Ended June 30, 2019

The following table contains information about option exercises and vesting of RSUs on an aggregated basis during fiscal year 2019 for each of our named executive officers.

	Option Awards		Share Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (1)($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (2)($)
Robert S. Keane	146,028	8,005,255	—	—
Peter Kelly	—	—	—	—
Donald LeBlanc	3,621	137,939	1,879	218,811
Sean E. Quinn	—	—	3,556	400,062
Maarten Wensveen	—	—	452	50,379
Katryn S. Blake	9,297	377,250	3,583	380,885

(1) Represents the net amount realized from all option exercises during fiscal year 2019. In cases involving an exercise and immediate sale, the value was calculated on the basis of the actual sale price. In cases involving an exercise without immediate sale, the value was calculated on the basis of our closing sale price of our ordinary shares on Nasdaq on the date of exercise.

(2) The value realized on vesting of RSUs is determined by multiplying the number of shares that vested by the closing sale price of our ordinary shares on Nasdaq on the vesting date.

COMPENSATION OF OUR BOARD OF DIRECTORS

We use a combination of cash and share-based incentive compensation to attract and retain qualified candidates to serve as members of our Board of Directors. When considering the compensation of our directors, our Compensation Committee considers the significant amount of time that directors expend in fulfilling their duties to Cimpress and the skill level that we require of our Board members.

Fees

We pay our directors, including Mr. Keane, an annual retainer of $100,000 per fiscal year, and our Lead Non-Executive Director (*voorzitter*) and Chair of the Audit Committee each also receive an additional $25,000 per fiscal year. We reimburse our directors for reasonable travel and other expenses incurred in connection with attending meetings of our Board and its committees, and we pay the tax preparation fees related to their Dutch income tax returns.

Performance Share Units

In keeping with the goals of aligning the Board's equity awards with the equity awards received by Cimpress' executives and employees and maintaining the competitiveness of the compensation program, we grant PSUs to our directors under our 2016 Performance Equity Plan. Each incumbent director receives $125,000 of PSUs annually in connection with our annual general meeting of shareholders so long as they remain a director following that annual general meeting. Each new director receives $150,000 of PSUs in connection with their initial appointment to the Board. Cimpress determines the number of PSUs to be granted to each director by dividing the applicable dollar amounts described in this paragraph by the 3YMA of Cimpress' ordinary shares as of the following date, which we refer to as a baseline date:

- For incumbent directors, the baseline date is November 15 of each year.
- For newly appointed directors, the baseline date is based on the date of the general meeting of shareholders at which the director is appointed:

General meeting in the months of:	*Baseline date is the nearest:*
June, July, or August	August 15
September, October, or November	November 15
December, January, or February	February 15
March, April, or May	May 15

PSU awards granted to our directors have the same terms as PSU awards granted to our executives and employees, where each PSU represents a right to receive between 0 and 2.5 ordinary shares of Cimpress N.V. upon the satisfaction of both service-based vesting over time and performance conditions relating to the CAGR of the 3YMA over a 6- to 10-year period, in accordance with the 2016 Plan.

First condition to a Performance Dependent Issuance: Service-based Vesting
PSUs granted to members of our Board vest at a rate of 25% of the original number of PSUs per year over the four years following the applicable annual general meeting (for PSU awards granted to incumbent directors) or the general meeting at which the director was first appointed (for PSU awards granted to newly appointed directors), in each case so long as the director continues to serve on our Board. If a director ceases to serve on the Board, other than for cause, they retain all PSUs that have satisfied the service-based vesting condition as of their last day of service on the Board. If Cimpress achieves the performance thresholds described below, the former director would receive Cimpress ordinary shares upon settlement of the PSUs, even though they are no longer a member of our Board.

Second condition to a Performance Dependent Issuance: 3YMA Performance
The performance conditions set forth in the 2016 Plan apply to the PSU awards granted to Board members. In summary, beginning on the sixth anniversary of the baseline date for each PSU award, and on each anniversary thereafter through the tenth anniversary, we will calculate the 3YMA as of such date, which we refer to as a measurement date. On the first such measurement date that the 3YMA equals or exceeds a CAGR of 11%, the 3YMA performance condition would be satisfied, and we would issue to the director the number of Cimpress ordinary shares determined by multiplying the number of vested PSUs subject to the award by the applicable performance-based multiplier set forth in the 2016 Plan. If none of the CAGR performance goals set forth in the 2016 Plan are achieved by the tenth anniversary of the baseline measurement date for the PSU award, then the PSU award will be terminated and no Cimpress ordinary shares will be issued with respect to the award.

Director Compensation Table

The following contains information with respect to the compensation earned by the members of our current Board of Directors and the members of our previous Supervisory Board in the fiscal year ended June 30, 2019:

Name	Fees Earned or Paid in Cash ($)	Share Awards ($)(1)	Total ($)
Sophie A. Gasperment	123,750	169,235	292,985
John J. Gavin, Jr.	137,500	169,235	306,735
Zachary S. Sternberg	106,250	169,235	275,485
Scott J. Vassalluzzo	118,750	169,235	287,985
Paolo De Cesare(2)	45,631	169,170	214,801
Richard T. Riley(2)	59,200	169,170	228,370
Nadia Shouraboura(2)	45,631	169,170	214,801
Mark T. Thomas(2)	59,600	169,170	228,770

(1) The amounts reported in this column represent a dollar amount equal to the grant date fair value of the PSUs granted to our current directors and ordinary share awards granted to our former directors listed in footnote 2, as computed in accordance with FASB ASC Topic 718 assuming the probable outcome of the performance conditions. You can find the assumptions we used in the calculations for these amounts in Note 11 to our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2019. The value of the PSUs granted in fiscal year 2019 assuming the maximum achievement of the performance conditions, which we estimated by multiplying the maximum number of shares issuable pursuant to each PSU award by the closing price of our ordinary shares on Nasdaq on the applicable grant date, is $351,333 for each of Ms. Gasperment and Messrs. Gavin, Sternberg, and Vassalluzzo.

(2) Messrs. De Cesare and Thomas and Dr. Shouraboura resigned from the Board, and Mr. Riley's term as a director expired, in November 2018.

In addition, at June 30, 2019, our current non-executive directors held the following equity compensation awards:

- Ms. Gasperment held 4,511 PSUs.
- Mr. Gavin held 3,997 PSUs.
- Mr. Sternberg held 2,886 PSUs.
- Mr. Vassalluzzo held 5,298 shares subject to outstanding, unexercised share options and 3,997 PSUs.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information as of June 30, 2019 about the securities issued or authorized for future issuance under our equity compensation plans.

Equity Compensation Plan Information

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights(1)	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights(2)	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(a)
Equity compensation plans approved by shareholders(1)	3,496,473	$20.59	6,637,132(3)
Equity compensation plans not approved by shareholders	—	—	—
Total	3,496,473	$20.59	6,673,132(3)

(1) Consists of our Amended and Restated 2005 Equity Incentive Plan, 2005 Non-Employee Directors' Share Option Plan, 2011 Equity Incentive Plan, and 2016 Performance Equity Plan. This column includes an aggregate of 2,064,559 shares underlying RSUs and PSUs based on 2.5 shares per PSU that were unvested as of June 30, 2019.

(2) The RSUs and PSUs included in column (a) do not have an exercise price, and the weighted-average exercise price excluding these units is $50.27.

(3) Includes 3,945,638 shares available for future awards under our 2016 Performance Equity Plan, 2,639,327 shares available for future awards under our 2011 Equity Incentive Plan, and 52,167 shares available for future awards under our 2005 Non-Employee Directors' Share Option Plan, as amended. No shares are available for future award under our Amended and Restated 2005 Equity Incentive Plan. For PSUs under our 2016 Performance Equity Plan, we assumed that we would issue ordinary shares equal to 250% of the outstanding PSUs, which is the maximum potential share issuance.

Cimpress N.V.

2019 FINANCIAL STATEMENTS

Statutory seat:	Venlo, The Netherlands
Address:	Hudsonweg 8, 5928 LW Venlo, The Netherlands

CIMPRESS N.V.

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CIMPRESS N.V.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in thousands)

	June 30, 2019	June 30, 2018
Assets		
Property, plant and equipment (Note 8)	$ 366,347	$ 371,738
Intangible assets and goodwill (Note 9)	1,054,963	810,974
Other non-current investments, including derivatives (Note 10)	9,460	38,426
Deferred tax assets (Note 27)	61,298	85,059
Other non-current assets (Note 11)	37,363	28,477
Total non-current assets	1,529,431	1,334,674
Inventories (Note 12)	66,310	60,602
Other current investments, including derivatives (Note 10)	15,230	9,599
Trade and other receivables (Note 13)	60,646	55,621
Cash and cash equivalents (Note 14)	35,279	44,227
Other current assets (Note 15)	62,835	65,404
Total current assets	240,300	235,453
Total assets	$ 1,769,731	$ 1,570,127
Equity		
Share capital (Note 16)	$ 615	$ 615
Share premium (Note 16)	455,640	458,245
Treasury share (Note 16)	(737,447)	(685,577)
Foreign currency translation reserve (Note 16)	(73,809)	(86,326)
Hedging legal reserve (Note 16)	(13,242)	8,195
Fair value reserve (Note 16)	(105,243)	(83,369)
Retained earnings	520,178	408,390
Equity attributable to owners of Cimpress N.V.	46,692	20,173
Non-controlling interests (Note 17)	84,573	93,810
Total equity	131,265	113,983
Liabilities		
Long-term debt (Note 19)	942,290	767,585
Deferred tax liabilities (Note 27)	40,035	47,388
Other non-current liabilities (Note 20)	143,764	169,396
Total non-current liabilities	1,126,089	984,369
Trade and other payables	185,096	152,436
Provisions (Note 22)	3,212	1,387
Other current liabilities (Note 23)	324,069	317,952
Total current liabilities	512,377	471,775
Total liabilities	1,638,466	1,456,144
Total equity and liabilities	$ 1,769,731	$ 1,570,127

The notes on pages 84 to 143 of this report are an integral part of these consolidated financial statements.

CIMPRESS N.V.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(in thousands, except per share data)

	Year Ended June 30, 2019	Year Ended June 30, 2018
Revenue	$ 2,751,076	$ 2,592,541
Cost of revenue	1,404,078	1,282,607
Gross profit	1,346,998	1,309,934
Technology and development expense	243,271	257,589
Marketing and selling expense	760,711	752,000
General and administrative expense	181,489	191,974
(Gain) on sale of subsidiaries (Note 7)	—	(47,545)
Income from operations	161,527	155,916
Other income (expense), net (Note 25)	26,444	(20,929)
Finance income	3,977	2,991
Finance costs	(53,746)	(59,450)
Loss on early extinguishment of debt (Note 19)	—	(17,359)
Income before income taxes	138,202	61,169
Income tax (Note 27)	27,986	37,213
Net income	110,216	23,956
Loss (income) attributable to non-controlling interest	1,572	(3,055)
Net income attributable to Cimpress N.V.	$ 111,788	$ 20,901
Basic net income per share (Note 28)	$ 3.63	$ 0.68
Diluted net income per share (Note 28)	$ 3.53	$ 0.65

The notes on pages 84 to 143 of this report are an integral part of these consolidated financial statements.

CIMPRESS N.V.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in thousands)

	Year Ended June 30,	
	2019	**2018**
Net income	$ 110,216	$ 23,956
Other comprehensive income		
Items that are or may be reclassified to profit or loss:		
Foreign currency translation gain, net of hedges	12,517	35,148
Net unrealized (loss) gain on derivative instruments designated and qualifying as cash flow hedges	(25,369)	11,521
Gains (losses) from shareholders' equity to net income on derivative instruments	3,932	(960)
Unrealized (loss) gain on pension benefit obligation	(380)	233
Total recognized income for the period	100,916	69,898
Add: Recognized expense (income) attributable to non-controlling interests	4,566	(5,421)
Total recognized income for the period attributable to Cimpress N.V.	$ 105,482	$ 64,477

The notes on pages 84 to 143 of this report are an integral part of these consolidated financial statements.

CIMPRESS N.V.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(in thousands)

	Attributable to owners of the Company									
	Share Capital	Share premium	Treasury Share	Foreign currency translation reserve	Hedging legal reserve	Fair value reserve	Retained earnings	Total	Non-controlling Interest	Total equity
Balance as of June 30, 2017	$ 615	$ 413,967	$(588,365)	$ (118,536)	$ (2,250)	$ (40,717)	$ 387,489	$ 52,203	$ 45,553	$ 97,756
Net income	—	—	—	—	—	—	20,901	20,901	3,055	23,956
Other comprehensive income	—	—	—	32,210	10,445	233	—	42,888	2,317	45,205
Total comprehensive income for the period	—	—	—	32,210	10,445	233	20,901	63,789	5,372	69,161
Transactions with owners of Cimpress N.V.:										
Contributions and distributions:										
Purchase of Treasury shares (Note 16)	—	—	(94,710)	—	—	—	—	(94,710)	—	(94,710)
Share-based compensation expense (Note 21)	—	37,958	—	—	—	—	—	37,958	—	37,958
Tax benefit of employee share transactions	—	16,103	—	—	—	—	—	16,103	—	16,103
Grant of restricted share awards (Note 21)	—	—	(168)	—	—	—	—	(168)	—	(168)
RSUs awarded, net of shares withheld for taxes (Note 21)	—	(4,784)	840	—	—	—	—	(3,944)	—	(3,944)
Share options exercised (Note 21)	—	(4,999)	(3,174)	—	—	—	—	(8,173)	—	(8,173)
Total contributions and distributions	—	44,278	(97,212)	—	—	—	—	(52,934)	—	(52,934)
Sale of non-controlling interests without change in control (Note 21)	—	—	—	—	—	(42,885)	—	(42,885)	42,885	—
Total transactions with owners of Cimpress N.V.	—	44,278	(97,212)	—	—	(42,885)	—	(95,819)	42,885	(52,934)
Balance as of June 30, 2018	$ 615	$ 458,245	$(685,577)	$ (86,326)	$ 8,195	$ (83,369)	$ 408,390	$ 20,173	$ 93,810	$ 113,983

The notes on pages 84 to 143 of this report are an integral part of these consolidated financial statements.

CIMPRESS N.V.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
(in thousands)

	Attributable to owners of the Company									
	Share Capital	**Share premium**	**Treasury Share**	**Foreign currency translation reserve**	**Hedging legal reserve**	**Fair value reserve**	**Retained earnings**	**Total**	**Non-controlling Interest**	**Total equity**
Balance as of June 30, 2018	$ 615	$ 458,245	$(685,577)	$ (86,326)	$ 8,195	$ (83,369)	$ 408,390	$ 20,173	$ 93,810	$ 113,983
Net income	—	—	—	—	—	—	111,788	111,788	(1,572)	110,216
Other comprehensive income	—	—	—	12,517	(21,437)	(380)	—	(9,300)	(2,994)	(12,294)
Total comprehensive income for the period	—	—	—	12,517	(21,437)	(380)	111,788	102,488	(4,566)	97,922
Transactions with owners of Cimpress N.V.:										
Contributions and distributions:										
Purchase of Treasury shares (Note 16)	—	—	(55,567)	—	—	—	—	(55,567)	—	(55,567)
Share-based compensation expense (Note 21)	—	15,155	—	—	—	—	—	15,155	—	15,155
Tax benefit of employee share transactions	—	(18,851)	—	—	—	—	—	(18,851)	—	(18,851)
Grant of restricted share awards (Note 21)	—	—	24	—	—	—	—	24	—	24
RSUs awarded, net of shares withheld for taxes (Note 21)	—	(2,866)	573	—	—	—	—	(2,293)	—	(2,293)
Share options exercised (Note 21)	—	(3,106)	3,100	—	—	—	—	(6)	—	(6)
Total contributions and distributions	—	(9,668)	(51,870)	—	—	—	—	(61,538)	—	(61,538)
Purchase of non-controlling interest (Note 17)	—	6,472	—	—	—	72,708	—	79,180	(85,520)	(6,340)
Acquisition of non-controlling interest (Note 17)	—	—	—	—	—	(9,061)	—	(9,061)	9,061	—
Sale of non-controlling interest (Note 17)	—	—	—	—	—	(85,141)	—	(85,141)	78,509	(6,632)
Distribution to non-controlling interest (Note 17)	—	—	—	—	—	—	—	—	(3,375)	(3,375)
Other adjustments for non-controlling interest (Note 17)	—	591	—	—	—	—	—	591	(3,346)	(2,755)
Total transactions with owners of Cimpress N.V.	—	(2,605)	(51,870)	—	—	(21,494)	—	(75,969)	(4,671)	(80,640)
Balance as of June 30, 2019	$ 615	$ 455,640	$(737,447)	$ (73,809)	$ (13,242)	$(105,243)	$ 520,178	$ 46,692	$ 84,573	$ 131,265

The notes on pages 84 to 143 of this report are an integral part of these consolidated financial statements.

CIMPRESS N.V.
CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

	Year Ended June 30, 2019	Year Ended June 30, 2018
Operating activities		
Net income	$ 110,216	$ 23,956
Adjustments for:		
Depreciation and amortization	169,649	164,887
Impairment of goodwill (Note 9)	7,513	—
Share-based compensation expense (Note 21)	18,807	44,335
Gain on sale of subsidiaries (Note 7)	—	(47,545)
Loss on early extinguishment of debt (Note 19)	—	17,359
Deferred taxes	1,385	3,596
Change in fair value of contingent consideration (Note 24)	—	1,774
Change in carrying value of non-controlling interest put and call rights (Note 17)	(6,138)	10,924
Unrealized gain on derivative instruments included in net income (Note 24)	(5,357)	(15,540)
Payments of contingent consideration in excess of fair value	—	(4,639)
Effect of exchange rate changes on monetary assets and liabilities denominated in non-functional currency	(4,365)	19,460
Other non-cash items	9,209	4,668
Changes in working capital, excluding the effect of acquisitions:		
Accounts receivable	(4,185)	(5,123)
Inventory	(3,627)	(7,068)
Prepaid expenses and other assets	4,475	(3,274)
Accounts payable	19,834	21,782
Accrued expenses and other liabilities	92,635	40,065
Income tax paid	(26,369)	(32,278)
Interest paid	(56,705)	(49,125)
Net cash provided by operating activities	326,977	188,214
Investing activities		
Purchases of property, plant and equipment	(70,564)	(60,930)
Proceeds from the sale of subsidiaries, net of transaction costs and cash divested (Note 7)	—	93,779
Business acquisition, net of cash acquired (Note 7)	(293,203)	(2,215)
Purchases of intangible assets	(65)	(308)
Software and website development expenditures	(48,652)	(40,847)
Realized loss on derivatives designated as hedging instruments	(11,606)	—
Proceeds from sale of assets	641	886
Other investing activities	—	(3,064)
Net cash used in investing activities	(423,449)	(12,699)
Financing activities		
Proceeds from borrowings of long-term debt (Note 20)	1,140,607	805,995
Proceeds from issuance of senior notes (Note 20)	—	400,000
Payments of debt (Note 20)	(947,696)	(974,781)
Payments of early redemption of senior notes (Note 20)	—	(275,000)
Payments of early redemption fees for senior notes (Note 20)	—	(14,438)
Payments of debt issuance costs (Note 20)	(2,729)	(10,629)
Payments of withholding taxes in connection with vesting of restricted share units	(5,980)	(19,698)
Purchase of ordinary shares	(55,567)	(94,710)
Payments of financial lease obligations	(12,943)	(13,500)

The notes on pages 84 to 143 of this report are an integral part of these consolidated financial statements.

CIMPRESS N.V.
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
(in thousands)

	Year Ended June 30,	
	2019	2018
Financing activities (continued)		
Purchase of non-controlling interest (Note 18)	(85,520)	(1,144)
Proceeds from issuance of shares	3,403	11,981
Issuance of loans	—	(21,000)
Proceeds from sale of non-controlling interest (Note 18)	57,046	35,390
Distribution to non-controlling interest (Note 18)	(3,375)	—
Other financing activities	2,144	—
Net cash provided by (used in) financing activities	89,390	(171,534)
Effect of exchange rate changes on cash	(1,866)	2,507
Change in cash held for sale (Note 7)	—	12,042
Net (decrease) increase in cash and cash equivalents	(8,948)	18,530
Cash and cash equivalents at beginning of period	44,227	25,697
Cash and cash equivalents at end of period	$ 35,279	$ 44,227
Supplemental disclosures of cash flow information:		
Non-cash investing and financing activities:		
Property and equipment acquired under financial leases	11,871	531
Amounts accrued related to business acquisitions	2,397	3,457

The notes on pages 84 to 143 of this report are an integral part of these consolidated financial statements.

1. Reporting Entity

Cimpress N.V. is a company domiciled in the Netherlands. The company's registered office is Building D, Xerox Technology Park, Dundalk, Co. Louth, Ireland. The company is registered under number 14117527 in the Trade register. These consolidated financial statements comprise Cimpress N.V. and its subsidiaries (hereafter interchangeably referred to as "we", "us", "Cimpress"). Ordinary shares of Cimpress N.V. trade on The Nasdaq Stock Market under the "CMPR" ticker symbol.

Cimpress is a strategically focused group of more than a dozen businesses that specialize in mass customization, via which we deliver large volumes of individually small-sized customized orders for a broad spectrum of print, signage, photo merchandise, invitations and announcements, writing instruments, packaging, apparel and other categories. We invest in and build customer-focused, entrepreneurial mass customization businesses for the long term, which we manage in a decentralized, autonomous manner. Mass customization is a core element of the business model of each Cimpress business. We drive competitive advantage across Cimpress through a select few shared strategic capabilities that have the greatest potential to create Cimpress-wide value. We limit all other central activities to only those which absolutely must be performed centrally.

2. Basis of Preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (EU-IFRSs) and with the Netherlands Civil Code, Part 9 of Book 2. The consolidated financial statements were authorized for issue by the Board of Directors on October 8, 2019.

WIRmachenDRUCK GmbH, Backnang / Germany and Cimpress Deutschland GmbH, Berlin / Germany, are included in the consolidated financial statements of Cimpress N.V., Venlo / Netherlands, and therefore released from the preparation of annual financial statements as of June 30, 2019 and from publication in the Federal Gazette (Bundesanzeiger) in accordance with § 264 (3) of the German Commercial Code (HGB).

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

- derivative and non-derivative financial instruments are measured at fair value;
- liabilities for cash-settled share-based payment arrangements are measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in United States Dollars ($), which is our functional currency. All amounts have been rounded to the nearest thousand, unless indicated otherwise.

(d) Use of judgments, estimates and assumptions

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

(i) Judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 7 - Acquisitions and Divestitures
- Note 17 - Non-Controlling Interest
- Note 22 - Provisions

(ii) Assumptions and estimation uncertainties

Information about significant assumptions and estimation uncertainties for the fiscal year ended June 30, 2019 are included in the following notes:

- Note 7 - Acquisitions and Divestitures
- Note 9 - Intangible Assets and Goodwill
- Note 17 - Non-Controlling Interest
- Note 21 - Share-Based Payment Arrangements
- Note 22 - Provisions
- Note 27 - Income Taxes

(iii) Measurement of fair values

A number of our accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. We have an established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or a liability, we use market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. We recognize transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 7 - Acquisitions and Divestitures
- Note 21 - Share-Based Payment Arrangements
- Note 24 - Financial Instruments

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by us (including through de-facto control). We control an entity when we are exposed to, or have rights to, variable returns from our involvement with the entity and we have the ability to affect those returns through our power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Business combination

We account for business combinations using the acquisition method when control is transferred to us (see Note 7). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see Note 9). Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities (see Note 7).

Any contingent consideration payable is measured at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in the consolidated statement profit or loss.

Non-controlling Interests

Non-controlling interests are measured at fair value at the acquisition date. Changes in our interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. We often write put options on shares in some of our subsidiaries that are held by non-controlling interests. The put option provides the non-controlling shareholder with the right to force us to purchase their shares in accordance with the terms and conditions of the put option. Additionally, we often purchase call options, with different terms than our put options, which provides us the right to force the non-controlling shareholder to sell their shares in accordance with the terms and conditions of the call option. Our call options generally provide us with the option to purchase the shares at a later date than the written put option. Options are issued at the time we acquire a controlling interest in a subsidiary, or at a time that we sell a minority interest.

Put options granted to non-controlling interests, that do not provide us present access to the benefits associated with the ownership interest, give rise to a financial liability which is measured at the present value of the redemption amount. On the initial recognition of the financial liability, a corresponding reduction is recognized in another component of equity attributable to the parent. Subsequently, the put option is measured in accordance with IFRS 9. As per IFRS 9, changes in the carrying amount of the financial liability are recognized in financing income or cost. The non-controlling interest continues to be recognized within equity until the put is exercised. The carrying amount of non-controlling interest changes due to allocations of profit or loss and dividends declared for the reporting period (if applicable).

A call option on non-controlling interest is a financial derivative asset as the terms of the option are not for a fixed amount or even if exercise price is fixed then it is payable in foreign currency and hence it fails fixed to fixed notion/equity classification. The call option is initially recognized at its fair value, with any subsequent changes in its fair value recognized in financing income or cost. If the call option is exercised, the fair value of the option at that date is included as part of the cost of the acquisition of the non-controlling interest.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of our subsidiaries entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

Foreign currency differences arising from the translation of the following items are recognized in OCI:

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedges are effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into USD at exchange rates at the reporting date. The income and expenses of foreign operations are translated into USD at the exchange rates at the dates of the transactions. Foreign currency differences are recognized in other comprehensive income and accumulated in the foreign currency translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If we dispose of part of our interest in a subsidiary but retain control, then the relevant proportion of the cumulative amount is re-attributed to non-controlling interests.

Hedge of a net investment in foreign operation

We apply hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and our functional currency (USD). To the extent that the hedge is effective, foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized in OCI and accumulated in the translation reserve. Any remaining differences are recognized in profit or loss. When the hedged net investment is disposed of, the relevant amount in the translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

Financial instruments

Non-derivative financial assets and financial liabilities

We recognize non-derivative financial assets primarily for loans and receivables, and non-derivative financial liabilities for trade payables and debt. We initially recognize loans, receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

For receivables, which generally do not contain any significant financing component and are held to collect contractual cash flows, we recognize these balances at amortized cost, which represents the initial invoiced amount minus any payments and bad debt allowances. We recognize a bad debt allowance based on our expected credit losses over the lifetime of the receivable, using the simplified impairment approach, which is determined based on historical customer default rates and other customer-specific information. Generally, we develop our expected collection rates using historical collection trends, based on the age of our receivables for similar customer cohorts. Historical collection data provides the best indicator of future collections, in part because our receivables are comprised of a high volume of homogeneous, low value receivable balances. We also consider any specific business or market events that would indicate that prior trends are not indicative of future trends and we make adjustments to our collection rate assumptions accordingly.

We de-recognize a financial asset when the contractual rights to the cash flows from the asset expires, or we transfer the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or we neither transfer nor retain substantially all of the risks and rewards of ownership and we do not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by us is recognized as a separate asset or liability. We de-recognize a financial liability when its contractual obligations are discharged or canceled, or expired.

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, we have a legal right to offset the amounts and we intend either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

We classify non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit and loss ("FVTPL") and financial liabilities measured at amortized cost. A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognized in profit or loss. Other non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

Derivative Instruments

We enter into derivative contracts that are intended to economically hedge certain risks. We may not elect to apply hedge accounting or the instrument may not qualify for hedge accounting. When hedge accounting is not applied, the changes in the fair value of the derivatives are recorded directly in profit or loss as a component of other income, net.

In accordance with the fair value measurement guidance, our accounting policy is to measure the credit risk of derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio. We execute derivative instruments with financial institutions that are assumed to be credit-worthy as defined as institutions that hold an investment grade credit rating.

Hedging Instruments

We hold derivative financial instruments to hedge foreign currency and interest rate risk exposures. Embedded derivatives are not required to be separated from the host contract and accounted for separately as the economic characteristics and risks of the host contract and the embedded derivative are closely related.

We apply hedge accounting to arrangements that qualify and are designated for hedge accounting treatment, which includes cash flow and net investment hedges. Hedge accounting is discontinued prospectively if the hedging relationship ceases to be effective or the hedging or hedged items cease to exist as a result of maturity, sale, termination or cancellation.

On initial designation of the hedge, we formally document the relationship between the hedging instrument (s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. Under IAS 39, we make an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, to determine whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

Cash flow hedges

Derivatives designated and qualifying as hedges of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges which could include interest rate swap contracts and forward currency contracts. In a cash flow hedging relationship, the effective portion of the change in the fair value of the hedging derivative is initially recorded in other comprehensive income, while any ineffective portion is recognized directly in profit or loss as a component of other income, net. The portion of gain or loss on the derivative instrument previously accumulated in equity is reclassified in profit or loss, if the forecasted transaction is no longer expected to occur.

Net investment hedges

Derivatives designated and qualifying as hedges of currency exposure of a net investment in a foreign operation are considered net investment hedges which could include cross-currency swap contracts. In hedging the currency exposure of a net investment in a foreign operation, the effective portion of gains and losses on the hedging instruments is recognized in other comprehensive income as part of currency translation adjustment, while any ineffective portion is recognized directly in profit or loss as a component of other income, net. The portion of gain or loss on the derivative instrument previously accumulated in equity is reclassified to profit or loss if there is a reduction of investment in the hedged foreign operation through a sale or substantial liquidation.

Share capital

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented within share premium.

Impairment

Non-derivative financial assets

We consider evidence of impairment for these assets at the end of each fiscal year. In assessing impairment, we use historical information on the timing of recoveries and the amount of loss incurred, and make an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends. An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When we find there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Non-financial assets

At each reporting date, we review the carrying amounts of our non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment at the CGU level to which it has been allocated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Determination of CGUs is based upon the manner in which our operations are managed and the availability of separate financial information reported internally to the Chief Executive Officer for purposes of making decisions about how to allocate resources and assess performance.

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using an after-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Assets that qualify for the capitalization of interest cost during their construction period are evaluated on a project basis and, if material, the costs are capitalized. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss. A subsequent expenditure is capitalized only when it is probable the future economic benefits associated with the expenditure will flow to us.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Leased assets are depreciated over the shorter of the lease term or their useful lives unless it is reasonably certain that we will obtain ownership by the end of the lease term. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Construction in progress represents the direct costs relating to the acquisition or construction of a project, and costs are capitalized like property, plant and equipment. Subsequently, construction in progress will be carried at cost until such construction in progress is available for use. On construction in progress being available for use, the asset will be reclassified to a relevant category of property, plant and equipment and will thereafter be subject to normal depreciation and impairment provision.

Intangible Assets and Goodwill

Goodwill arising from the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Other intangible assets includes customer relationships, trademarks, developed technology, customer and referral network, internally developed software cost, etc. Intangible assets are primarily acquired, have finite useful lives and are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Goodwill is not amortized. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Expenditures on research activities are recognized in profit or loss as incurred. We capitalize directly attributable costs to create, produce, and prepare internally developed websites and internal-use computer software in accordance with IAS 38. Directly attributable costs include eligible salaries and payroll-related costs of employees who devote time to asset development. Any administrative costs or overhead related to development projects are expensed as incurred. Capitalization of development costs begins when the preliminary project stage is complete, management with the relevant authority authorizes and commits to the funding of the software project, and it is probable that the project will be completed and the software will be used to perform the function intended. These costs are amortized on a straight-line basis over the estimated useful life of the software. Costs associated with preliminary stage software development, repair, maintenance or the development of website content are expensed as incurred.

A subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Inventories

Inventories consist primarily of raw materials and are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Costs to produce free products are included in cost of sales as incurred.

Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if we have a present legal or constructive obligation to pay as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

We measure share-based compensation costs at fair value, and recognize the expense over the period that the recipient is required to provide service in exchange for the award, which generally is the vesting period. We recognize share based compensation cost during the vesting period based on the best available estimate of the number of equity instruments expected to vest (factoring estimated forfeiture rates up-front in accruing share-based compensation cost) and revise that estimate, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates.

The fair value of share options is determined using the Black-Scholes valuation model, or lattice model for share options with a market condition or subsidiary share options. The fair value of RSUs and restricted share awards ("RSAs") is determined based on the quoted price of our ordinary shares on the date of the grant.

For the awards with a graded vesting schedule, we recognize compensation cost on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards regardless of the award subject to service condition or market condition. We treat each tranche as a separate grant, as each has a different vesting period.

We treat awards that are ultimately settle-able in cash as liability awards and mark the award to market each reporting period, recognizing any gain or loss in our statements of operations. For awards with a non-market performance condition vesting feature, compensation cost is recorded if it is probable that the performance condition will be achieved.

We grant performance share units, or PSUs, associated with our long-term incentive program. Compensation expense for our PSUs is estimated at fair value on the date of grant, which is fixed throughout the vesting period. The fair value is determined using a Monte Carlo simulation valuation model. As the PSUs include both a service and market condition, the related expense is recognized using the accelerated expense attribution method over the requisite service period for each separately vesting portion of the award. For PSUs that meet the service vesting condition, the expense recognized over the requisite service period will not be reversed if the market condition is not achieved.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. We currently have only one immaterial defined benefit plan that covers substantially all of our employees in Switzerland. Our net obligation in respect of the plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for us, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. We determine the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

Other long-term employee benefits

Our net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when we can no longer withdraw the offer of those benefits and when we recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, they are discounted.

Sabbatical leave

Compensation expense associated with a sabbatical leave, or other similar benefit arrangements, is accrued over the requisite service period during which an employee earns the benefit, net of estimated forfeitures, and is included in other liabilities on consolidated balance sheets.

Provisions other than restructuring

A provision is formed for liabilities if it is probable that they will have to be settled and the amount of the liability can be reliably estimated. The amount of the provision is determined based on a best estimate of the amounts required to settle the liabilities and losses concerned at the reporting date. If obligations are expected to be reimbursed by a third party, such reimbursement is included as an asset in the statement of financial position, if it is probable that such reimbursement will be received when the obligation is settled.

Restructuring

A provision for restructuring is recognized when we have a constructive obligation, which occurs when there is an approved, detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Restructuring costs are recorded in connection with initiatives designed to improve efficiency or enhance competitiveness. Restructuring initiatives require us to make estimates in several areas, including expenses for severance and other employee separation costs and ability to generate sublease income to enable us to terminate lease obligations at the estimated amounts. One-time termination benefits are expensed at the date we notify the employee, unless the employee must provide future service beyond the statutory minimum retention period, in which case the benefits are expensed ratably over the future service period. Liabilities for costs associated with a facility exit or disposal activity are recognized when the liability is incurred, as opposed to when management commits to an exit plan, and are measured at fair value.

Revenue Recognition

We generate revenue primarily from the sale and shipment of customized manufactured products. To a much lesser extent (and only in our Vistaprint business) we provide digital services, website design and hosting, and email marketing services, as well as a small percentage from order referral fees and other third-party offerings. Revenues are recognized when control of the promised products or services is transferred to the customer in an amount that reflects the consideration we expect to be entitled to in exchange for those products or services. Shipping revenues are recognized when control of the related products is transferred to the customer.

Under the terms of most of our arrangements with our customers we provide satisfaction guarantees, which give our customers an option for a refund or reprint over a specified period of time if the customer is not fully satisfied. As such, we record a liability for estimated sales returns and allowances as a reduction of revenue, based on historical experience or the specific identification of an event necessitating a refund liability. Actual sales returns have historically not been significant.

We recognize revenue for our performance obligations upon the transfer of control of fulfilled orders, which generally occurs upon delivery to a shipping carrier. We do have some arrangements whereby the transfer of control, and thus revenue recognition, occurs upon delivery to the customer. If multiple products are ordered together, each product is considered a separate performance obligation, and the transaction price is allocated to each performance obligation based on the standalone selling price. Revenue is recognized upon satisfaction of each performance obligation. We generally determine the standalone selling prices based on the prices charged to our customers for the individual product.

Our products are customized for each individual customer with no alternative use except to be delivered to that specific customer; however, we do not have an enforceable right to payment prior to delivering the items to the customer based on the terms and conditions of our arrangements with customers and therefore we recognize revenue at a point in time.

We record a contract liability when cash payments are received in advance of our satisfaction of the related performance obligation. The satisfaction of performance obligations generally occur shortly after cash payment and we expect to recognize our contract liability balance as revenue within three months subsequent to June 30, 2019.

We periodically provide marketing materials and promotional offers to new customers and existing customers that are intended to improve customer retention. These incentive offers are generally available to all customers and, therefore, do not represent a performance obligation as customers are not required to enter into a contractual commitment to receive the offer. These discounts are recognized as a reduction to the transaction price when used by the customer. Costs related to free products are included within cost of revenue and sample products are included within marketing and selling expense.

Cost of sales

Cost of sales represents the direct and indirect expenses attributable to revenue, purchase expenses related to the goods sold, employee cost, depreciation charges for buildings and equipment, and other operating expenses that are attributable to cost of sales.

Operating income

Operating income is the result generated from the continuing principal revenue-producing activities as well as other income and expenses related to operating activities. Operating income excludes net finance costs and income taxes.

Finance income and finance costs

Our finance income and finance costs include:

- interest income
- interest expense

- Gains or losses for the re-measurement to fair value or redemption value of NCI call option assets and put liabilities, respectively
- the gain on the re-measurement to fair value of any pre-existing interest in an acquiree in a business combination
- the net gain or loss on interest rate swaps as hedging instruments are recognized in profit or loss
- the reclassification of net gains or loss previously recognized in OCI in relation to interest rate swaps

Interest income or expense is recognized using the effective interest method.

Income tax

As part of the process of preparing our consolidated financial statements, we calculate our income taxes in each of the jurisdictions in which we operate. Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI. Uncertain income tax positions are accounted for under IAS 12 with early application of IFRIC 23. Interest and penalties related to a particular income tax treatment, that in their nature form part of the tax treatment, are accounted for under IAS 12. Non-income tax related uncertain tax positions, interest and penalties are accounted for under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets,* unless they are dealt with specifically in another standard.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that we are able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for our individual subsidiaries. We assess the ability to realize our deferred tax assets based upon the weight of available evidence both positive and negative. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which we expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and we have not rebutted this presumption. Deferred tax assets and liabilities are offset only if certain criteria are met.

Leases

At inception of an arrangement, we determine whether such an arrangement is or contains a lease. If a lease exists, we separate payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If we conclude for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using our incremental borrowing rate.

Leased assets

Assets held by us under leases that transfer to us substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognized in our statement of financial position.

Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which we have access at that date. The fair value of a liability reflects its non-performance risk.

A number of our accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When available, we measure the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If no quoted price is available, we then use a valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. If an asset or a liability measured at fair value has a bid price and an ask price, then we measure assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If we determine that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Cash flow presentation

We apply *IAS 7 Disclosure Initiative,* which requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. We have separately disclosed as supplementary disclosure to our consolidated statement of cash flow any non-cash changes that elate to financing activities.

4. Recently Issued or Adopted Accounting Pronouncements

Newly Adopted Accounting Standards

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. We adopted this standard effective July 1, 2018.

We have evaluated the impact of IFRS 9 as it relates to each category of financial assets and liabilities. Under the new standard, we recognize our trade receivables, which do not contain a significant financing component, at amortized costs, which is the undiscounted invoiced amount, rather than fair value. We also recognize a bad debt allowance based on the expected credit losses over the lifetime of the receivables under the simplified approach method of IFRS 9. These changes do not have a material impact on our consolidated financial statements. In addition, we have other financial instruments, which includes puttable instruments that qualify as derivatives under IFRS 9 and are associated with certain of our businesses that include a non-controlling interest, and are recognized at fair value with changes recognized in the consolidated statement of profit or loss. We continue to recognize our non-hedging derivative instruments at fair value, with changes recognized in the consolidated statement of profit or loss and for derivatives designated as hedging instruments, we continue to recognize the effect of those in either the consolidated statement of profit or loss or other comprehensive income in the same period as the impact from the hedged item.

These classification and measurement guidelines under IFRS are generally consistent with our past practices, and as a result, our adoption of the new standard did not have a material impact on our consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Program's. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018 with early adoption permitted. The standard permits the use of either the retrospective or modified retrospective method. We have adopted the new standard in fiscal year 2019, and applied the modified retrospective approach.

We performed our assessment of the new standard on a business unit by business unit basis through a review of contract terms and material revenue streams. We have identified an impact related to customer loyalty programs that are offered by several of our businesses. Under the new revenue standard, the rewards associated with these programs will be recognized as an additional performance obligation, resulting in an allocation of the transaction price and deferral of revenue until the subsequent reward redemption. The new standard does not have a material impact on our consolidated results.

Issued Accounting Standards to be Adopted

IFRS 16 Leases

IFRS 16 replaces the existing guidance in IAS 17 Leases and requires most leases to be recognized on-balance (under a single model) for lessees. This eliminates the distinction between operating and finance leases for lessees. Lessor accounting remains largely unchanged. For the lessors the distinction between operating and finance lease is retained. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted if aforementioned IFRS 15 has also been applied. The new standard is effective for us on July 1, 2019 and we expect to adopt the new standard using the modified retrospective approach. We will use the transition relief package, in which we will not reassess the classification of our existing leases, whether any expired or existing contracts contain leases and if our existing leases have any initial direct costs.

We have set up a project team which has reviewed all of the group's leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for our operating leases. As of June 30, 2019, we have non-cancellable operating lease commitments of $206,073. Refer to Note 29 for additional details. We do not expect the new standard to have a material impact on our net income. Upon transition on July 1, 2019, we will recognize an incremental lease asset, in addition to our existing finance lease assets, of approximately $165,000 and an incremental lease liability, in addition to our existing finance lease liabilities, of approximately $170,000. We are evaluating additional disclosure requirements of the standard.

5. Segment Information

Our operating segments are based upon the manner in which our operations are managed and the availability of separate financial information reported internally to the Chief Executive Officer, who is our Chief Operating Decision Maker ("CODM") for purposes of making decisions about how to allocate resources and assess performance.

During fiscal 2019, we revised our internal organizational and reporting structure resulting in changes to our Upload and Print reportable segment. Due to the organizational changes, our Upload and Print reportable segment have been split into two separate operating and reportable segments, PrintBrothers and The Print Group. These changes in reporting structure are intended to position leaders closer to operations of the businesses, to lower costs, and to drive culture, priorities and technologies that improve customer and financial outcomes. We have revised our presentation of all prior periods presented to reflect our revised segment reporting.

As of June 30, 2019 we have numerous operating segments under our management reporting structure which are reported in the following five reportable segments:

- *Vistaprint* - Includes the operations of our Vistaprint-branded websites focused on the North America, Europe, Australia and New Zealand markets, and our Webs-branded business, which is managed with the Vistaprint-branded digital business in the previously listed geographies.

- *PrintBrothers* - Includes the results of our druck.at, Printdeal, and WIRmachenDRUCK branded businesses.

- *The Print Group* - Includes the results of our Easyflyer, Exagroup, Pixartprinting, and Tradeprint businesses.

- *National Pen* - Includes the global operations of our National Pen branded businesses, which manufacture and market custom writing instruments and promotional products, apparel and gifts.

- *All Other Businesses* - Includes a collection of businesses grouped together based on materiality:
    - BuildASign, acquired on October 1, 2018, is an internet-based provider of canvas-print wall décor, business signage and other large-format printed products, based in Austin, Texas.
    - Printi is an online printing leader in Brazil, which offers a superior customer experience with transparent and attractive pricing, reliable service and quality.
    - VIDA, acquired on July 2, 2018, is an innovative startup that brings manufacturing access and an e-commerce marketplace to artists, thereby enabling artists to convert ideas into beautiful, original products for customers, ranging from custom fashion, jewelry and accessories to home accent pieces.
    - Vistaprint Corporate Solutions serves medium-sized businesses and large corporations, as well as a legacy revenue stream with retail partners and franchise businesses.
    - Vistaprint India operates a derivative of the Vistaprint business model, albeit with higher service levels and quality, fully domestic, Indian content, pricing that is a slight premium to many traditional offline alternatives, and almost no discounting.
    - Vistaprint Japan operates a derivative of the Vistaprint business model with a differentiated position relative to competitors who tend to focus on upload and print, not the self-service, micro-business customer which Vistaprint Japan serves.
    - Albumprinter through its divestiture date of August 31, 2017.

Central and corporate costs consist primarily of the team of software engineers that is building our mass customization platform; shared service organizations such as global procurement; technology services such as hosting and security; administrative costs of our Cimpress India offices where numerous Cimpress businesses have dedicated business-specific team members; and corporate functions including our Board of Directors, CEO, and the team members necessary for managing corporate activities, such as treasury, tax, capital allocation, financial consolidation, internal audit and legal. These costs also include certain unallocated share-based compensation costs.

For awards granted under our 2016 Performance Equity Plan, the PSU expense value is based on a Monte Carlo fair value analysis and is required to be expensed on an accelerated basis. In order to ensure comparability in measuring our businesses' results, we allocate the straight-line portion of the fixed grant value to our businesses. Any expense in excess of the amount as a result of the fair value measurement of the PSUs and the accelerated expense profile of the awards is recognized within Central and corporate costs. All expense or benefit associated with our supplemental PSUs is recognized within Central and corporate costs.

Segment profit (loss) is the primary profitability metric by which our CODM measures segment financial performance and allocates resources. Certain items are excluded from segment profit (loss), such as acquisition-related amortization and depreciation, expense recognized for contingent earn-out related charges, including the changes in fair value of contingent consideration and compensation expense related to cash-based earn-out mechanisms dependent upon continued employment, share-based compensation related to investment consideration, certain impairment expense, and restructuring charges. A portion of the interest expense associated with our Waltham, Massachusetts lease is included as expense in segment profit (loss) and allocated based on headcount to the appropriate business or corporate and global function. The interest expense represents a portion of the cash rent payment and is considered an operating expense for purposes of measuring our segment performance. We do not allocate non-operating income to our segment results.

Our All Other Businesses reportable segment includes businesses that have operating losses as they are in the early stage of investment relative to the scale of the underlying businesses, which may limit its comparability to other segments regarding profit (loss).

Our balance sheet information is not presented to the CODM on an allocated basis, and therefore we do not present asset information by segment. We do present other segment information to the CODM, which includes purchases of property, plant and equipment and capitalization of software and website development costs, and therefore include that information in the tables below.

Revenue by segment is based on the business-specific websites or sales channel through which the customer's order was transacted. The following tables set forth revenue by reportable segments, as well as disaggregation of revenue by major geographic regions and reportable segments.

	Year Ended June 30,	
	2019	2018
Revenue:		
Vistaprint (1)	$ 1,472,671	$ 1,462,686
PrintBrothers (2)	443,987	410,776
The Print Group (3)	325,872	320,473
National Pen (4)	348,409	333,266
All Other Businesses (5)	185,052	87,583
Total segment revenue	2,775,991	2,614,784
Inter-segment eliminations	(24,915)	(22,243)
Total consolidated revenue	$ 2,751,076	$ 2,592,541

(1) Vistaprint segment revenues include inter-segment revenue of $12,617 and $10,542 for the years ended June 30, 2019 and 2018.
(2) PrintBrothers segment revenues include inter-segment revenue of $1,227 and $2,068 for the years ended June 30, 2019 and 2018.
(3) The Print Group segment revenues include inter-segment revenue of $796 and $690 for the years ended June 30, 2019 and 2018.
(4) National Pen segment revenues include inter-segment revenue of $3,729 and $2,956 for the years ended June 30, 2019 and 2018.
(5) All Other Businesses segment revenues include inter-segment revenue of $6,546 and $5,987 for the years ended June 30, 2019 and 2018.

Revenue by Geography:	Year Ended June 30, 2019 Vistaprint	PrintBrothers	The Print Group	National Pen	All Other	Total
North America	$1,019,407	$ —	$ —	$ 179,425	$ 133,736	$1,332,568
Europe	370,801	442,760	325,076	134,381	2,966	1,275,984
Other	69,846	—	—	30,874	41,804	142,524
Inter-segment	12,617	1,227	796	3,729	6,546	24,915
Total segment revenue	1,472,671	443,987	325,872	348,409	185,052	2,775,991
Less: inter-segment elimination	(12,617)	(1,227)	(796)	(3,729)	(6,546)	(24,915)
Total external revenue	$1,460,054	$ 442,760	$ 325,076	$ 344,680	$ 178,506	$2,751,076

Revenue by Geography:	Year Ended June 30, 2018 Vistaprint	PrintBrothers	The Print Group	National Pen	All Other	Total
North America	$ 993,296	$ —	$ 2,136	$ 170,745	$ 22,196	$1,188,373
Europe	383,715	408,708	317,647	132,352	15,104	1,257,526
Other	75,133	—	—	27,213	44,296	146,642
Inter-segment	10,542	2,068	690	2,956	5,987	22,243
Total segment revenue	1,462,686	410,776	320,473	333,266	87,583	2,614,784
Less: inter-segment elimination	(10,542)	(2,068)	(690)	(2,956)	(5,987)	(22,243)
Total external revenue	$1,452,144	$ 408,708	$ 319,783	$ 330,310	$ 81,596	$2,592,541

	Year Ended June 30, 2019	2018
Segment profit (loss):		
Vistaprint	$ 280,562	246,670
PrintBrothers	36,968	33,890
The Print Group	47,439	45,420
National Pen	9,808	21,363
All Other Businesses	(29,343)	(33,976)
Total segment profit	345,434	313,367
Corporate and global functions	(107,813)	(130,989)
Acquisition-related amortization and depreciation	(53,526)	(50,149)
Earn-out related charges (1)	—	(2,391)
Share-based compensation related to investment consideration	(2,893)	(6,792)
Certain impairments (2)	(8,110)	—
Restructuring charges	(11,565)	(15,075)
Gain on the purchase or sale of subsidiaries (3)	—	47,945
Total income (loss) from operations	$ 161,527	$ 155,916

(1) Includes expense recognized for the change in fair value of contingent consideration and compensation expense related to cash-based earn-out mechanisms dependent upon continued employment.
(2) Includes the impact of impairments or abandonments of goodwill and other long-lived assets.
(3) Includes the impact of the gain on the sale of Albumprinter, as well as a bargain purchase gain for an acquisition in which the identifiable assets acquired and liabilities assumed are greater than the consideration transferred, that was recognized in general and administrative expense in our consolidated statement of operations during the year ended June 30, 2018.

	Year Ended June 30,	
	2019	2018
Depreciation and amortization:		
Vistaprint	$ 60,304	$ 63,853
PrintBrothers	22,108	25,005
The Print Group	29,437	34,594
National Pen	21,642	21,546
All Other Businesses	22,467	9,255
Corporate and global functions	13,691	10,634
Total depreciation and amortization	$ 169,649	$ 164,887

Enterprise Wide Disclosures:

	Year Ended June 30,	
	2019	2018
Revenue:		
United States	$ 1,361,438	$ 1,078,544
Germany (1)	367,375	340,881
Other (2)	1,022,263	1,173,116
Total revenue	$ 2,751,076	$ 2,592,541

(1) During the fiscal years ended June 30, 2019 and 2018, our revenues within the German market exceeded 10% of our total consolidated revenue. Therefore we have presented Germany as a significant geographic area.

(2) Our all other revenue includes the Netherlands, our country of domicile. Revenue earned in any individual country was not greater than 10% of consolidated revenue for the years presented.

	Year Ended June 30,	
	2019	2018
Revenue:		
Physical printed products and other (3)	$ 2,700,167	$ 2,537,201
Digital products/services	50,909	55,340
Total revenue	$ 2,751,076	$ 2,592,541

(3) Other revenue includes miscellaneous items which account for less than 1% of revenue.

	June 30,	
	2019	2018
Long-lived assets (4):		
Netherlands	$ 73,601	$ 109,556
Canada	73,447	81,334
Italy	43,203	42,514
United States	57,118	45,709
Switzerland	57,488	27,900
Australia	20,749	22,418
France	18,533	20,131
Jamaica	21,267	21,720
Japan	17,768	19,117
Other	79,006	80,640
Total	$ 462,180	$ 471,039

(4) Excludes intangible assets and goodwill of $1,054,963 and $810,974, and deferred tax assets of $61,298 and $85,059 as of June 30, 2019 and 2018, respectively.

6. List of Subsidiaries

Below is a list of our material subsidiaries as of June 30, 2019:

Subsidiary	Ownership Percentage in Subsidiary	Jurisdiction of Incorporation
Araprint B.V.	88%	The Netherlands
Build A Sign LLC	99%	Delaware, USA
Cimpress Australia Pty Limited	100%	Australia
Cimpress Detroit Incorporated	100%	Delaware, USA
Cimpress Deutschland GmbH	100%	Germany
Cimpress España, S.L.	100%	Spain
Cimpress France SARL	100%	France
Cimpress India Private Limited	100%	India
Cimpress Investments B.V.	100%	The Netherlands
Cimpress Ireland Limited	100%	Ireland
Cimpress Italy S.r.l.	100%	Italy
Cimpress Jamaica Limited	100%	Jamaica
Cimpress Japan Co., Ltd.	100%	Japan
Cimpress Philippines Incorporated	100%	Philippines
Cimpress Schweiz GmbH	100%	Switzerland
Cimpress Security Israel Ltd.	100%	Israel
Cimpress Technologies Private Limited	100%	India
Cimpress Technology Czech Republic s.r.o.	100%	Czechia
Cimpress Tunisie SARL	100%	Tunisia
Cimpress UK Limited	100%	England and Wales
Cimpress USA Incorporated	100%	Delaware, USA
Cimpress USA Manufacturing Incorporated	100%	Delaware, USA
Cimpress Windsor Corporation	100%	Nova Scotia, Canada
Del Camino SCI	100%	France
Druck.at Druck- und Handelsgesellschaft GmbH	88%	Austria
Drukwerkdeal.nl B.V.	88%	The Netherlands
Drukwerkdeal.nl Productie B.V.	88%	The Netherlands
E-Factory SAS	100%	France
Exagroup SAS	100%	France
FL Print SAS	100%	France
FM Impressos Personalizados Ltda	54%	Brazil
La Mougère SCI	100%	France
Litotipografia Alcione S.r.l.	100%	Italy
National Pen Co. LLC	100%	Delaware, USA
National Pen Promotional Products Limited	100%	Ireland
National Pen Tennessee LLC	100%	Delaware, USA
National Pen Tunisia SARL	100%	Tunisia

List of our material subsidiaries, continued:

Subsidiary	Ownership Percentage in Subsidiary	Jurisdiction of Incorporation
NP Corporate Services LLC	100%	Delaware, USA
Pixartprinting S.p.A.	100%	Italy
Printdeal B.V.	88%	The Netherlands
Printi LLC	54%	Delaware, USA
Shanghai Cimpress Technology Company Limited	100%	China
Tradeprint Distribution Limited	100%	England and Wales
VIDA & Co.	73%	Delaware, USA
VIDA Group Co.	73%	Delaware, USA
Vistaprint B.V.	100%	The Netherlands
Vistaprint Corporate Solutions Incorporated	100%	Delaware, USA
Vistaprint Limited	100%	Bermuda
Vistaprint Manufacturing Texas LLC	100%	Delaware, USA
Vistaprint Netherlands B.V.	100%	The Netherlands
Webs, Inc.	100%	Delaware, USA
WIRmachenDRUCK GmbH	87%	Germany

7. Acquisitions and Divestitures

Fiscal 2019 Acquisitions

Acquisition of Build A Sign LLC

On October 1, 2018, we completed the acquisition of Build A Sign LLC ("BuildASign"), a vertically integrated U.S. web-to-print canvas wall dècor and signage company. We acquired approximately 99% of the outstanding equity interests of BuildASign for a purchase price of $275,079 in cash, which includes a post-closing adjustment paid during the second quarter of fiscal 2019 and was based on BuildASign's cash, debt and working capital position as of the acquisition date.

The acquisition supports our strategy of investing in and building customer-focused, entrepreneurial, mass customization businesses for the long term, which we manage in a decentralized and autonomous manner. BuildASign brings strong talent, a customer-centric culture, low-cost production operations and strong e-commerce capabilities that work seamlessly together to serve customers with market-leading prices, fast delivery and great customer service.

Non-controlling Interest

At the closing, Build A Sign Management Pool, LLC (the "Management Pool"), one of the sellers, retained approximately 1% of the outstanding equity interests of BuildASign for the benefit of certain BuildASign employees who hold equity interests in the Management Pool. We entered into a put and call option agreement with respect to the retained BuildASign equity interests, which provides the holders of the Management Pool the right to sell to us all or any portion of their shares, beginning with our fiscal year ending June 30, 2022 and for each fiscal year thereafter. We have the right to buy all (but not less than all) of the retained equity interest of any holder that is no longer an active employee of the company, beginning with our fiscal year ending June 30, 2022. The put and call purchase price is based on BuildASign's revenue growth and EBITDA for the fiscal year in which the option is exercised. Due to the presence of the put arrangement, the non-controlling interest is presented as redeemable non-controlling interest as redemption is not solely within our control. We initially recognized the non-controlling interest at fair value of $3,356 and will adjust the balance for the pro rata impact of the BuildASign earnings or loss, as well as adjustments to increase the balance to the redemption value, if necessary.

The excess purchase price over the fair value of BuildASign's net assets was recorded as goodwill, which is primarily attributable to the value of its workforce, its manufacturing and marketing processes and know-how, as well as synergies which include leveraging Cimpress' scale-based sourcing channels. Goodwill is deductible for tax purposes and has been attributed to the All Other Businesses reportable segment.

The fair value of the assets acquired and liabilities assumed was as follows:

	Amount	Weighted Average Useful Life in Years
Tangible assets acquired and liabilities assumed:		
Cash and cash equivalents	$ 4,093	n/a
Accounts receivable, net	510	n/a
Inventory	1,107	n/a
Other current assets (1)	6,937	n/a
Property, plant and equipment, net	12,080	n/a
Accounts payable	(3,369)	n/a
Accrued expenses (1)	(11,334)	n/a
Other current liabilities	(2,658)	n/a
Long-term liabilities	(3,949)	n/a
Identifiable intangible assets:		
Trade name	47,600	15 years
Developed technology	28,900	3 - 7 years
Customer relationships	12,430	2 - 5 years
Non-controlling interest	(3,356)	n/a
Goodwill (2)	186,088	n/a
Total purchase price	$ 275,079	

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(1) In connection with the BuildASign acquisition, we recorded an indemnification asset of $5,433, which represents the seller's obligation under the merger agreement to indemnify us for a portion of their potential contingent liabilities related to certain tax matters. We also recognized a contingent liability of $8,925, which represents our estimate based on guidance within ASC 450 - "Contingencies," as of the acquisition date.

(2) During the third quarter of fiscal 2019, we recorded immaterial measurement period adjustments, which related primarily to the contingent liabilities, as discussed above, and resulted in a decrease to goodwill of $482.

Acquisition of VIDA Group Co.

On July 2, 2018, we acquired approximately 73% of the shares of VIDA Group Co. ("VIDA"), a U.S.-based startup, with options to increase our ownership beginning in fiscal 2023. For the non-controlling interest, we entered into put and call options with each employee who holds shares, which become exercisable starting in fiscal 2023, or earlier if the employee terminates their employment. The total consideration was $18,703, net of cash acquired. VIDA brings manufacturing access and an e-commerce marketplace to artists, thereby enabling artists to convert ideas in beautiful, original products for customers, ranging from fashion, jewelry and accessories to home accent pieces. This investment supports our strategy to build a competitively differentiated portfolio of focused brands by providing access to the textiles marketplace.

We recognized the assets, liabilities and non-controlling interest on the basis of their fair values at the date of the acquisition, with any excess of the purchase price paid over the fair value of the net assets recorded as goodwill. The aggregate allocation to goodwill, net liabilities and non-controlling interest was $26,017, $647, and $5,705, respectively.

The revenue and earnings included in our consolidated financial statements for the year ended June 30, 2019 are not material. We utilized proceeds from our credit facility to finance the acquisition.

Fiscal 2018 Divestiture

Divestiture of Albumprinter

On August 31, 2017, we sold our Albumprinter business, including FotoKnudsen AS, for a total of €78,382 ($93,071 based on the exchange rate as of the date of sale) in cash, net of transaction costs and cash divested (after $11,874 in pre-closing dividends). As a result of the sale, we recognized a gain of $47,545, net of transaction costs, within our consolidated statement of operations for the year ended June 30, 2018. In connection with the divestiture, we entered into an agreement with Albumprinter under which Albumprinter will continue to fulfill photo book orders for our Vistaprint business. Additionally, we agreed to provide Albumprinter with certain transitional support services for a period of up to one year from the date of the sale.

The transaction did not qualify for discontinued operations presentation as it was not a major line of business, and as of June 30, 2017, the Albumprinter business assets and liabilities were presented as held-for-sale in our consolidated balance sheet.

Identifiable Intangible Assets

We used the income approach to value the trade names, customer relationships and customer network and a replacement cost approach to value developed technology. The income approach calculates fair value by discounting the forecasted after-tax cash flows back to a present value using an appropriate discount rate. The baseline data for this analysis was the cash flow estimates used to price the transaction.In estimating the useful life of the acquired assets, we reviewed the expected use of the assets acquired, factors that may limit the useful life of an acquired asset or may enable the extension of the useful life of an acquired asset without substantial cost, the effects of obsolescence, demand, competition and other economic factors, and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. We amortize acquired intangible assets over their economic useful lives using either a method that is based on estimated future cash flows or a straight-line basis over the periods benefited.

We utilized proceeds from our credit facility in order to finance the acquisition.

8. Property, Plant and Equipment

Property, plant and equipment consist of the following:

Purchase Price	Estimated useful lives	June 30, 2019	June 30, 2018
Land improvements	10 years	$ 4,804	$ 3,440
Building and building improvements	10 - 30 years	186,468	190,779
Machinery and production equipment	4 - 10 years	346,089	299,760
Machinery and production equipment under financial lease (1)	4 - 10 years	71,173	67,702
Computer software and equipment	3 - 5 years	158,223	166,523
Furniture, fixtures and office equipment	5 - 7 years	46,237	43,010
Leasehold improvements	Shorter of lease term or expected life of the asset	64,092	53,753
Construction in progress		11,970	11,734
		889,056	836,701
Less accumulated depreciation:			
Land improvements		(2,072)	(1,789)
Building and building improvements		(68,922)	(64,606)
Machinery and production equipment		(233,167)	(199,530)
Machinery and production equipment under financial lease (1)		(41,962)	(36,670)
Computer software and equipment		(140,691)	(141,916)
Furniture, fixtures and office equipment		(34,220)	(30,633)
Leasehold improvements		(30,580)	(22,417)
Total accumulated depreciation		(551,614)	(497,561)
		337,442	339,140
Land		28,905	32,598
Tangible fixed assets (2)		$ 366,347	$ 371,738

(1) Machinery and production equipment under financial lease represents the carrying amounts of assets under financial leasing, which are held without title.

(2) We have pledged the assets of several of our subsidiaries as collateral for our outstanding debt, as described in Note 19.

Movements in property, plant and equipment were as follows:

	Land and buildings (1)	Machinery and production equipment	Computer software and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
Balance at June 30, 2017	206,231	131,628	31,139	14,665	12,241	395,904
Additions	1,781	6,485	9,002	1,750	43,523	62,541
Disposals/retired assets	(265)	(1,290)	(106)	(50)	(392)	(2,103)
Transfers to (from) CIP	9,038	27,111	6,292	1,188	(43,629)	—
Depreciation	(17,692)	(42,002)	(20,783)	(4,965)	—	(85,442)
Exchange differences	(7,335)	9,328	(937)	(210)	(8)	838
Balance at June 30, 2018	191,758	131,260	24,607	12,378	11,735	371,738
Additions	1,801	21,780	4,963	1,690	41,890	72,124
Acquisitions	257	9,078	480	55	2,209	12,079
Disposals/retired assets	(119)	(1,178)	(38)	(410)	(1,207)	(2,952)
Adjustments	(906)	798	(2,345)	793	(60)	(1,720)
Transfers to (from) CIP	10,107	25,242	4,778	2,370	(42,497)	—
Depreciation	(18,629)	(42,859)	(14,876)	(4,769)	—	(81,133)
Exchange differences	(1,573)	(1,989)	(37)	(90)	(100)	(3,789)
Balance at June 30, 2019	$ 182,696	$ 142,132	$ 17,532	$ 12,017	$ 11,970	$ 366,347

(1) Includes land and land improvements, building and building improvements and leasehold improvements.

Depreciation expense totaled $81,133 and $85,442 for the years ended June 30, 2019 and 2018, respectively. No interest costs associated with our construction projects were capitalized in fiscal 2019 or 2018 as the amounts were not material.

9. Intangible Assets and Goodwill

Our intangible fixed assets are summarized as follows:

Purchase Price	Estimated useful lives	June 30, 2019	June 30, 2018
Goodwill	n/a	$ 721,789	$ 523,752
Trade name	2 - 15 years	145,908	99,102
Developed technology	3 - 4 years	84,980	55,460
Customer relationships	7 years	191,719	182,545
Customer & referral network	7 years	15,970	16,289
Print network	9 years	25,014	25,716
Internally-developed software development costs	3 years	206,561	141,166
Other intangible assets	4 years	6,070	5,820
Total Intangible Assets		1,398,011	1,049,850
Less accumulated amortization:			
Trade name		(35,199)	(23,821)
Developed technology		(48,653)	(39,219)
Customer relationships		(97,392)	(70,654)
Customer & referral network		(10,150)	(8,312)
Print network		(9,496)	(6,905)
Internally-developed software development costs		(136,721)	(84,967)
Other intangible assets		(5,437)	(4,998)
Total accumulated amortization		(343,048)	(238,876)
Intangible fixed assets		$ 1,054,963	$ 810,974

	Goodwill (1)	Trade name	Developed technology (1)	Customer relationships (1)	Customer & referral networks	Print network	Internally-developed software development costs	Other intangible assets	Total
Balance at June 30, 2017	$ 517,872	$ 82,889	$ 26,480	$ 135,239	$ 10,107	$ 21,209	$ 48,470	$ 1,105	$ 843,371
Additions	—	—	—	—	—	—	42,639	100	42,739
Amortization and impairments	—	(8,982)	(10,275)	(26,178)	(2,127)	(2,943)	(33,039)	(363)	(83,907)
Adjustments (1)	(144)	—	—	—	—	—	124	—	(20)
Exchange differences	6,024	1,374	36	2,830	(3)	545	(1,995)	(20)	8,791
Balance at June 30, 2018	523,752	75,281	16,241	111,891	7,977	18,811	56,199	822	810,974
Additions (1)	214,972	47,600	28,900	12,430	—	—	49,832	193	353,927
Adjustments	(181)	—	—	—	—	—	2,004	—	1,823
Amortization and impairments	(7,513)	(11,378)	(9,435)	(26,738)	(1,837)	(2,591)	(38,959)	(439)	(98,890)
Exchange differences	(9,241)	(794)	621	(3,256)	(320)	(702)	764	57	(12,871)
Balance at June 30, 2019	$ 721,789	$ 110,709	$ 36,327	$ 94,327	$ 5,820	$ 15,518	$ 69,840	$ 633	$1,054,963

(1) During fiscal 2019, we acquired Build A Sign LLC and VIDA Group Co.. Refer to Note 7 for details of the goodwill and acquired intangible assets recorded for this transaction. The intangible fixed assets will be amortized on a straight-line basis over their estimated useful economic lives, which range from 2-15 years.

Amortization expense including impairment totaled $98,890 and $83,907 for the years ended June 30, 2019 and 2018, respectively.

Software development costs consists of eligible salaries and payroll-related costs of employees who devote time to the development of internal-use computer software. These costs are amortized on a straight-line basis over the estimated useful life of the software, which is generally three years.

Research and development expense included in the profit and loss account for the years ended June 30, 2019 and 2018 was $40,976 and $41,451, respectively, which consisted of costs related to enhancing our manufacturing engineering and technology capabilities.

CGU containing Goodwill

For purposes of impairment testing, goodwill has been allocated to CGUs as follows:

	June 30, 2019	June 30, 2018
Vistaprint	$ 141,769	$ 142,015
PrintBrothers		
druck.at	11,486	11,809
Printdeal	16,694	17,162
Wirmachendruck	95,908	98,599
The Print Group		
Easyflyer	4,221	4,313
Exagroup	69,776	68,903
Pixartprinting	127,348	130,956
National Pen	38,564	38,564
All Other Businesses		
BuildASign (1)	186,088	—
Vida (1)	26,017	—
Printi (2)	—	7,513
Vistaprint Corporate Solutions	3,918	3,918
Total goodwill	$ 721,789	$ 523,752

(1) During fiscal 2019, we acquired Build A Sign LLC and VIDA Group Co.. Refer to Note 7 for details of the goodwill recorded for this transaction.

(2) During fiscal 2019, we recognized a full impairment of $7,513 for our Printi CGU. Refer additional details of the impairment, refer below.

For purposes of impairment testing, acquired intangible assets have been allocated to CGUs as follows:

	June 30, 2019	June 30, 2018
Vistaprint	$ —	$ 323
PrintBrothers		
druck.at	5,521	7,189
Printdeal	5,718	8,015
Wirmachendruck	55,184	68,809
The Print Group		
Easyflyer	722	871
Exagroup	29,000	35,100
Pixartprinting	13,032	19,695
Tradeprint	2,589	3,275
National Pen	73,151	86,917
All Other Business Unit		
BuildASign (1)	77,784	—
Printi	—	7
Total acquired intangible assets	$ 262,701	$ 230,201

(1) During fiscal 2019, we acquired Build A Sign LLC and VIDA Group Co.. Refer to Note 7 for details of the goodwill recorded for this transaction.

Goodwill Impairment Review

Fiscal 2019

Our annual goodwill impairment test is performed as of May 31; however, during the fourth quarter of fiscal 2019, we identified triggering events associated with our Printi cash generating unit, which indicated that it was more likely than not that the fair value of the cash generating unit is below the carrying amount. Printi is the leader in Brazil's online printing industry and has grown quickly since its founding. That said, investment in capacity and other fixed costs was far too high in fiscal year 2019 relative to the scale of the business and the mid-term outlook. As a result, we implemented restructuring activities and aligned future operating plans during the fourth quarter of fiscal 2019 that negatively impacted our cash flow forecasts for this business.

We evaluated the recoverability of the Printi long-lived assets as the change in expected long-term cash flows was indicative of a potential impairment. We performed the recoverability test using undiscounted cash flows for our Printi asset group and evaluated the fair value of their long-lived assets which are comprised primarily of production equipment and concluded there is no impairment of the long-lived assets.

Subsequent to performing the long-lived asset impairment test, we performed our goodwill impairment test which resulted in an impairment charge of the total goodwill of the Printi reporting unit of $7,513. In order to execute the quantitative goodwill impairment test, we compared the estimated value-in-use of the Printi cash generating unit to its carrying value. We considered using an income approach, but due to the continued investments that are expected in the near-term discrete cash flow period, we used a market approach to derive fair value, based on the guideline public company method. We considered a revenue multiple approach, which we believe is appropriate for an early stage operation, like our Printi business. We concluded that the estimated value-in-use of the cash generating unit indicated a full impairment of the Printi goodwill.

For our annual goodwill impairment test as of May 31, 2019, we evaluated each of our remaining eleven cash generating units with goodwill individually. We considered the timing of our most recent value-in-use assessment and associated headroom, the actual operating results as compared to the cash flow forecasts used in those value-in-use assessments, the current long-term forecasts for each cash generating unit, and the general market and economic environment of each cash generating unit. After performing this qualitative assessment for seven of our cash generating units, we determined that there was no indication the carrying values of those cash generating units exceeded their respective value-in-use.

For our annual goodwill impairment test as of May 31, 2019, we evaluated each of our remaining eleven cash generating units with goodwill individually. We considered the timing of our most recent fair value assessment and associated headroom, the actual operating results as compared to the cash flow forecasts used in those fair value assessments, the current long-term forecasts for each reporting unit, and the general market and economic environment of each reporting unit. We estimated the fair value of each cash generating unit, using the income approach, which was determined based on the present value of estimated future cash flows. The cash flow projections are based on our estimates of revenue growth rates and operating margins, taking into consideration recent business and market trends. The discount rates used were based on the weighted-average cost of capital adjusted for the related business-specific risks. For each of these cash generating units, we compared the estimated value-in-use to the carrying value, and considered the estimated level of headroom. Based on the substantial level of headroom associated with each of these cash generating units, we concluded there was no impairment for any of the remaining cash generating units.

Fiscal 2018

For our annual goodwill impairment test as of May 31, 2018, we evaluated each of our ten cash generating units with goodwill individually. We considered the timing of our most recent value-in-use assessment and associated headroom, the actual operating results as compared to the cash flow forecasts used in those value-in-use assessments, the current long-term forecasts for each cash generating unit, and the general market and economic environment of each cash generating unit. After performing this qualitative assessment for seven of our cash generating units, we determined that there was no indication the carrying values of those cash generating units exceeded their respective value-in-use.

Some of our cash generating units are early-stage businesses that are subject to high degrees of risk and their business models continually evolve as they seek to establish foundations in large markets, resulting in greater volatility in their actual results and forecasted future results. We have a number of investments that fit this profile and we expect this type of volatility to prompt a quantitative analysis in our goodwill impairment testing from time to time. We performed a quantitative analysis for three such cash generating units during this testing cycle in order to gain additional assurance there were no impairments. We estimated the value-in-use of each cash generating unit, using the income approach, which was determined based on the present value of estimated future cash flows using a discount rate ranging from 24.5% to 26.5%. The cash flow projections are based on our estimates of revenue growth rates and operating margins, taking into consideration recent business and market trends. The discount rates used were based on the after-tax weighted-average cost of capital adjusted for the related business-specific risks. For each of these cash generating units, we compared the estimated value-in-use to the carrying value, and considered the estimated level of headroom. Based on the substantial level of headroom associated with each of these cash generating units, we concluded there was no impairment. As a result of these qualitative and quantitative tests, there have been no identified impairments for the year ended June 30, 2018.

Our goodwill analysis requires significant judgment, including the identification of cash generating units and the amount and timing of expected future cash flows. While we believe our assumptions are reasonable, actual results could differ from our projections. There have been no indications of impairment that would require analysis for any of our other cash generating units as of June 30, 2019 and 2018.

10. Other Investments, Including Derivatives

Non-current investments summarized as follows:

	June 30, 2019	June 30, 2018
Deposits	$ 4,802	$ 2,818
Derivatives designated as hedging instruments	4,658	13,374
Loan receivable from Printi equity holders (1)	—	22,234
Total non-current investments, including derivatives	$ 9,460	$ 38,426

(1) Includes loans to two Printi employees, which are payable on the date that the put or call option is exercised for their Printi shares held as part of our non-controlling interest. The loans carry 8.5% annual interest and the loans are not contingent upon continued employment. At the inception of the loan agreement, the proceeds from the loan were intended to be used to offset our purchase of the remaining non-controlling interest. However, as the business forecasts have evolved, as of June 30, 2019 the estimated collateral value of the related liabilities is estimated to have no value and therefore the equity interest was reduced to zero. As a result of the reduction in the liability, we recognized a full reserve against the gross loan receivables primarily through the reclassification of the related liabilities, as well as an immaterial expense recognized in our consolidated statements of profit or loss.

Current investments consist of derivatives not designated as hedging instruments. As of June 30, 2019 and 2018, the balance of derivatives not designated as hedging instruments was $15,230 and $9,599, respectively. Information about our exposure to credit, market and liquidity risk and fair value measurement, is included in Note 24.

11. Other Non-Current Assets

Other non-current assets are summarized as follows:

	June 30, 2019	June 30, 2018
Call rights associated with non-controlling interests	$ 21,463	$ 12,798
Non-current prepaid expenses	1,492	885
Other non-current assets	14,408	14,794
Total other non-current assets	$ 37,363	$ 28,477

Refer to Note 17 for additional information related to our non-controlling interest arrangements. The following table summarizes the NCI call rights activity:

	NCI Call Asset
Balance at June 30, 2017	$ —
Fair value adjustment	5,429
Foreign currency impact	(77)
Increase due to sale of non-controlling interest	7,446
Balance at June 30, 2018	12,798
Increase due to sale of non-controlling interest	21,463
Decrease due to purchase of non-controlling interest	(12,798)
Balance at June 30, 2019	$ 21,463

12. Inventories

Inventories consist primarily of raw materials and are recorded at the lower of cost or net realizable value using the first-in, first-out method. Costs to produce free products are included in cost of revenues as incurred. The write-down of inventory to net realizable value are included in cost of sales within the consolidated statement of profit or loss. In the fiscal years ended June 30, 2019 and 2018, inventories of $293,686 and $271,493 respectively, were recognized as an expense during the period and included in 'cost of revenue'.

13. Trade and Other Receivables

	June 30,	
	2019	2018
Trade receivables		
Current receivable	$ 55,896	$ 49,926
30 days overdue	4,847	3,146
60 days overdue	140	1,683
90 days overdue	2,553	2,673
120 days overdue	4,523	5,091
Allowance for doubtful accounts	(7,313)	(6,898)
Total trade and other receivables, net	$ 60,646	$ 55,621

We offset gross trade receivables with an allowance for doubtful accounts. The allowance for doubtful accounts is our best estimate of the amount of probable credit losses in our existing accounts receivable that are expected over the lifetime of the asset. We review our allowance for doubtful accounts on a monthly basis and all past due balances are reviewed individually or collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is no longer reasonably assured. The balance of our allowance for doubtful accounts at June 30, 2019 and 2018 was $7,313 and $6,898, respectively.

The table below details the movement in allowance for doubtful accounts for the fiscal years ended June 30, 2019 and 2018.

	Allowance for Doubtful Account
Allowance for doubtful accounts at June 30, 2017	$ 3,590
Additions	6,388
Write offs	(3,080)
Allowance for doubtful accounts at June 30, 2018	6,898
Additions	7,368
Write offs	(6,953)
Allowance for doubtful accounts at June 30, 2019	$ 7,313

14. Cash and Cash Equivalents

We consider all highly liquid investments purchased with an original maturity of three months or less to be the equivalent of cash for the purpose of balance sheet and statement of cash flows presentation. Cash equivalents consist of depository accounts and money market funds. Cash and cash equivalents restricted for use were $87 and $90 as of June 30, 2019 and 2018, respectively, and are included in other current assets in the accompanying consolidated statement of financial position.

15. Other Current Assets

Other current assets are summarized as follows:

	June 30,	
	2019	2018
Prepaid expenses	$ 23,475	$ 30,877
VAT and other indirect taxes	18,442	18,795
Other current assets	20,918	15,732
Total other current assets	$ 62,835	$ 65,404

16. Capital and Reserves

Share capital and share premium

There were 100,000,000 ordinary shares authorized and 44,080,627 issued and fully paid at June 30, 2019 and 2018. All ordinary shares rank equally with regard to the Company' residual assets. Additionally, 100,000,000 preferred shares with a par value of €0.01 per share are authorized, of which no preferred shares are issued or outstanding.

Ordinary shares

Holders of these shares are entitled to dividends as declared from time to time, and are entitled to one vote per share at general meetings of Cimpress. At June 30, 2019 and 2018, we have authorized 100,000,000 ordinary shares of which 44,080,627 are issued and 30,445,669 and 30,876,193 shares are outstanding, respectively, with a par value of €0.01 per share.

Issue of ordinary shares

During the years ended June 30, 2019 and 2018, 163,926 and 356,067, respectively, ordinary shares were issued as a result of the exercise of vested options and vesting of restricted share units granted to key management (see Note 21).

Nature and purpose of reserves

Treasury share reserve

The reserve for Cimpress' treasury shares comprises the cost of Cimpress' shares held by us. At June 30, 2019 and 2018, we held 13,634,958 and 13,204,434 of Cimpress' shares, respectively.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation (see Note 24).

Hedging legal reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss (see Note 24).

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of NCI put and call options (see Note 24).

Appropriation

Profit is appropriated in accordance with Article 21 of the Articles of Association, which states that the Board of Directors must approve, the portion of the profit to be added to reserves. The part of the profits not reserved shall be at the disposal of the general meeting of shareholders.

17. Non-controlling Interests

For some of our subsidiaries, we own a controlling equity stake, and a third party or key member of the business' management team owns a minority portion of the equity. The balance sheet and operating activity of these entities are included in our consolidated financial statements and we adjust the net income in our consolidated statement of profit or loss to exclude the non-controlling interests' proportionate share of results.

PrintBrothers

On December 20, 2018, we purchased the 12% equity interest of our WIRmachenDRUCK subsidiary that was held by members of the management team for €36,173 ($41,177 based on the exchange rate as of the redemption date).

During the fourth quarter of fiscal 2019, we sold a minority equity interest in each of the three businesses within our PrintBrothers reportable segment to members of the management team. We received proceeds of €50,173 ($57,046 based on the exchange rate on the date we received the proceeds) in exchange for an equity interest in each of the businesses ranging from 12% to 13%. The put options associated with the redeemable non-controlling interest are exercisable beginning in 2021, while the associated call options become exercisable in 2026.

The Print Group

On April 15, 2015, we acquired 70% of the outstanding shares of Exagroup SAS. The remaining 30% was previously recognized as a non-controlling equity interest. On June 14, 2019, the put option was exercised and we acquired the remaining 30% of the business for the fixed amount of €39,000 ($44,343 based on the exchange rate on the date of payment).

All Other Businesses

On October 1, 2018, we acquired approximately 99% of the outstanding equity interests of Build A Sign LLC. The remaining 1% is considered a non-controlling equity interest. On the acquisition date, we recognized the non-controlling interest at fair value of $3,356. Refer to Note 7 for additional details.

On July 2, 2018, we acquired approximately 73% of the shares of VIDA Group Co. The remaining 27% is considered a non-controlling equity interest. The shares we hold include certain liquidation preferences to all other share classes, and therefore the non-controlling interest will bear any losses until the recoverable value of our investment declines below the stated redemption value. Refer to Note 7 for additional details.

Carrying amount of NCI acquired	
Consideration paid to NCI (i)	$ 9,061
Carrying value of put liability on NCI (ii)	(9,061)
An increase/decrease in Put liability of NCI charged to P/L (i)-(ii)	$ —

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

The following table presents the reconciliation of changes in our non-controlling interests:

	Non-controlling interests
Balance as of June 30, 2017	$ 45,553
Net income attributable to non-controlling interests	3,055
Proceeds from sale of part of subsidiary creating a non-controlling interest, including fair value of call option (1)	42,837
Foreign currency translation	2,365
Balance as of June 30, 2018	93,810
Acquisition of non-controlling interest (2)	9,061
Net loss attributable to non-controlling interests	(1,572)
Distribution to non-controlling interest	(3,375)
Proceeds from sale of non-controlling interest, including fair value of call options (3)	78,509
Purchase of non-controlling interests (4)	(85,520)
Adjustment to additional-paid in capital for purchase of non-controlling interest (4)	(3,027)
Foreign currency translation	(2,994)
Other adjustments	(319)
Balance as of June 30, 2019	$ 84,573

(1) Represents cash received for non-controlling interest including the fair value of the call option of $7,446 recognized as a non-current asset.
(2) Includes the non-controlling interests related to our BuildASign and VIDA acquisitions of $3,356 and $5,705, respectively.
(3) Represents cash received for non-controlling interests including the fair value of the call options of $21,463 recognized as a non-current asset, During the fourth quarter of fiscal 2019, we sold a minority equity interest in each of the three businesses within the PrintBrothers reportable segment to members of the management team.
(4) During the second quarter of fiscal 2019, we purchased the WIRmachenDRUCK non-controlling interest for $41,177, of which a similar equity interest was sold during the fourth quarter of fiscal 2019 to the management team of our PrintBrothers reportable segment, as described above. During the fourth quarter of fiscal 2019, we also purchased the remaining non-controlling interest of our Exagroup business for $44,343. We recognized the difference between the carrying value of the non-controlling interest and the amount paid, as part of additional paid-in capital, of $3,027.

18. Capital Management

Our policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Consistent with the debt covenants agreed with the banks, we monitor capital on the basis of the total leverage ratio which is indebtedness to trailing twelve month (TTM) EBITDA senior secured leverage ratio, which is the ratio of our consolidated senior secured indebtedness to our TTM consolidated EBITDA interest coverage ratio, which is the ratio of our consolidated EBITDA to our consolidated interest expense.

Purchases of our ordinary shares, payments of dividends, and corporate acquisitions and dispositions are subject to more restrictive consolidated leverage ratio and or senior secured leverage ratio. In addition, the credit agreement also places limitations on additional indebtedness and liens (including on intercompany activities). We are not subject to external capital requirements, other than debt covenants as disclosed in the notes to these financial statements.

For fiscal year 2020, we believe that our available cash, cash flows generated from operations, and cash available under our committed debt financing will be sufficient to satisfy our liabilities and planned investments to support our long-term growth strategy. We endeavor to invest capital that we believe will generate returns that are above, or well above, our weighted average cost of capital. We consider any use of cash that we expect to require more than twelve months to return our invested capital to be an allocation of capital. For fiscal 2020, we expect to continue to evaluate opportunities to allocate capital across a spectrum of organic investments, purchases of our ordinary shares, corporate acquisitions and similar investments, and reductions of debt. We have targeted a capital structure that we believe balances both efficiency and flexibility. We do not have a specific financial leverage target, but rather will be guided by the availability of attractive opportunities while not putting at risk our ability to comfortably meet our quarterly maintenance covenants on our debt.

19. Debt

	June 30, 2019	June 30, 2018
Senior secured credit facility	$ 621,224	$ 432,414
7.0% Senior unsecured notes due 2026	400,000	400,000
Other (1)	14,361	7,015
Debt issuance costs and debt discounts	(12,018)	(12,585)
Total debt outstanding	1,023,567	826,844
Less: short-term debt (2)	81,277	59,259
Long-term debt	$ 942,290	$ 767,585

(1) Balances represent various term loans primarily related to our acquisitions.
(2) Amount included in current liabilities, refer to Note 23 to the consolidated financial statements for additional details.

As of June 30, 2019 and 2018 the carrying value of our debt, excluding debt issuance costs and debt discounts, was $1,035,585 and $839,429, respectively, and the fair value was $1,045,334 and $847,520, respectively. Our debt at June 30, 2019 includes variable rate debt instruments indexed to LIBOR that resets periodically and fixed rate debt instruments. The estimated fair value of our debt was determined using available market information based on recent trades or activity of debt instruments with substantially similar risks, terms and maturities, which fall within Level 2 under the fair value hierarchy. The estimated fair value of assets and liabilities disclosed above may not be representative of actual values that could have been or will be realized in the future.

During the years ended June 30, 2019 and 2018, we capitalized debt issuance costs related to our revolving credit facility arrangements of $1,800 and $11,666, respectively. Amortization of these costs is included as a component of finance costs in the consolidated statements of income and amounted to $2,367 and $1,821 for the years ended June 30, 2019 and 2018. During fiscal 2018, we also expensed $2,921 of unamortized costs related to the extinguishment of our senior unsecured notes, which has been presented separately in the consolidated statement of operations as a portion of the loss on early extinguishment of debt.

Debt issuance costs recognized in the consolidated statement of financial position were $12,018 and $12,585 as of June 30, 2019 and 2018, respectively, and are presented as a reduction of our long-term debt obligation.

Our various debt arrangements described below contain customary representations, warranties and events of default. As of June 30, 2019, we were in compliance with all financial and other covenants related to our debt.

Senior Secured Credit Facility

On January 7, 2019, we amended the terms of our senior secured credit facility, resulting in an increase in loan commitments to both our revolving loans and term loans. The terms and covenants of the senior secured credit facility remain unchanged.

As of June 30, 2019, we had a committed credit facility of $1,592,466 as follows:

- Revolving loans of $1,087,257 with a maturity date of June 14, 2023
- Term loans of $505,209 amortizing over the loan period, with a final maturity date of June 14, 2023

Under the terms of our credit agreement, borrowings bear interest at a variable rate of interest based on LIBOR plus 1.375% to 2.0% depending on our leverage ratio, which is the ratio of our consolidated total indebtedness to our consolidated EBITDA, as defined by the credit agreement. As of June 30, 2019, the weighted-average interest rate on outstanding borrowings was 3.90%, inclusive of interest rate swap rates. We are also required to pay a commitment fee on unused balances of 0.225% to 0.35% depending on our leverage ratio. We have pledged the assets and/or share capital of several of our subsidiaries as collateral for our outstanding debt as of June 30, 2019.

Indenture and Senior Unsecured Notes

On June 15, 2018, we completed a private placement of $400,000 in aggregate principal amount of 7.0% senior unsecured notes due 2026 (the “2026 Notes”). We issued the 2026 Notes pursuant to a senior notes indenture dated as of June 15, 2018, among Cimpress N.V., our subsidiary guarantors, and MUFG Union Bank, N.A., as trustee (the "Indenture"). We used the proceeds from the 2026 Notes to redeem all of the outstanding 7.0% senior unsecured notes due 2022 (the "2022 Notes"), at a redemption price equal to 105.25% of the principal amount and all accrued unpaid interest. As a result of the redemption, we incurred a loss on the extinguishment of debt of $17,359, which included an early redemption premium of $14,438 and the write-off of unamortized debt issuance costs of $2,921. The remaining proceeds were used to repay a portion of the indebtedness outstanding under our revolving credit facility and pay all related fees and expenses.

The 2026 Notes bear interest at a rate of 7.0% per annum and mature on June 15, 2026. Interest on the Notes is payable semi-annually on June 15 and December 15 of each year, commencing on December 15, 2018, to the holders of record of the 2026 Notes at the close of business on June 1 and December 1, respectively, preceding such interest payment date.

The 2026 Notes are senior unsecured obligations and rank equally in right of payment to all our existing and future senior unsecured debt and senior in right of payment to all of our existing and future subordinated debt. The 2026 Notes are effectively subordinated to any of our existing and future secured debt to the extent of the value of the assets securing such debt. Subject to certain exceptions, each of our existing and future subsidiaries that is a borrower under or guarantees our senior secured credit facilities will guarantee the 2026 Notes.

The Indenture contains various covenants, including covenants that, subject to certain exceptions, limit our and our restricted subsidiaries’ ability to incur and/or guarantee additional debt; pay dividends, repurchase shares or make certain other restricted payments; enter into agreements limiting dividends and certain other restricted payments; prepay, redeem or repurchase subordinated debt; grant liens on assets; enter into sale and leaseback transactions; merge, consolidate or transfer or dispose of substantially all of our consolidated assets; sell, transfer or otherwise dispose of property and assets; and engage in transactions with affiliates.

We have the right to redeem, at any time prior to June 15, 2021, some or all of the 2026 Notes at a redemption price equal to 100% of the principal amount redeemed, plus a make-whole amount as set forth in the Indenture, plus, in each case, accrued and unpaid interest to, but not including, the redemption date. In addition, at any time prior to June 15, 2021, we may redeem up to 40% of the aggregate outstanding principal amount of the 2026 Notes at a redemption price equal to 107% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the redemption date, with the net proceeds of certain equity offerings by Cimpress. At any time on or after June 15, 2021, we may redeem some or all of the Notes at the redemption prices specified in the Indenture, plus accrued and unpaid interest to, but not including, the redemption date.

Our total short-term and long-term debt is summarized as follows:

	Debt
Balance at June 30, 2017	$ 876,656
Proceeds from borrowings of debt	805,995
Payments of early redemption of senior notes	(275,000)
Proceeds from issuance of senior notes	400,000
Payments of debt	(974,781)
Deferred financing fees	(6,663)
Exchange differences	637
Balance at June 30, 2018	826,844
Proceeds from borrowings of debt	1,140,607
Debt assumed as part of acquisitions	5,259
Payments of debt	(947,696)
Deferred financing fees	(2,729)
Exchange differences	1,282
Balance at June 30, 2019	$ 1,023,567

Our credit agreement contains financial and other covenants, including but not limited to limitations on (1) our incurrence of additional indebtedness and liens, (2) the consummation of certain fundamental organizational changes or intercompany activities, for example acquisitions, (3) investments and restricted payments including the amount of purchases of our ordinary shares or payments of dividends, and (4) the amount of consolidated capital expenditures that we may make in each of our fiscal years through June 30, 2023. The credit agreement also contains financial covenants calculated on a trailing twelve month, or TTM, basis that:

- our consolidated leverage ratio, which is the ratio of our consolidated indebtedness (*) to our TTM consolidated EBITDA (*), will not exceed 4.75, but may, on no more than three occasions during the term of the Credit Agreement, be increased to 5.00 for four consecutive quarters for certain permitted acquisitions;

- our senior secured leverage ratio, which is the ratio of our consolidated senior secured indebtedness (*) to our TTM consolidated EBITDA (*), will not exceed 3.25 to 1.00, but may, on no more than three occasions during the term of the Credit Agreement, be increased to 3.50 for four consecutive quarters for certain permitted acquisitions.

- our interest coverage ratio, which is the ratio of our consolidated EBITDA (*) to our consolidated interest expense, will be at least 3.00.

(*) The definitions of EBITDA and consolidated indebtedness are maintained in our credit agreement included as an exhibit to our Form 8-K filed on June 18, 2018.

20. Other Non-Current Liabilities

Our other non-current liabilities are summarized as follows:

	June 30, 2019	June 30, 2018
Put liability for NCI	$ 94,623	$ 102,741
Accrued rent liabilities (1)	937	5,076
Derivative liability	15,886	10,080
Accrued sabbatical leave	5,261	6,210
Pension benefit obligation	1,525	990
Deferred payment for business combinations	781	—
Deferred revenue	352	416
Financial lease liability	20,443	19,669
Tax liabilities	3,813	5,153
Other long-term liabilities (2)	143	19,061
Total long-term liabilities	$ 143,764	$ 169,396

(1) Accrued rent liabilities consist of the long-term portion of deferred rent in connection with our facility operating leases. Of the remaining balance of long-term liabilities at June 30, 2019, the amounts that are expected to come due after five years are not significant.

(2) Includes liability-based equity awards representing Printi restricted equity held by Printi employees, which are adjusted to estimated redemption value each reporting period. As of June 30, 2018, we estimated the redemption value of the liability-based equity awards to be $15,464. During the fiscal 2019, we decreased the estimated redemption value of these liabilities to zero due to their recent underperformance and lower forecasted financial results which resulted in the goodwill impairment charge.

Refer to Note 17 for additional information on our non-controlling interest arrangements.The following table summarizes the NCI put liability activity:

	NCI Put Liability
Balance at June 30, 2017	$ 41,850
Measurement adjustment (1)	18,507
Increase to put options due to sale of non-controlling interest	42,885
Decrease to put options due to purchase of non-controlling interest	(1,144)
Exchange differences	643
Balance at June 30, 2018	102,741
Measurement adjustment (2)	(14,894)
Increase to put options due to sale of non-controlling interest	85,160
Increase to put options due to non-controlling interest assumed as part of acquisitions	9,463
Decrease to put options due to purchase of non-controlling interest	(85,520)
Exchange differences	(2,327)
Balance at June 30, 2019	$ 94,623

(1) Financing cost recognized to reflect updated estimate of the present value of the put redemption liability.

21. Share-based payment arrangements

Share-based awards

The 2016 Performance Equity Plan (the "2016 Plan") became effective upon shareholder approval on May 27, 2016 and allows us to grant PSUs, entitling the recipient to receive Cimpress ordinary shares based upon continued service to Cimpress and the achievement of objective, predetermined appreciation of Cimpress' three-year moving average share price. We may grant PSUs under the 2016 Plan to our employees, officers, non-employee directors, consultants, and advisors. Subject to adjustment in the event of stock splits, stock dividends and other similar events, we may make awards under the 2016 Plan for up to 6,000,000 of our ordinary shares.

The 2011 Equity Incentive Plan (the "2011 Plan") became effective upon shareholder approval on June 30, 2011 and allows us to grant share options, share appreciation rights, restricted shares, restricted share units and other awards based on our ordinary shares to our employees, officers, non-employee directors, consultants and advisors. Among other terms, the 2011 Plan requires that the exercise price of any share option or share appreciation right granted under the 2011 Plan be at least 100% of the fair market value of the ordinary shares on the date of grant; limits the term of any share option or share appreciation right to a maximum period of 10 years; provides that shares underlying outstanding awards under the Amended and Restated 2005 Equity Incentive Plan that are canceled, forfeited, expired or otherwise terminated without having been issued in full will become available for the grant of new awards under the 2011 Plan; and prohibits the repricing of any share options or share appreciation rights without shareholder approval. In addition, the 2011 Plan provides that the number of ordinary shares available for issuance under the plan will be reduced by (i) 1.56 ordinary shares for each share subject to a restricted share or other share-based award with a per share or per unit purchase price lower than 100% of the fair market value of the ordinary shares on the date of grant and (ii) one ordinary share for each share subject to any other award under the 2011 Plan.

Our 2005 Non-Employee Directors' Share Option Plan allows us to grant share options to our non-employee directors upon initial appointment as a director and annually thereafter in connection with our annual general meeting of shareholders if they are continuing to serve as a director at such time. We also have two additional plans with outstanding awards from which we will not grant any additional awards.

An aggregate of 6,637,132 ordinary shares were available for future awards under all of our share-based award plans as of June 30, 2019. For PSUs under our 2016 Plan, we assumed that we would issue ordinary shares equal to 250% of the outstanding PSUs, which is the maximum potential share issuance. A combination of new shares and treasury shares has historically been used in fulfillment of our share based awards.

Share options

We granted options in prior years to purchase ordinary shares at prices that are at least equal to the fair market value of the shares on the date the option is granted and have a contractual term of approximately eight to ten years. Options generally vest over 3 years for non-employee directors and over 4 years for employees.

The fair value of each option award subject only to service period vesting is estimated on the date of grant using the Black-Scholes option pricing model and is recognized as expense on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards regardless of the award subject to service condition or market condition. We treat each tranche as a separate grant, as each has a different vesting period. Use of a valuation model requires management to make certain assumptions with respect to inputs. The expected volatility assumption is based upon historical volatility of our share price. The expected term assumption is based on the contractual and vesting term of the option and historical experience. The risk-free interest rate is based on the U.S. Treasury yield curve with a maturity equal to the expected life assumed at the grant date. We value share options with a market condition using a lattice model with compensation expense recorded over the requisite service period as though each tranche were a unique award.

We did not grant any share options in fiscal 2019 or 2018. A summary of our share option activity and related information for the year ended June 30, 2019 is as follows:

	Shares Pursuant to Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding at the beginning of the period	1,651,308	$ 48.74	1.9	
Granted	—	—		
Exercised	(218,085)	38.54		
Forfeited/expired	(1,309)	81.52		
Outstanding at the end of the period	1,431,914	$ 50.27	0.9	$ 58,171
Exercisable at the end of the period	1,431,800	$ 50.27	0.9	$ 58,167

The intrinsic value in the table above represents the total pre-tax amount, net of exercise price, which would have been received if all option holders exercised in-the-money options on June 30, 2019. The total intrinsic value of options exercised during the fiscal years ended June 30, 2019 and 2018 was $12,498 and $46,853 respectively.

Performance share units - 2016 Performance Equity Plan

We began granting PSUs under our 2016 Plan during the first quarter of fiscal 2017. The PSU awards entitle the recipient to receive Cimpress ordinary shares between 0% and 250% of the number of units, based upon continued service to Cimpress and the achievement of a compounded annual growth rate target based on Cimpress' three-year moving average share price that will be assessed annually in years 6 - 10 following the grant date. The fair value of the PSUs is based on a Monte Carlo simulation, and the resulting expense is recognized on a straight-line basis over the requisite service period for each separate vesting portion of the award as if the award was, in-substance, multiple awards regardless of the award subject to service condition or market condition.

During fiscal 2018, we issued supplemental performance share units ("supplemental PSUs") to certain members of management (excluding Robert Keane, our Chairman and CEO) that were incremental to our typical long-term incentive awards. The supplemental PSUs are subject to a three-year cumulative non-market financial performance condition intended to provide a stretch goal for participants in addition to service vesting and share price performance conditions. The evaluation of achievement of the performance condition is at the discretion of the Compensation Committee and, therefore, the awards are subject to mark-to-market accounting throughout the performance vesting period. Beginning in the second quarter of fiscal 2018, we concluded that the achievement of the performance condition was probable and recognized $14,769 of expense cumulatively through the first quarter of fiscal 2019. In the second quarter of fiscal 2019, which is seasonally significant, we concluded that the achievement of the three-year cumulative performance condition was no longer probable, and we reversed the previously recognized expense of $15,397. As of June 30, 2019 we continue to consider achievement of the performance condition to not be probable. If, in a future period, we determine that it is probable that the financial performance condition will be achieved based on our financial performance, we will cumulatively catch up the expense in that period.

A summary of our PSU activity and related information for the fiscal years ended June 30, 2019 and 2018 is as follows:

	PSUs	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Outstanding at June 30, 2017	375,038	$ 123.06	
Granted	361,582	115.02	
Vested and distributed	—	—	
Forfeited	(55,857)	120.04	
Outstanding at June 30, 2018	680,763	$ 119.04	$ 98,683
Granted	226,220	176.16	
Vested and distributed	—	—	
Forfeited	(85,238)	140.40	
Outstanding at June 30, 2019	821,745	$ 132.55	$ 74,688

The weighted average fair value of PSUs granted during the fiscal year ended June 30, 2019 was $176.16 and the total intrinsic value of PSUs outstanding at the fiscal year ended June 30, 2019 was $74,688. As of June 30, 2019, the number of shares subject to PSUs included in the table above assumes the issuance of one share for each PSU, but based on actual performance that amount delivered can range from zero shares to a maximum of 2,054,363 shares.

Restricted share units

The fair value of an RSU award is equal to the fair market value of our ordinary shares on the date of grant and the expense is recognized on a on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards. RSUs generally vest over 2 years for non-employee directors and over 4 years for employees. For awards with a non-market performance condition, we recognize compensation cost over the requisite service period when achievement of the performance condition is deemed probable.

A summary of our RSU activity and related information for the fiscal years ended June 30, 2019 and 2018 is as follows:

	RSUs	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Unvested at June 30, 2017	334,370	74.57	$ 31,608
Granted	—	—	
Vested and distributed	(98,039)	69.03	
Forfeited	(26,463)	78.39	
Unvested at June 30, 2018	209,868	$ 76.67	$ 30,422
Granted	—	—	
Vested and distributed	(54,669)	76.70	
Forfeited	(145,003)	75.98	
Unvested at June 30, 2019	10,196	$ 86.37	$ 927

The weighted average fair value of RSUs granted during the fiscal year ended June 30, 2017 was $97.25 and we did not grant any RSUs during the fiscal years ended June 30, 2018 or 2019. The total intrinsic value of RSUs vested during the fiscal years ended June 30, 2019 and 2018 was $6,749 and $11,581, respectively.

Restricted share awards

As part of our acquisition of Tradeprint during the first quarter of fiscal 2016, we issued 65,050 restricted ordinary shares. The fair value of the RSAs was determined based on our share price on the date of grant and is recognized as share-based compensation expense over the applicable service period. These awards generally vest over a 2 to 4 year period.

A summary of our RSA activity and related information for the fiscal year ended June 30, 2019 is as follows:

	RSAs	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Unvested at June 30, 2017	12,437	$ 64.53	$ 1,176
Granted	—	—	
Vested and distributed	(4,146)	64.53	
Forfeited	—	—	
Unvested at June 30, 2018	8,291	$ 64.53	$ 1,202
Granted	—	—	
Vested and distributed	(4,146)	64.53	
Forfeited	—	—	
Unvested at June 30, 2019	4,145	$ 64.53	$ 377

Share-based compensation

Total share-based compensation costs were $18,807 and $44,335 for the years ended June 30, 2019 and 2018, respectively. During the year ended June 30, 2018, we recognized $13,003 of share-based compensation expense related to the supplemental performance units issued during fiscal 2018, which has been reversed in fiscal 2019.

Share-based compensation costs capitalized as part of software and website development costs were $1,141 and $1,607 for the years ended June 30, 2019 and 2018, respectively.

22. Provisions

Restructuring costs include one-time employee termination benefits, acceleration of share-based compensation, and other related costs including third-party professional and outplacement services. For the years ended June 30, 2019 and 2018, we recognized restructuring charges $11,565 and $15,075, respectively, as part of general and administrative expense in our consolidated statement of profit or loss.

During the year ended June 30, 2019, we recognized restructuring charges of $11,565, primarily related to a restructuring action within our Vistaprint business, resulting in $7,978 of charges. The Vistaprint action included changes to the leadership team, as well as other reductions in headcount and associated costs. We also incurred individually immaterial restructuring charges in The Print Group and All Other Businesses reportable segments, and Central and Corporate cost center of $2,223, $1,197, and $167 respectively. We expect some of these restructuring actions to result in additional charges during fiscal 2020, due to the use of estimates in recognizing the expense.

During the year ended June 30, 2018, we recognized restructuring charges of $15,075, which included $11,951 related to our Vistaprint reorganization for reductions in headcount and other operating costs. These changes simplified operations and more closely aligned functions to increase the speed of execution. We also recognized $2,249 of restructuring charges within the central and corporate group, as well as $819 of expense for an initiative within our All Other Businesses reportable segment. During the year ended June 30, 2018, we recognized changes in estimates of $56 from our January 2017 restructuring initiative.

The following table summarizes the restructuring activity during the years ended June 30, 2019 and 2018:

	Severance and Related Benefits	Other Restructuring Costs (1)	Total
Accrued restructuring liability as of June 30, 2017	$ 4,602	$ 208	$ 4,810
Restructuring charges	15,075	—	15,075
Cash payments	(17,136)	(206)	(17,342)
Non-cash charges (1)	(1,156)	—	(1,156)
Accrued restructuring liability as of June 30, 2018	1,385	2	1,387
Restructuring charges	10,568	997	11,565
Cash payments	(5,976)	(56)	(6,032)
Non-cash charges (1)	(2,932)	(776)	(3,708)
Accrued restructuring liability as of June 30, 2019	$ 3,045	$ 167	$ 3,212

(1) Non-cash charges include acceleration of share-based compensation expenses, as well as abandonment charges for production equipment.

23. Other Current Liabilities

Our current liabilities are summarized as follows:

	June 30, 2019	June 30, 2018
Accrued expenses	$ 198,915	$ 190,882
Contract liabilities	31,780	27,697
Current portion of debt, net of debt issuance costs	81,277	59,259
Current derivative liability (1)	1,628	31,054
Other current liabilities	10,469	9,060
Total other current liabilities	$ 324,069	$ 317,952

(1) The decrease in current derivative liability from the June 30, 2018 to June 30, 2019 is primarily caused by the settlement of cross-currency swaps designated as cash flow hedges during the year ended June 30, 2019. Refer to Note 24 of the consolidated financial statements for additional information.

Accrued expenses included the following:

	June 30, 2019	June 30, 2018
Compensation costs	$ 58,864	$ 57,024
Indirect taxes	34,119	27,359
Advertising costs	22,289	28,140
Production costs	9,261	8,903
Income taxes	5,983	6,198
Shipping costs	7,275	5,241
Interest payable	2,271	1,653
Sales returns	5,413	5,076
Purchases of property, plant and equipment	2,358	4,489
Professional costs	2,786	3,802
Other	48,296	42,997
Total accrued expenses	$ 198,915	$ 190,882

24. Financial Instruments

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The following tables summarize our assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy:

	June 30, 2019			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Interest rate swap contracts	$ 144	$ —	$ 144	$ —
Currency forward contracts	15,268	—	15,268	—
Currency option contracts	4,765	—	4,765	—
NCI call option	21,463	—	—	21,463
Total assets recorded at fair value	$ 41,640	$ —	$ 20,177	$ 21,463
Liabilities				
Interest rate swap contracts	$ (12,895)	$ —	$ (12,895)	$ —
Cross-currency swap contracts	(915)	—	(915)	—
Currency forward contracts	(2,486)	—	(2,486)	—
Currency option contracts	(42)	—	(42)	—
NCI put option	(9,464)	—	—	(9,464)
Total liabilities recorded at fair value	$ (25,802)	$ —	$ (16,338)	$ (9,464)

	June 30, 2018			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Interest rate swap contracts	$ 13,370	$ —	$ 13,370	$ —
Currency forward contracts	9,202	—	9,202	—
Currency option contracts	1,782	—	1,782	—
NCI call option	12,798	—	—	12,798
Total assets recorded at fair value	$ 37,152	$ —	$ 24,354	$ 12,798
Liabilities				
Cross-currency swap contracts	$ (25,348)	$ —	$ (25,348)	$ —
Currency forward contracts	(14,201)	—	(14,201)	—
Currency option contracts	(85)	—	(85)	—
NCI put option	(102,741)	—	—	(102,741)
Total liabilities recorded at fair value	$ (142,375)	$ —	$ (39,634)	$ (102,741)

During the years ended June 30, 2019 and 2018, there were no significant transfers in or out of Level 1, Level 2 and Level 3 classifications.

The valuations of the derivatives intended to mitigate our interest rate and currency risk are determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each instrument. This analysis utilizes observable market-based inputs, including interest rate curves, interest rate volatility, or spot and forward exchange rates, and reflects the contractual terms of these instruments, including the period to maturity. We incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparties' nonperformance risk in the fair value measurements. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements.

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to appropriately reflect both our own nonperformance risk and the respective counterparties' nonperformance risk in the fair value measurement. However, as of June 30, 2019, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 in the fair value hierarchy.

Level 3 fair values

Reconciliation of Level 3 fair values

Non-controlling interest put and call options are measured at fair value and are based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The valuation of NCI put and call options use assumptions and estimates to forecast a range of outcomes and probabilities in order to calculate the estimated redemption amount. Certain of the financial instruments are valued using a Monte Carlo simulation model. We assess these assumptions and estimates at each reporting date as additional data impacting the assumptions is obtained. Any changes in the fair value of NCI put and call options is be recognized within financing costs in the consolidated statements of profit or loss during the period in which the change occurs. Refer to Notes 11 and 21 for summarization of the NCI call asset and put liability activity, respectively.

Financial risk management

We have exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
    - Interest rate risk
    - Currency risk

Credit risk

Concentration of credits risks and the risk of accounting loss with respect to trade receivables is generally limited due to the large number of customers and timing of settlement.

Liquidity Risk

We believe that our available cash, cash flows generated from operations, and cash available under its committed debt financing (including credit facility) will be sufficient to satisfy its liabilities and planned investments to support its long-term growth strategy for at least the next twelve months.

Contractual maturities of financial liabilities as of June 30, 2019 are as follows:

In thousands	Payments Due by Period					
Contractual maturities of financial liabilities at June 30, 2019	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**	**Total**	**Carrying amount (assets)/ liabilities**
Non-derivatives						
Trade payables	$ 185,096	$ —	$ —	$ —	$ 185,096	$ 185,096
Senior unsecured notes and interest payments	28,000	56,000	56,000	456,000	596,000	400,000
Other debt and interest payments	110,470	196,240	415,507	1,112	723,329	635,585
Financial leases	11,468	10,138	4,109	2,403	28,118	28,118
Total	$ 335,034	$ 262,378	$ 475,616	$ 459,515	$ 1,532,543	$ 1,248,799
Derivatives						
Derivatives held as trading	$ (14,359)	$ (1,083)	$ —	$ 54	$ (15,388)	$ (15,388)
Interest rate swaps designated as cash flow hedges	—	2,460	2,514	7,777	12,751	12,751
Cross-currency swaps designated as cash flow hedges	915	—	—	—	915	915
Forward contracts designated as net investment hedges	648	(21)	(2,743)	—	(2,116)	(2,116)
Total	$ (12,796)	$ 1,356	$ (229)	$ 7,831	$ (3,838)	$ (3,838)

Market Risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates will affect our income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. We use derivatives to manage market risks. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, we seek to apply hedge accounting to manage volatility in profit or loss.

Interest Rate Risk

Our exposure to interest rate risk relates primarily to its cash, cash equivalents and debt.

As of June 30, 2019, our cash and cash equivalents consisted of standard depository accounts which are held for working capital purposes. We do not believe that we have a material exposure to interest rate fluctuations related to our cash and cash equivalents.

As of June 30, 2019, we had $621,224 of variable rate debt. As a result, we have exposure to market risk for changes in interest rates related to these obligations. In order to mitigate its exposure to interest rate changes, related to variable rate debt, we executed interest rate swap contracts to fix the interest rate on a portion of our outstanding long-term debt with varying maturities. As of June 30, 2019, a hypothetical 100 basis point increase in rates, inclusive of our outstanding interest rate swaps, would result in an increase of finance cost of approximately $1,000 over the next 12 months.

Currency Exchange Rate Risk

We conduct business in multiple currencies through worldwide operations but report the financial results in U.S. dollars. We manage these risks through normal operating activities and, when deemed appropriate, through the use of derivative financial instruments. We have policies governing the use of derivative instruments and do not enter into financial instruments for trading or speculative purposes. The use of derivatives is intended to reduce, but does not entirely eliminate, the impact of adverse currency exchange rate movements. A summary of our currency risk is as follows:

Translation of its non-U.S. dollar revenues and expenses: Revenue and related expenses generated in currencies other than the U.S. dollar could result in higher or lower net (loss) income when, upon consolidation, those transactions are translated to U.S. dollars. When the value or timing of revenue and expenses in a given currency are materially different, we may be exposed to significant impacts on its net (loss) income and non-IFRS financial metrics, such as EBITDA.

- Our currency hedging objectives are targeted at reducing volatility in our forecasted U.S. dollar-equivalent EBITDA in order to protect debt covenants. Since EBITDA excludes non-cash items such as depreciation and amortization that are included in net (loss) income, we may experience increased, not decreased, volatility in its IFRS results due to its hedging approach. The most significant net currency exposures by volume are in the Euro and British Pound.

- In addition, we elect to execute currency derivatives contracts that do not qualify for hedge accounting. As a result, we may experience volatility in its consolidated statements of operations due to (i) the impact of unrealized gains and losses reported in other income, net on the mark-to-market of outstanding contracts and (ii) realized gains and losses recognized in other income, net, whereas the offsetting economic gains and losses are reported in the line item of the underlying cash flow, for example, revenue.

- Translation of our non-U.S. dollar assets and liabilities: Each of our subsidiaries translate its assets and liabilities to U.S. dollars at current rates of exchange in effect at the balance sheet date. The resulting gains and losses from translation are included as a component of shareholders' equity on the consolidated balance sheet. Fluctuations in exchange rates can materially impact the carrying value of our assets and liabilities.

- We have currency exposure arising from net investments in foreign operations. We enter into cross- currency swap contracts to mitigate the impact of currency rate changes on certain net investments.

- Remeasurement of monetary assets and liabilities: Transaction gains and losses generated from remeasurement of monetary assets and liabilities denominated in currencies other than the functional currency of a subsidiary are included in other income, net on the consolidated statements of operations. Certain of subsidiaries hold intercompany loans denominated in a currency other than their functional currency. Due to the significance of these balances, the revaluation of intercompany loans can have a material impact on other income, net. We expect these impacts may be volatile in the future, although its largest intercompany loans do not have a U.S. dollar cash impact for the consolidated group because they are either 1) U.S. dollar loans or 2) we elect to hedge certain non-U.S. dollar loans with cross currency swaps. A hypothetical 10% change in currency exchange rates was applied to total net monetary assets denominated in currencies other than the functional currencies at the balance sheet dates to compute the impact these changes would have had on our income before taxes in the near term. The balances are inclusive of the notional value of any cross currency swaps designated as cash flow hedges. A hypothetical decrease in exchange rates of 10% against the functional currency of our subsidiaries would have resulted in an increase of $33,280 and $51,120 on its income before taxes for the years ended June 30, 2019 and 2018, respectively.

Derivative Held as Trading

We execute currency forward and option contracts in order to mitigate our exposure to fluctuations in various currencies against our reporting currency, the U.S. Dollar.

We have elected to not apply hedge accounting for most of our currency forward and option contracts. During the years ended June 30, 2019 and 2018, we have experienced volatility within other income (expense), net in our consolidated statements of profit or loss from unrealized gains and losses on the mark-to-market of outstanding currency forward and option contracts. We expect this volatility to continue in future periods for contracts for which we do not apply hedge accounting. Additionally, since our hedging objectives may be targeted at non-IFRS financial metrics that exclude non-cash items such as depreciation and amortization, we may experience increased, not decreased, volatility in our IFRS results as a result of our currency hedging program.

As of June 30, 2019, we had the following outstanding currency derivative contracts that were not designated for hedge accounting and were used to hedge fluctuations in the U.S. Dollar value of forecasted transactions denominated in Australian Dollar, British Pound, Canadian Dollar, Danish Krone, Euro, Indian Rupee, Mexican Peso, New Zealand Dollar, Norwegian Krone, Philippine Peso and Swedish Krona:

Notional Amount	Effective Date	Maturity Date	Number of Instruments	Index
$654,721	November 2017 through June 2019	Various dates through June 2021	655	Various

Derivative Financial Instruments for Hedging

We use derivative financial instruments, such as interest rate swap contracts, cross-currency swap contracts, and currency forward and option contracts, to manage interest rate and foreign currency exposures. Derivatives are recorded in the consolidated balance sheets at fair value. If the derivative is designated as a cash flow hedge or net investment hedge, then the effective portion of changes in the fair value of the derivative is recorded in shareholders' equity and is subsequently reclassified into profit or loss in the period the hedged forecasted transaction affects earnings. If a derivative is deemed to be ineffective, then the ineffective portion of the change in fair value of the derivative is recognized directly in profit or loss. The change in the fair value of derivatives not designated as hedges is recognized directly in profit or loss, as a component of other income (expense), net.

Hedges of Interest Rate Risk

We enter into interest rate swap contracts to manage variability in the amount of its known or expected cash payments related to a portion of its debt. Our objective in using interest rate swaps is to add stability to interest expense and to manage its exposure to interest rate movements. We designate our interest rate swaps as cash flow hedges. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for us making fixed-rate payments over the life of the contract agreements without exchange of the underlying notional amount. Realized gains or losses from interest rate swaps are recorded in profit or loss, as a component of interest expense, net. A portion of eight of interest rate swap contracts was deemed to be ineffective during the year ended June 30, 2019 and a portion of six of the contracts was deemed to be ineffective during the prior comparative period.

Amounts reported in shareholders' equity related to interest rate swap contracts will be reclassified to interest expense as interest payments are accrued or made on our variable-rate debt. As of June 30, 2019, we estimate that $2,067 will be reclassified from shareholders' equity to interest expense during the twelve months ending June 30, 2020. As of June 30, 2019, we had nine outstanding interest rate swap contracts indexed to one-month LIBOR. These instruments were designated as cash flow hedges of interest rate risk and have varying start dates and maturity dates through December 2025.

Interest rate swap contracts outstanding:	June 30, 2019	June 30, 2018
Contracts accruing interest	$ 500,000	$ 115,000
Contracts with a future start date	—	300,000
Total	$ 500,000	$ 415,000

Hedges of Currency Risk

Cross-Currency Swap Contracts

From time to time, we execute cross-currency swap contracts designated as cash flow hedges. Cross-currency swaps involve an initial receipt of the notional amount in the hedge currency in exchange for reporting currency based on a contracted exchange rate. Subsequently, we receive fixed rate payments in reporting currency in exchange for fixed rate payments in the hedged currency over the life of the contract. At maturity, the final exchange involves the receipt of reporting currency in exchange for the notional amount in the hedged currency.

Cross-currency swap contracts designated as cash flow hedges are executed to mitigate currency exposure to the interest receipts as well as the principal remeasurement and repayment associated with certain intercompany loans denominated in a currency other than our reporting currency, the U.S. Dollar. As of June 30, 2018, we had two outstanding cross-currency swap contracts designated as cash flow hedges with a total notional amount of $124,808, both of which matured during June 2024. We entered into the two cross-currency swap contracts to hedge the risk of changes in one Euro denominated intercompany loan entered into with one of company subsidiaries that has the Euro as its functional currency.

Amounts reported in shareholders' equity will be reclassified to other income (expense), net as interest payments are accrued or paid and upon remeasuring the intercompany loan. As of June 30, 2019, we estimate that $2,988 will be reclassified from shareholders' equity to other income (expense), net during the twelve months ending June 30, 2020.

We did not hold any ineffective cross-currency swaps during the years ended June 30, 2019 and 2018.

Forward Contracts

As of June 30, 2019, we had nine currency forward contracts designated as net investment hedges with a total notional amount of $294,991, maturing during various dates through April 2024. We entered into these contracts to hedge the risk of changes in the U.S. Dollar equivalent value of a portion of our net investment in two consolidated subsidiaries that have Euro as their functional currency. Amounts reported in accumulated other comprehensive loss are recognized as a component of our cumulative translation adjustment.

Financial Instrument Presentation

The table below presents the fair value of our derivative financial instruments as well as their classification in the statement of financial position as of June 30, 2019, and 2018.

	June 30, 2019			
	Asset Derivatives		Liability Derivatives	
	Financial position line item	Net amount	Financial position line item	Net amount
Derivatives in cash flow hedging relationships				
Interest rate swaps	Other current assets / other assets	$ 144	Other current liabilities / other liabilities	$ (12,895)
Cross-currency swaps	Other current assets	—	Other current liabilities	(915)
Derivatives in net investment hedging relationships				
Currency forward contracts	Other non-current assets	4,514	Other current liabilities / other liabilities	(2,397)
Total derivatives designated as hedging instruments		$ 4,658		$ (16,207)
Derivatives held as trading				
Currency forward contracts	Other current assets / other assets	$ 10,754	Other current liabilities / other liabilities	$ (89)
Currency option contracts	Other current assets / other assets	4,765	Other current liabilities / other liabilities	(42)
Total derivatives held as trading		$ 15,519		$ (131)

	June 30, 2018			
	Asset Derivatives		Liability Derivatives	
	Financial position line item	Net amount	Financial position line item	Net amount
Derivatives in cash flow hedging relationships				
Interest rate swaps	Other current assets / other assets	$ 13,370	Other current liabilities / other liabilities	$ —
Cross-currency swaps	Other current assets	—	Other current liabilities	(10,659)
Derivatives in net investment hedging relationships				
Cross-currency swaps	Other current assets	—	Other current liabilities	(14,689)
Currency forward contracts	Other non-current assets	—	Other current liabilities / other liabilities	(13,387)
Total derivatives designated as hedging instruments		$ 13,370		$ (38,735)
Derivatives held as trading				
Currency forward contracts	Other current assets / other assets	$ 9,202	Other current liabilities / other liabilities	$ (814)
Currency option contracts	Other current assets / other assets	1,782	Other current liabilities / other liabilities	(85)
Total derivatives held as trading		$ 10,984		$ (899)

25. Other income (expense), net

Other income (expense), net for the years ended June 30, 2019 and 2018 is detailed in the table below.

	Year Ended June 30,	
	2019	2018
Gains (losses) on derivatives not designated as hedging instruments (1)	$ 23,494	$ (2,687)
Currency related gains (losses) (2)	2,506	(19,500)
Other gains (3)	444	1,258
Total other income (expense)	$ 26,444	$ (20,929)

(1) Primarily relates to both realized and unrealized gains on derivative cross currency swaps. Currency forward and option contracts are not designated as hedging instruments.

(2) We have significant non-functional currency intercompany financing relationships subject to currency exchange rate volatility and the net currency-related gains for the years ended June 30, 2019 and 2018 are primarily driven by this intercompany activity. In addition, we have certain cross-currency swaps designated as cash flow hedges, which hedge against the remeasurement of certain intercompany loans, both presented in the same component above. Includes unrealized losses of $3,484 and unrealized gains of $2,722 for the years ended June 30, 2019 and 2018, respectively, related to cross currency swaps designated as cash-flow hedges.

(3) The gain recognized during the year ended June 30, 2018, primarily relates to the gain on the sale of investment in Albumprinter's shares reclassified from other comprehensive income.

26. Employee Benefit Expenses

	Year Ended June 30,	
	2019	2018
Wages and salaries	$ 531,217	$ 502,631
Social security costs	31,154	33,782
Other benefits	74,529	72,554
Total employee benefit expenses	$ 636,900	$ 608,967

Defined contribution plans

We maintain certain government mandated and defined contribution plans throughout the world. The most significant is our defined contribution retirement plan in the U.S. (the "Plan") that complies with Section 401(k) of the Internal Revenue Code. Substantially all employees in the U.S. are eligible to participate in the Plan. Under the provisions of the Plan, employees may voluntarily contribute up to 80% of eligible compensation, subject to IRS limitations. We match 50% of each participant's voluntary contributions, subject to a maximum company contribution of 3% of the participant's eligible compensation. Employee contributions are fully vested when contributed. Company matching contributions vest over 4 years.

We expensed $11,401 and $11,723 for our government mandated and defined contribution plans in the years ended June 30, 2019 and 2018, respectively.

Defined benefit plan

We currently have a defined benefit plan that covers substantially all of our employees in Switzerland. Our Swiss plan is a government-mandated retirement fund with benefits generally earned based on years of service and compensation during active employment; however, the level of benefits varies within the plan. Eligibility is determined in accordance with local statutory requirements. Under this plan, both we and certain of our employees with annual earnings in excess of government determined amounts are required to make contributions into a fund managed by an independent investment fiduciary. Employer contributions must be in an amount at least equal to the employee's contribution. Minimum employee contributions are based on the respective employee's age, salary, and gender. As of June 30, 2019 and 2018, the plan had an unfunded net pension obligation of approximately $1,525 and $1,268, respectively, and plan assets which totaled approximately $2,849 and $3,050, respectively. For the years ended June 30, 2019 and 2018, we recognized an expense of $242 and a gain of $31, respectively, related to our Swiss plan.

The average number of personnel employed (excluding temporary) was:

	Year Ended June 30,	
	2019	2018
Production	4,382	4,065
Technology and development	1,347	1,241
Marketing and selling	4,482	4,342
General and administrative	604	511
	10,815	10,159

As of June 30, 2019 and 2018, we had 698 and 602 employees (excluding temporary), respectively, in the Netherlands.

27. Income Taxes

The components of income tax expense are as follows:

	Year Ended June 30,	
	2019	2018
Current	$ 29,839	$ 41,360
Deferred	2,172	(3,306)
Prior year	(4,025)	(841)
Total	$ 27,986	$ 37,213

The following is a reconciliation of the standard Irish statutory tax rate and our effective tax rate:

	Year Ended June 30,	
	2019	2018
Dutch/Irish statutory income tax rate	25.0 %	25.0 %
Foreign tax rate differential	(11.4)%	(1.9)%
Change in tax residence	16.1 %	— %
Tax on repatriated earnings	7.4 %	— %
Irish foreign tax credit	(17.6)%	— %
Compensation related items	1.3 %	18.1 %
Increase in unrecognized deferred tax assets	2.3 %	7.1 %
Nondeductible interest expense	1.2 %	3.1 %
Goodwill impairment	1.9 %	— %
Changes to derivative instruments	1.5 %	— %
Gain on sale of subsidiary	— %	4.3 %
U.S. tax reform	— %	4.6 %
Nondeductible acquisition related payments	— %	9.4 %
Tax credits and incentives	(3.3)%	(5.2)%
Changes to variable interest entities	(2.3)%	— %
Patent Box (Italy)	(3.1)%	— %
Notional interest deduction (Italy)	(0.7)%	(2.1)%
Bonus depreciation (Italy)	(1.5)%	(2.1)%
Other	3.5 %	0.7 %
Effective income tax rate	20.3 %	61.0 %

On February 12, 2019, our parent company, Cimpress N.V., changed its residency from the Netherlands to Ireland. Cimpress N.V. remains incorporated in the Netherlands. However, effective from this date forward, Cimpress N.V. will be centrally managed and controlled in Ireland. In accordance with Irish tax law and the applicable tax treaties, a company which is centrally managed and controlled in Ireland is regarded as resident in Ireland for taxation purposes. As of February 12, 2019, profits generated by Cimpress N.V. will be taxed in Ireland, accordingly. The change in residency did not have a material impact on our fiscal 2019 tax provision due to reserves on a significant portion of our deferred tax assets in both jurisdictions. However, there is a significant change in how dividends received by Cimpress N.V. from its lower tier subsidiaries are treated for tax purposes. Historically, dividends received by Cimpress N.V. were generally free from income tax in the Netherlands, in accordance with the Dutch participation exemption rules. By contrast, in Ireland, such dividends will be immediately taxable to Cimpress N.V. subject to the availability of foreign tax credit relief. During fiscal 2019, Cimpress N.V. received dividends from various subsidiaries which are subject to tax in Ireland. However, the income tax owed on these dividends is entirely reduced by the availability of foreign tax credits resulting in no net income tax owed.

For the year ended June 30, 2019, our effective tax rate is 20.3% as compared to the prior year effective tax rate of 61.0%. The decrease in our effective tax rate as compared to the prior year is primarily due to a more favorable geographic mix on increased profits. In addition, during fiscal 2019 we recognized "Patent Box" tax benefits of $4,260 granted to our Pixartprinting business in Italy. In fiscal 2018 we recognized reductions to our deferred tax assets of $5,752 related to a one-time reduction to our existing U.S. deferred tax assets as a result of U.S. federal tax rate reductions. In fiscal 2018 we recognized additional reductions to our deferred tax assets of $4,908 related to expected future changes to our U.S. state apportionment.

Significant components of our deferred income tax assets and liabilities consist of the following at June 30, 2019 and 2018:

	Year Ended June 30, 2019	Year Ended June 30, 2018
Deferred tax assets:		
Net operating loss carryforwards	$ 42,455	$ 47,550
Financial leases	29,363	27,382
Depreciation and amortization	3,398	3,211
Accrued expenses	6,678	6,856
Share-based compensation	12,625	34,177
Credit and other carryforwards	6,275	4,338
Derivative financial instruments	1,600	—
Other	3,231	2,483
Total deferred tax assets	105,625	125,997
Deferred tax liabilities:		
Depreciation and amortization	(50,091)	(54,102)
Financial leases	(27,694)	(28,859)
Investment in flow-through entity	(3,078)	—
Intellectual property installment sale obligation	—	(2,103)
Tax on unremitted earnings	(648)	(738)
Derivative financial instruments	—	(1,034)
Other	(2,851)	(1,490)
Total deferred tax liabilities	(84,362)	(88,326)
Net deferred tax assets (liabilities)	$ 21,263	$ 37,671

In assessing the realizability of deferred tax assets, we consider whether it is probable that some portion or all of the deferred tax assets will not be realized. We have unrecognized tax benefits of $13,952 related to Irish foreign tax credit carryforwards that do not expire, but for which management has determined it is probable that these will not be utilized upon future repatriation. In addition, we have unrecognized tax benefits of $38,377 related to losses in certain jurisdictions (mainly Brazil, China, India, Japan, the United Kingdom and the United States) for which management has determined, based on current profitability projections, that it is probable that these losses will not be utilized within the applicable carryforward periods available under local law. We recognized a decrease of $21,789 in our unrecognized tax benefit on Cimpress N.V.'s Dutch net operating loss carryforwards as Cimpress N.V. is no longer a resident of the Netherlands for Dutch tax purposes.

Additionally, we have unrecognized tax benefits of $1,342 related to an interest rate derivative instrument for which management has determined, based on current profitability projections, that it is probable that it will not be recognized in the foreseeable future. The impact of the unrecognized tax benefit has been recorded in shareholders' equity on the balance sheet. Additionally, we have unrecognized tax benefits of $4,134 against a deferred tax asset related to U.S. state research and development credits for which management has determined it is probable that these credits will not be utilized within the applicable carryforward periods available under local law.

We have recorded tax benefits of $38,004 related to deferred tax assets associated with prior year tax losses generated in Switzerland. Management believes there is sufficient positive evidence in the form of historical and future projected profitability to conclude that it is probable that all of the losses in Switzerland will be utilized against future taxable profits within the available carryforward period. Our assessment is reliant on the attainment of our future operating profit goals. Failure to achieve these operating profit goals may change our assessment of this deferred tax asset, and such change would result in de-recognition and an increase in income tax expense to be recorded in the period of the change in assessment. We will continue to review our forecasts and profitability trends on a quarterly basis.

We have recognized $12,625 of deferred tax asset associated with share-based compensation at June 30, 2019. However, in the future, if the underlying awards expire, are released or are exercised with an intrinsic value less than the fair value of the awards on the date of grant, some or all of the benefit may not be realizable.

Based on the weight of available evidence at June 30, 2019, management believes it is probable that all other net deferred tax assets will be realized in the foreseeable future. We will continue to assess the realization of the deferred tax assets based on operating results on a quarterly basis.

The increase in deferred tax assets during fiscal 2019 is primarily attributable to increased net operating losses in Switzerland.

As of June 30, 2019, we had gross net operating loss and other carryforwards of $540,625, a significant amount of which begin to expire in fiscal 2021, with the remaining amounts expiring on various dates from fiscal 2020 through fiscal 2028 or with unlimited carryforward. In addition, we have $10,469 of tax credit carryforwards primarily related to U.S. federal and state research and development credits expiring on various dates beginning in fiscal 2030. The benefits of these carryforwards are dependent upon the generation of taxable income in the jurisdictions where they arose.

A cumulative deferred tax liability of $648 has been recorded attributable to undistributed earnings that we have determined may be repatriated in the foreseeable future. The remaining undistributed earnings of our subsidiaries are not expected to be repatriated in the foreseeable future or can be repatriated at no tax cost. Accordingly, there has been no provision for income or withholding taxes on these earnings.

A reconciliation of the gross beginning and ending amount of unrecognized tax benefits is as follows:

	Unrecognized Tax Benefits
Balance at July 1, 2017	$ 5,383
Additions based on tax positions related to the current tax year	612
Additions based on tax positions related to prior tax years	93
Reductions based on tax position related to prior tax years	(261)
Reductions due to audit settlements	(31)
Reductions due to lapse of statute of limitations	(1,105)
Cumulative translation adjustment	14
Balance at June 30, 2018	4,705
Additions based on tax positions related to the current tax year	702
Additions based on tax positions related to prior tax years	201
Reductions based on tax position related to prior tax years	(117)
Reductions due to lapse of statute of limitations	(763)
Cumulative translation adjustment	(7)
Balance at June 30, 2019	$ 4,721

We recognize interest and, if applicable, penalties related to unrecognized tax benefits in income tax expense. The accrued interest and penalties recognized as of June 30, 2019 and 2018 were $515 and $448, respectively. It is reasonably possible that a further change in unrecognized tax benefits in the range of $400 to $800 may occur within the next twelve months related to the settlement of one or more audits or the lapse of applicable statutes of limitations. We believe we have appropriately provided for all tax uncertainties.

We conduct business in a number of tax jurisdictions and, as such, are required to file income tax returns in multiple jurisdictions globally. The years 2013 through 2018 remain open for examination in the various tax jurisdictions in which we file tax returns.

We are currently under income tax audit in certain jurisdictions globally. We believe that our income tax reserves are adequately maintained taking into consideration both the technical merits of our tax return positions and ongoing developments in our income tax audits. However, the final determination of our tax return positions, if audited, is uncertain, and there is a possibility that final resolution of these matters could have a material impact on our results of operations or cash flows.

28. Earnings Per Share

Basic net income per share is computed by dividing net income by the weighted-average number of ordinary shares outstanding for the fiscal period. Diluted net income per share gives effect to all potentially dilutive securities, including share options, RSUs and RSAs, using the treasury stock method. Awards with performance or market conditions are included using the treasury stock method only if the conditions would have been met as of the end of the reporting period.

The following table sets forth the reconciliation of the weighted-average number of ordinary shares:

	Year Ended June 30,	
	2019	2018
Weighted average shares outstanding, basic	30,786,349	30,948,081
Weighted average shares issuable upon exercise/vesting of outstanding share options/RSUs/RSAs	876,356	1,272,320
Shares used in computing diluted net income per share	31,662,705	32,220,401
Weighted average anti-dilutive shares excluded from diluted net income per share	—	2,291

29. Commitments and Contingencies

Operating Lease Commitments

We have commitments under operating leases for our facilities that expire on various dates through 2026. Total lease expense, net of sublease income for the years ended June 30, 2019 and 2018 was $18,159 and $14,231, respectively.

We lease certain machinery and plant equipment, as well as buildings, under both financial and operating lease agreements that expire at various dates through 2028. The aggregate carrying value of the leased buildings and equipment under financial leases included in property, plant and equipment, net in our consolidated balance sheet at June 30, 2019, is $29,211, net of accumulated depreciation of $41,962; the present value of lease installments not yet due included in other current liabilities and other liabilities in our consolidated balance sheet at June 30, 2019 amounts to $26,705.

Future minimum payments required for our operating lease obligations for the next five fiscal years and thereafter are as follows at June 30, 2019:

	Operating lease obligations
2020	$ 43,751
2021	36,685
2022	30,469
2023	24,979
2024	21,195
Thereafter	48,994
Total	$ 206,073

Other Obligations

We have also entered into arrangements with financial institutions and vendors to provide guarantees for the obligations of our subsidiaries under banking arrangements and purchase contracts. The guarantees vary in length of time but, in general, guarantee the financial obligations of the subsidiaries under such arrangements. The financial obligations of our subsidiaries under such arrangements are reflected in our consolidated financial statements and these notes.

We enter into agreements in the ordinary course of business with, among others, vendors, lessors, financial institutions, service providers, distributors and certain marketing customers, pursuant to which it has agreed to indemnify the other party for certain matters, such as property damage, personal injury, acts or omissions by us, our employees, agents or representatives, or third party claims alleging that our intellectual property infringes a patent, trademark or copyright.

In accordance with our articles of association and with various indemnification agreements with specific employees, we have agreed to indemnify our directors, executive officers and employees, to the extent legally permissible, against all liabilities reasonably incurred in connection with any action in which the individual may be involved by reason of such individual being or having been a director, officer or employee of any company within the Cimpress group of companies.

Based upon our historical experience and information known to us as of June 30, 2019, we believe our liability with respect to the above guarantees and indemnities at June 30, 2019 is immaterial.

For each of the non-controlling equity interests described in Note 17, the minority shareholders each have put rights that would require us to purchase their shares, if exercised, during certain agreed upon periods of time. We have recognized these liabilities within long-term liabilities in the consolidated balance sheet based on our current estimate of these future obligations. Refer to Note 17 for additional details for these arrangements. In addition, we have deferred payments related to several of our acquisitions of $2,396 in aggregate.

Purchase Obligations

At June 30, 2019, we had unrecorded commitments under contract of $71,600, including inventory and third-party fulfillment purchase commitments of $46,355 and third-party web services of $8,066. In addition, we had purchase commitments for production and computer equipment purchases of approximately $3,352, commitments for advertising campaigns of $603, professional and consulting fees of $1,140, and other unrecorded purchase commitments of $12,084.

Legal Proceedings

We are not currently party to any material legal proceedings. Although we cannot predict with certainty the results of litigation and claims to which we may be subject from time to time, we do not expect the resolution of any of our current matters to have a material adverse impact on our consolidated results of operations, cash flows or financial position. In all cases, at each reporting period, we evaluate whether or not a potential loss amount or a potential range of loss is probable and reasonably estimable under the provisions of the authoritative guidance that addresses accounting for contingencies. We expense the costs relating to our legal proceedings as those costs are incurred.

30. Subsequent Events

Subsequent to our fiscal year ended June 30, 2019, and through October 4, 2019, we have repurchased 2,181,103 of our outstanding ordinary shares for an amount of $260,266.

Cimpress N.V.

2019 COMPANY ONLY FINANCIAL STATEMENTS

CIMPRESS N.V.

COMPANY STATEMENT OF FINANCIAL POSITION

(in thousands)

	June 30, 2019	June 30, 2018
Assets		
Property, plant and equipment (Note 4)	$ 106	$ 126
Investment in subsidiaries (Note 5)	3,734,998	5,179,897
Long-term receivables from group companies (Note 6)	650,778	608,250
Other investment, including derivatives (Note 5)	4,658	30,764
Other non-current assets	489	130
Total non-current assets	4,391,029	5,819,167
Receivables from group companies	88,498	111,850
Cash and cash equivalents (Note 8)	—	—
Other current assets (Note 7)	2,318	3,646
Total current assets	90,816	115,496
Total assets	$ 4,481,845	$ 5,934,663
Equity		
Share capital (Note 9)	$ 615	$ 615
Share premium (Note 9)	1,377,448	1,368,302
Treasury shares (Note 9)	(737,447)	(685,577)
R&D legal reserve (Note 9)	69,840	56,199
Fair value reserve	(5,322)	—
Revaluation legal reserve (Note 9)	2,795,803	4,188,953
Foreign currency translation legal reserve (Note 9)	(84,586)	(84,573)
Hedging legal reserve (Note 9)	(7,205)	(16,318)
Retained earnings	281,199	297,259
Total equity	3,690,345	5,124,860
Liabilities		
Long-term debt (Note 10)	498,416	564,004
Other non-current liabilities (Note 11)	122,216	104,598
Total non-current liabilities	620,632	668,602
Trade payables	1,985	2,874
Other current liabilities (Note 13)	168,883	138,327
Total current liabilities	170,868	141,201
Total liabilities	791,500	809,803
Total equity and liabilities	$ 4,481,845	$ 5,934,663

The notes on pages 152 to 169 are an integral part of these company financial statements.

CIMPRESS N.V.
COMPANY STATEMENT OF PROFIT OR LOSS
(in thousands)

	Year Ended June 30,	
	2019	2018 (* Restated)
Dividend income	$ 68,234	$ 24,495
Other (expense) income, net (Note 16)	(180)	3,818
General and administrative expenses	(63,235)	(16,480)
Operating profit	4,819	11,833
Finance income (Note 18)	38,994	35,613
Finance costs (Note 18)	(45,893)	(41,507)
Loss on early extinguishment of debt (Note 18)	—	(17,359)
Net finance costs	(6,899)	(23,253)
(Loss) profit before tax	(2,080)	(11,420)
Income tax expense (Note 19)	(339)	—
(Loss) profit for the period	$ (2,419)	$ (11,420)

* Prior period has been restated to reflect the retrospective application of the newly adopted accounting standard, IFRS 9 Financial Instruments. Refer to Note 3 for additional details.

The notes on pages 152 to 169 are an integral part of these company financial statements.

CIMPRESS N.V.
COMPANY STATEMENT OF COMPREHENSIVE INCOME
(in thousands)

	Year Ended June 30,	
	2019	2018 (* Restated)
Net loss	$ (2,419)	$ (11,420)
Other comprehensive (loss) income		
Items that are or may be reclassified to profit or loss:		
Cash flow hedges - effective portion of changes in fair value	4,014	3,494
Cash flow hedges - reclassified to profit or loss	5,086	(1,623)
Items that will not be reclassified to profit or loss:		
Changes in fair value of investments in subsidiaries	(1,393,150)	1,520,843
Other comprehensive (loss) income, net of tax	(1,384,050)	1,522,714
Total comprehensive (loss) income for the period	$ (1,386,469)	$ 1,511,294

* Prior period has been restated to reflect the retrospective application of the newly adopted accounting standard, IFRS 9 Financial Instruments. Refer to Note 3 for additional details.

The notes on pages 152 to 169 are an integral part of these company financial statements.

CIMPRESS N.V.
COMPANY STATEMENT OF CHANGES IN EQUITY
(in thousands)

	Share capital	Share premium	Treasury share	R&D legal reserve	Foreign currency translation legal reserve	Hedging legal reserve	Fair value reserve	Revaluation legal reserve	Retained earnings	Total equity
Balance as of June 30, 2017	$ 615	$ 483,864	$ (588,365)	$ 48,470	$ (84,573)	$ (18,189)	$ —	$ 3,571,888	$ 268,863	$ 3,682,573
(Loss) for the period	—	—	—	—	—	—	—	—	(11,420)	(11,420)
Other comprehensive income	—	—	—	—	—	1,871	—	1,520,843	—	1,522,714
Total comprehensive income for the period	—	—	—	—	—	1,871	—	1,520,843	(11,420)	1,511,294
Transfer to legal reserve	—	—	—	7,729	—	—	—	—	(7,729)	
Transfer of distributable reserves (Note 9)	—	856,233	—	—	—	—	—	(856,233)	—	—
Transfer of gain on sale of subsidiary	—	—	—	—	—	—	—	(47,545)	47,545	—
Transactions with owners of Cimpress N.V.										
Share-based compensation expense	—	37,988	—	—	—	—	—	—	—	37,988
Purchase of Treasury shares	—	—	(94,710)	—	—	—	—	—	—	(94,710)
Grant of restricted share awards	—	—	(168)	—	—	—	—	—	—	(168)
RSUs awarded, net of shares withheld for taxes	—	(4,784)	840	—	—	—	—	—	—	(3,944)
Share options exercised	—	(4,999)	(3,174)	—	—	—	—	—	—	(8,173)
Total contributions by and distributions	—	28,205	(97,212)	—	—	—	—	—	—	(69,007)
Balance as of June 30, 2018	$ 615	$ 1,368,302	$ (685,577)	$ 56,199	$ (84,573)	$ (16,318)	$ —	$ 4,188,953	$ 297,259	$ 5,124,860
(Loss) for the period	—	—	—	—	—	—	—	—	(2,419)	(2,419)
Other comprehensive income	—	—	—	—	(13)	9,113	—	(1,393,150)	—	(1,384,050)
Total comprehensive income for the period	—	—	—	—	(13)	9,113	—	(1,393,150)	(2,419)	(1,386,469)
Transfer to legal reserve	—	—	—	13,641	—	—	—	—	(13,641)	—
Transactions with owners of the Cimpress N.V.										
Share-based compensation expense	—	15,118	—	—	—	—	—	—	—	15,118
Purchase of Treasury shares	—	—	(55,567)	—	—	—	—	—	—	(55,567)
Grant of restricted share awards (Note 21)	—	—	24	—	—	—	—	—	—	24
RSUs awarded, net of shares withheld for taxes	—	(2,866)	573	—	—	—	—	—	—	(2,293)
Share options exercised	—	(3,106)	3,100	—	—	—	—	—	—	(6)
Total contributions by and distributions	—	9,146	(51,870)	—	—	—	—	—	—	(42,724)
Put liability for sale non-controlling interests in direct subsidiary without change in control	—	—	—	—	—	—	(5,322)	—	—	(5,322)
Total transactions with owners of Cimpress N.V.	—	9,146	(51,870)	—	—	—	(5,322)	—	—	(48,046)
Balance as of June 30, 2019	$ 615	$ 1,377,448	$ (737,447)	$ 69,840	$ (84,586)	$ (7,205)	$ (5,322)	$ 2,795,803	$ 281,199	$ 3,690,345

The notes on pages 152 to 169 are an integral part of these company financial statements.

CIMPRESS N.V.
COMPANY STATEMENT OF CASH FLOWS
(in thousands)

	Year Ended June 30, 2019	2018
Cash flows from operating activities		
Loss for the period	$ (2,419)	$ (11,420)
Adjustments for:		
Depreciation and amortization (Note 4)	133	142
Share-based compensation expense inclusive of intercompany charges (Note 12)	15,420	3,000
Loss on early extinguishment of debt	—	17,359
Effect of exchange rate changes on monetary assets and liabilities denominated in non-functional currency	(4,095)	(856)
Other non-cash items	2,590	2,119
Changes in working capital:		
Receivables from group companies	(19,177)	33,769
Other current assets	23,118	3,258
Other noncurrent assets	—	(1,305)
Trade payables	(890)	1,067
Other current liabilities	38,568	33,637
Cash generated from operating activities	53,248	80,770
Interest paid (Note 10)	(39,662)	(38,453)
Net cash from operating activities	13,586	42,317
Cash flows from investing activities		
Purchases of property, plant and equipment (Note 4)	(49)	(81)
Proceeds from sale of subsidiaries, net of transaction costs and cash divested	—	96,273
Realized loss on derivatives designated as hedging instruments	(12,016)	—
Other investing activities	425	2,497
Net cash (used in) provided by investing activities	(11,640)	98,689
Cash flows from financing activities		
Proceeds from borrowings of debt (Note 10)	793,561	436,250
Proceeds from issuance of senior notes (Note 10)	—	400,000
Payments of long-term debt (Note 10)	(846,788)	(604,250)
Payment for early redemption of senior notes	—	(275,000)
Payments of early redemption fees for senior notes	—	(14,438)
Payment for debt issuance costs	(2,729)	(10,629)
Proceeds from bank overdraft	46,790	9,232
Borrowing (repayment) of intercompany loan transactions	14,049	53,761
Proceeds from the issuance of ordinary shares	3,403	(8,181)
Payment of withholding taxes in connection with vesting of restricted share units	(5,980)	(3,906)
Repurchase of treasury shares	(55,567)	(94,711)
Issuance of loans	—	(21,000)
Proceeds from sale of non-controlling interest	8,138	—
Return of contributed capital	46,232	—
Capital contribution to subsidiaries	(3,055)	(7,966)
Other financing activities	—	(168)
Net cash used in financing activities	(1,946)	(141,006)
Net decrease in cash and cash equivalents	—	—
Cash and cash equivalents at beginning of period (Note 8)	—	—
Cash and cash equivalents at end of period (Note 8)	$ —	$ —

The notes on pages 152 to 169 are an integral part of these company financial statements.

CIMPRESS N.V.
NOTES TO COMPANY FINANCIAL STATEMENTS
For the Year Ended June 30, 2019
(in thousands, except share and per share data)

1. Reporting entity

The company financial statements are part of the 2018/19 financial statements of Cimpress N.V. (the 'Company').

Cimpress N.V. is a company domiciled in the Netherlands. The company's registered office is Building D, Xerox Technology Park, Dundalk, Co. Louth, Ireland. The company is registered under number 14117527 in the Trade register.

Cimpress N.V. was formed as a limited liability company (*naamloze vennootschap)* under the laws of the Netherlands and pursuant to a scheme of arrangement under Bermuda law approved by the common shareholders of Vistaprint Limited, among other things, each common share of Vistaprint Limited was exchanged for one ordinary share of Cimpress N.V. on August 31, 2009.

On November 14, 2014, pursuant to our shareholders' approval, we amended our articles of association to change our name to Cimpress N.V. and began trading on The Nasdaq Stock Market under the "CMPR" ticker symbol shortly afterward.

2. Basis of preparation

These Company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and with the Netherlands Civil Code, Part 9 of Book 2.

Use of judgments, estimates and assumptions

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

For purposes of determining the fair value of our investment in subsidiaries, we used significant judgment, estimates and assumptions. Refer to Note 5 for additional information relating to significant judgments.

3. Accounting policies

The accounting policies are the same as those described in Note 3 of the consolidated financial statements with the exception of valuation of investments in subsidiaries as below:

Changes in accounting policies

Investment in Subsidiaries

Under IFRS, we have elected to recognize our investments in subsidiaries at fair value. Under IFRS 9, we have elected the optional fair value through other comprehensive income ("FVOCI") designation for qualifying investments in equity instruments. As a result any upward or downward revaluation in subsidiaries to fair value is recognized in other comprehensive income with the corresponding increase or decrease in the revaluation reserve. Dividends received from subsidiaries are recognized in the statement of profit and loss.

Newly Adopted Accounting Standards

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018 and we adopted this standard effective July 1, 2018.

We have evaluated the impact of IFRS 9 as it relates to the accounting for our investment in subsidiaries within our company only financial statements. Our equity investment in subsidiaries were previously classified as available for sale securities and accounted for at fair value. Any changes in fair value was recognized in other comprehensive income. Under IFRS 9, we have elected the optional FVOCI designation for qualifying investments in equity instruments. As a result any upward or downward revaluation in subsidiaries to fair value is recognized in other comprehensive income with the corresponding increase or decrease in the revaluation reserve. Dividends received from subsidiaries are recognized in the statement of profit and loss. Under IFRS 9, amounts recognized in OCI will never be reclassified to profit and loss, even if an asset is impaired, sold or otherwise derecognized. This election requires retrospective application, in which for the year ended June 30, 2018, we reclassified a gain recognized on the sale of our Albumprinter business from operating profit within the consolidated statement of profit or loss to the revaluation legal reserve within the statement of financial condition in the amount of $47,545. Subsequently, as allowed under the standard, we transferred the gain on the sale of Albumprinter from the revaluation legal reserve to retained earnings. The new standard had no other material impacts to our company only financial statements.

4. Property, plant and equipment

Property, plant and equipment consist of the following:

		June 30,	
	Estimated useful lives	2019	2018
Computer software and equipment	3 - 5 years	$ 743	$ 734
Construction in progress		40	—
Less accumulated depreciation		(677)	(608)
Tangible fixed assets		$ 106	$ 126

Movements in net property, plant and equipment were as follows:

	Computer software and equipment
Balance at July 1, 2017	$ 176
Additions	81
Depreciation	(131)
Balance at June 30, 2018	126
Additions	49
Depreciation	(69)
Balance at June 30, 2019	$ 106

5. Other investments

Investment in subsidiaries

Investment in subsidiaries are recognized in the company financial statements at fair value. For the years ended June 30, 2019 and 2018, the fair value of our subsidiaries was $3,734,998 and $5,179,897, respectively. The following table summarizes the changes in our investment in subsidiaries:

	Total
Balance at July 1, 2017	$ 3,747,359
Capital contributions	7,968
Divestiture of our investment in Albumprinter	(48,728)
Unrealized changes in fair value	1,473,298
Balance at June 30, 2018	5,179,897
Capital contributions	3,055
Return of contributed capital	(46,232)
Proceeds from the sale of equity	(8,572)
Unrealized changes in fair value	(1,393,150)
Balance at June 30, 2019	$ 3,734,998

Unrealized changes in fair value

Unrealized changes in fair value, net of dividends received during the year, amounted to a decrease in the fair value of $1,393,150 in the year ended June 30, 2019 and an increase in the fair value of $1,473,298 in the year ended June 30, 2018. These changes reflect the periodic measurement exercise on the overall portfolio of subsidiaries and are primarily due to updates in our long-term financial forecasts of our businesses based on the current strategic opportunity and operational performance. The unrealized changes in fair value are recorded to other comprehensive income. For the years ended June 30, 2019 and 2018, the cumulative balance of $2,795,803 and $4,188,953, respectively, is recognized as a revaluation reserve within equity.

Fair Value

In accordance with IFRS 13, fair value is determined as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. In the absence of an active market for a financial instrument, the asset is considered a Level 3 financial instrument and requires the use of valuation models. As we concluded that there is no specific observable or active market for our various subsidiaries, we engaged a third-party valuation specialist to assist in the calculation of the fair value. We used both an income approach, specifically the discounted cash flow (DCF) method, as well as the market approach, using the guideline public company method. For most of our subsidiaries we used a weighted-average combination of the two, weighting the income approach at 75%. For subsidiaries that are in the early-stage of their operations and strategic initiatives we applied a 100% weighting to the income approach. See below for a summary of the inputs and assumptions utilized for each method:

- DCF methodology - this method determines the value of the subsidiary by calculating the present value of the expected future cash flows, including the application of a terminal value, to derive the fair value of the subsidiaries. The cash flow projections utilized are based on management's estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions. The discount rate is based on a weighted average cost of capital ("WACC") specific to each subsidiary, which represents the average rate a business must pay its providers of debt and equity, plus a risk premium. The WACC used is derived from a group of comparable companies.

- Guideline public company method - this method relies on pricing multiples derived from the market prices of stocks of companies that are engaged in the same or similar line of business and that are actively traded on a free and open market. We apply the identified multiples to the corresponding measure of our subsidiaries financial performance, for example revenue or EBITDA.

To determine the fair value of our subsidiaries, we first determined the fair values of our various businesses (or cash generating units), which aligns with the level in which we internally forecast and management our businesses. As most of our businesses represent a collection of specific subsidiaries, we used the business-specific fair value and allocated the fair value to each individual subsidiaries, using subsidiary level earnings before interest and income taxes, taking into account intercompany transfer pricing and financing arrangements. The significant unobservable inputs (level 3) have been disclosed in the table below:

Type	Accounting method	Far value hierarchy	Valuation technique and key input	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment in subsidiaries	Fair value through OCI	Level 3	Discounted cash flow methodology (income approach): this is a forward-looking approach to estimating fair value and relies primarily on internal forecasts. Some of the more significant estimates and assumptions inherent in this approach include: the amount and timing of the projected net cash flows,as well as the selection of a long-term growth rate; the discount rate (WACC), which is intended to reflect the various risks associated with the projected cash flows.	Revenue growth rates based on management's experience and knowledge of the industry and markets in which our businesses operate. Revenue growth rates ranged from zero to more than 100% in our early stage businesses, and terminal revenue growth rates ranged from 2% - 3%. Weighted average cost of capital (WACC), determined using a Capital Asset Pricing Model and is dependent on country risk premiums which ranged from 0% to 3%, as well as company specific risk premiums which ranged from 4% to 25%.	An increase or decrease of 10% in the terminal growth rate while all other variables were held constant, would change the estimated fair value by approximately $103 - 146 million. An increase or decrease of 10% in the WACC while all other variables were held constant, would change the estimated fair value by approximately $371 - 444 million.
			Guideline public company method (market approach): this approach relies primarily on external market pricing inputs. Some of the more significant estimates and assumptions inherent in this approach include: the selection of appropriate guideline companies and forecasted EBITDA.	The selected market multiple of EBITDA, based on comparable companies ranged from 6.0x to 10.0x forecasted EBITDA.	An increase or decrease of 10% in the selected multiple while all other variables were held constant, would change the estimated fair value by approximately $104 - 107 million.

Other investments, including derivatives

Other investments, including derivatives are summarized as follows:

	June 30, 2019	June 30, 2018
Loan receivable from Printi equity holders (1)	$ —	$ 22,234
Interest rate swaps designated as cash flow hedging instruments	4,658	8,530
Total financial fixed assets	$ 4,658	$ 30,764

(1) In May 2017, we entered into an arrangement with two Printi equity holders to provide loans, which represent prepayments for our future purchase of their equity interests in our Printi subsidiary. The loans are payable on the date the put or call option is exercised and the loan proceeds will be used to offset our purchase of their remaining outstanding equity interest, which also serves as collateral. As of June 30, 2019 and 2018, the net loan receivable including accrued interest was zero and $22,234, respectively. As of June 30, 2019 the collateral value of the related equity interest was estimated to be zero. As a result, we recognized a reserve against the full value of the loans, resulting in the recognition of a loss within general and administrative expenses in our company statement of profit or loss.

6. Long-term receivables from group companies

As disclosed separately on our company-only balance sheet, long-term loan receivables from group companies of $650,778 and $608,250 as of June 30, 2019 and 2018, respectively, are due from Cimpress Schweiz GmbH, Cimpress Deutschland GmbH, and Cimpress India Marketing Private Limited, indirectly wholly owned subsidiaries of Cimpress N.V., and Cimpress UK Limited, a wholly owned subsidiary of Cimpress N.V. The Cimpress Schweiz GmbH loan bears a variable interest rate based on LIBOR and is payable over a period of 7 years. The Cimpress Deutschland GmbH loan bears interest of 7.00% and is payable over a period of 6.5 years. The Cimpress India Marketing Private Limited balance represents one loan which is payable on demand and bears a variable interest rate based on LIBOR. The Cimpress UK Limited loan bears interest of 5.88% and is payable over a period of 6 years.

Movement in the long-term loan receivables from group companies balance is summarized below:

Balance at July 1, 2017	$	665,336
Borrowings		277,282
Repayments		(337,489)
Effect of foreign currency translation		3,121
Balance at June 30, 2018		608,250
Borrowings		374,972
Repayments		(287,084)
Adjustment for loan reserve (1)		(47,567)
Effect of foreign currency translation		2,207
Balance at June 30, 2019	$	650,778

(1)During the year ended June 30, 2019, we recognized a reserve against a loan associated with our Printi business, which we no longer believe will be collectible. The reserve was recognized as part of general and administrative expense within our company statement of profit or loss. Refer to Note 9 of our consolidated financial statements for further details of certain impairment recognized for the business.

7. Other current assets

This balance includes items maturing within one year and consists of:

	June 30,			
	2019		2018	
Prepaid expenses	$	1,957	$	1,869
Other current assets		361		1,777
Total other current assets	$	2,318	$	3,646

8. Cash and cash equivalents

We consider all highly liquid investments purchased with an original maturity of three months or less to be the equivalent of cash for the purpose of balance sheet and statement of cash flows presentation. Cash equivalents consist of depository accounts and money market funds.

As of June 30, 2019 and 2018, our company only cash and cash equivalents balance was a negative $112,300 and $65,509, respectively, due to a cash pooling program for certain of our European bank accounts. We have reclassified the negative cash balance to current liabilities. Refer to Note 13 for additional details.

9. Capital and reserves

Share capital

During the year ended June 30, 2018, the articles of incorporation were amended to (i) increase the nominal value of the ordinary and preferred shares from €0.01 to €15.89 whereby part of the legal revaluation reserve *(herwaarderingsreserve)* was applied to pay-up the increase in the nominal value of the outstanding ordinary shares (the "Capital Increase Amendment"), and (ii) to decrease the nominal value of the ordinary and preferred shares to €0.01 (the "Capital Decrease Amendment"), whereby the aggregate amount of the decrease in the nominal value as a result of the Capital Decrease Amendment in the amount of €700,000 ($856,233 based on the exchange rate on the transfer date) has been contributed to the share premium reserve of Cimpress. As a result, a legal reserve *(wettelijke reserve)* which limits the ability to make distributions or repurchase shares under Dutch law was converted to a share premium reserve which qualifies as a freely distributable reserve and which allows us to make distributions or repurchase shares. As a result, an initial adjustment was recognized to increase share capital in an amount of $856,233, which was then followed by a subsequent adjustment to adjust share capital by the same amount and transfer $856,233 to share premium.

At June 30, 2019 and 2018, we have authorized 100,000,000 ordinary shares of which 44,080,627 are issued and 30,445,669 and 30,876,193, respectively, are outstanding with a par value of €0.01 per share. Additionally, 100,000,000 preferred shares with a par value of €0.01 per share are authorized, of which no preferred shares are issued or outstanding.

Treasury shares

Treasury shares are accounted for using the cost method and are included as a component of shareholders' equity. We reissue treasury shares as part of our share-based compensation programs and upon issuance we determine the cost using the average cost method. We held 13,634,958 and 13,204,434 of the Company's shares at June 30, 2019 and 2018, respectively.

Nature and purpose of reserves

R&D legal reserve

As of June 30, 2019 and 2018, the legal reserves of $69,840 and $56,199, respectively, are required for capitalized software development costs.

Foreign currency translation legal reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operation.

Fair value reserve

The fair value reserve consists of the estimated redemption value for non-controlling interests that are direct subsidiaries of Cimpress N.V. The estimated value includes the amount we expect to pay, should the minority shareholder exercise their put option. Refer to Note 17 of the consolidated financial statements for additional details.

Revaluation legal reserve

The revaluation reserve consists of the unrealized aggregate increase in fair value of the investment in subsidiaries. Please refer to Note 5 for more details regarding the fair value adjustments.

Hedging legal reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss. Refer to Note 15.

Differences between consolidated equity attributable to equity holders of the Company and Company statement of changes in equity

The difference between consolidated equity attributed to equity holder of the Company and Company statement of changes in equity as of June 30, 2019 and 2018 is shown below.

	Shareholder's equity	Net income (loss) for the period
June 30, 2018		
Consolidated	$ 20,173	$ 20,901
Company only	5,124,860	(11,420)
Difference	$ (5,104,687)	$ 32,321
June 30, 2019		
Consolidated	$ 46,692	$ 111,788
Company only	3,690,345	(2,419)
Difference	$ (3,643,653)	$ 114,207

As of June 30, 2019, the total equity attributable to equity holders of the Company in accordance with the consolidated statement of financial position is $46,692, while the total equity in the company statement of equity is $3,690,345, being a difference of $3,643,653.

Cimpress N.V. values its investments in subsidiaries at fair value and accordingly no subsequent foreign currency translation reserve movement arises on such subsidiaries. The difference between the total equity attributable to equity holders of the Company from the consolidated statement of financial position to the company statement of equity is primarily caused by the revaluation reserve recorded for the unrealized changes in fair value of $3,652,036 as of June 30, 2019. The difference is due in part to recognizing the value of our subsidiaries at fair value in our company statement of financial position, as compared to the carrying value of the underlying assets, which are included in our consolidated financial statements.

10. Debt

	June 30,	
	2019	2018
Senior secured credit facility	$ 163,015	$ 216,914
7.0% Senior unsecured notes due 2026	400,000	400,000
Debt issuance costs and debt discounts	(12,018)	(12,584)
Total debt outstanding	550,997	604,330
Less: short-term debt	(52,581)	(40,326)
Long-term debt	$ 498,416	$ 564,004

For additional details regarding our outstanding debt, refer to Note 20 of our consolidated financial statements. A portion of the debt under our senior secured credit facility is outstanding with one of our wholly owned subsidiaries.

11. Other non-current liabilities

Our non-current liabilities are summarized as follows:

	June 30,	
	2019	2018
Long-term loan from group companies	$ 108,737	$ 94,687
Put liability for direct subsidiary NCI	5,322	—
Currency forward contracts not designated as hedging instruments	8,157	9,911
Total other non-current liabilities	$ 122,216	$ 104,598

The long-term related party loan payable is primarily due to Cimpress Windsor Corporation, an indirectly wholly owned subsidiary of Cimpress N.V. and Cimpress Italy S.r.l. and Cimpress Investments B.V., wholly owned subsidiaries of Cimpress N.V. These loans are payable on demand, with maturity dates from September 2020 through June 2024, bearing interest in the range of 4.07% and 4.75%.

12. Share-based payment arrangements

Total share-based compensation costs for Cimpress N.V. were $15,420 and $3,000 for the years ended June 30, 2019 and 2018, respectively, and we elected to recognize the share-based compensation cost during the vesting period based on the best available estimate of the number of equity instruments expected to vest (factoring estimated forfeiture rates up-front in accruing share-based compensation cost).

For more details of the nature, amount and significant conditions regarding share awards, please refer to Note 21 to the Consolidated financial statements.

13. Other current liabilities

Our current liabilities are summarized as follows:

	June 30, 2019	June 30, 2018
Cash overdraft (1)	$ 112,300	$ 65,509
Current portion of debt, net of debt issuance costs	52,581	40,326
Accrued expenses	3,353	3,664
Interest rate swaps designated as cash flow hedging instruments	—	3,475
Cross-currency swaps designated as cash flow hedging instruments	—	25,348
Currency forward contracts not designated as hedging instruments	649	5
Total other current liabilities	$ 168,883	$ 138,327

(1) As of June 30, 2019 and 2018, our company only cash and cash equivalents balance was a negative $112,300 and $65,509, respectively, due to a cash pooling program.

14. Financial instruments

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. During the reporting period no transfers between levels of fair value hierarchy have occurred. The following tables summarize our assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy:

	June 30, 2019			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investment in subsidiaries	$ 3,734,998	$ —	$ —	$ 3,734,998
Currency forward contracts	4,460	4,460	—	—
Interest rate swap contracts	144	144	—	—
Total assets recorded at fair value	$ 3,739,602	$ 4,604	$ —	$ 3,734,998
Liabilities				
Interest rate swap contracts	$ (5,441)	$ (5,441)	$ —	$ —
Cross-currency swap contracts	(915)	(915)	—	—
Currency forward contracts	(2,397)	(2,397)	—	—
Total liabilities recorded at fair value	$ (8,753)	$ (8,753)	$ —	$ —

	June 30, 2018			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investment in subsidiaries	$ 5,179,897	$ —	$ —	$ 5,179,897
Interest rate swap contracts	8,530	—	8,530	—
Total assets recorded at fair value	$ 5,188,427	$ —	$ 8,530	$ 5,179,897
Liabilities				
Interest rate swap contracts	$ (4)	$ —	$ (4)	$ —
Cross-currency swap contracts	(25,348)	—	(25,348)	—
Currency forward contracts	(13,387)	—	(13,387)	—
Total liabilities recorded at fair value	$ (38,739)	$ —	$ (38,739)	$ —

Refer to Note 5 in the company only financial statements for further information related to the inputs, assumptions and methodologies used in quantifying the fair value of the investment in subsidiaries. For all of the other financial instruments above, the financial risk and sensitivity analysis are disclosed in Note 25 of the consolidated financial statements.

15. Derivatives

We use derivative financial instruments, such as interest rate swap contracts, cross-currency swap contracts, and currency forward and option contracts, to manage interest rate and foreign currency exposures. Derivatives are recorded in the consolidated balance sheets at fair value. If the derivative is designated as a cash flow hedge or net investment hedge, then the effective portion of changes in the fair value of the derivative is recorded in shareholders' equity and is subsequently reclassified into earnings in the period the hedged forecasted transaction affects earnings. If a derivative is deemed to be ineffective, then the ineffective portion of the change in fair value of the derivative is recognized directly in earnings. The change in the fair value of derivatives not designated as hedges is recognized directly in earnings, as a component of other income net.

Hedges of Interest Rate Risk

We enter into interest rate swap contracts to manage variability in the amount of our known or expected cash payments related to a portion of our debt. Our objective in using interest rate swaps is to add stability to interest expense and to manage our exposure to interest rate movements. We designate our interest rate swaps as cash flow hedges. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for us making fixed-rate payments over the life of the contract agreements without exchange of the underlying notional amount. Realized gains or losses from interest rate swaps are recorded in earnings, as a component of interest expense, net. A portion of three of our interest rate swap contracts was deemed to be ineffective during the year ended June 30, 2019 and a portion of two of our contracts was deemed to be ineffective during the prior comparative period.

Amounts reported in shareholders' equity related to interest rate swap contracts will be reclassified to interest expense as interest payments are accrued or made on our variable-rate debt. As of June 30, 2019, we estimate that $2,067 will be reclassified from shareholders' equity to interest expense during the twelve months ending June 30, 2020. As of June 30, 2019, we had four outstanding interest rate swap contracts indexed to one-month USD LIBOR that were held by Cimpress N.V. These instruments were designated as cash flow hedges of interest rate risk and have varying start dates and maturity dates through December 2025.

Interest rate swap contracts outstanding:	June 30, 2019	June 30, 2018
Contracts accruing interest	$ 220,000	$ 65,000
Contracts with a future start date	—	220,000
Total	$ 220,000	$ 285,000

Hedges of Currency Risk

Cross-Currency Swap Contracts

From time to time, we execute cross-currency swap contracts designated as cash flow hedges or net investment hedges. Cross-currency swaps involve an initial receipt of the notional amount in the hedge currency in exchange for our reporting currency based on a contracted exchange rate. Subsequently, we receive fixed rate payments in our reporting currency in exchange for fixed rate payments in the hedged currency over the life of the contract. At maturity, the final exchange involves the receipt of our reporting currency in exchange for the notional amount in the hedged currency.

Cross-currency swap contracts designated as cash flow hedges are executed to mitigate our currency exposure to the interest receipts as well as the principal remeasurement and repayment associated with certain intercompany loans denominated in a currency other than our reporting currency, the U.S. Dollar. As of June 30, 2019 and 2018, we had two outstanding cross-currency swap contracts designated as cash flow hedges with a total notional amount of $124,808, both maturing during June 2024 . We entered into the two cross-currency swap contracts to hedge the risk of changes in one Euro denominated intercompany loan entered into with one of our consolidated subsidiaries that has the Euro as its functional currency.

Amounts reported in shareholders' equity will be reclassified to other income net as interest payments are accrued or paid and upon remeasuring the intercompany loan. As of June 30, 2019, we estimate that $2,988 will be reclassified from shareholders' equity to other income, net during the twelve months ending June 30, 2020.

Cross-currency swap contracts designated as net investment hedges are executed to mitigate our currency exposure of net investments in subsidiaries that have reporting currencies other than the U.S. Dollar. As of June 30, 2018, we had two outstanding cross-currency swap contracts, which matured during April 2019. These hedges were replaced by forward contracts that we designated as net investment hedges.

Forward Contracts

We execute currency forward contracts in order to mitigate our exposure to fluctuations in various currencies against our reporting currency, the U.S. Dollar.

As of June 30, 2019, we had nine currency forward contracts designated as net investment hedges with a total notional amount of $294,991, maturing during various dates through April 2024. We entered into these contracts to hedge the risk of changes in the U.S. Dollar equivalent value of a portion of our net investment in two consolidated subsidiaries that have Euro as their functional currency. Amounts reported in accumulated other comprehensive loss are recognized as a component of our cumulative translation adjustment.

Financial Instrument Presentation

The tables below present the fair value of our derivative financial instruments as well as their classification in the statement of financial position as of June 30, 2019 and 2018.

	June 30, 2019						
	Asset Derivatives			Liability Derivatives			
	Financial position line item	Net amount		Financial position line item	Net amount		
Derivatives in cash flow hedging relationships							
Interest rate swap contracts	Other current assets / other assets	$	144	Other current liabilities / other liabilities	$	(5,441)	
Cross-currency swap contracts	Other current assets / other assets		—	Other current liabilities / other liabilities		(915)	
Derivatives in net investment hedging relationships							
Currency forward contracts	Other current assets / other assets		4,514	Other current liabilities		(2,397)	
Total derivatives designated as hedging instruments		$	4,658		$	(8,753)	
Derivatives held as trading							
Currency forward contracts	Other current assets / other assets	$	—	Other current liabilities / other liabilities	$	(53)	
Total derivatives held as trading		$	—		$	(53)	

	June 30, 2018					
	Asset Derivatives			Liability Derivatives		
	Financial position line item	Net amount		Financial position line item	Net amount	
Derivatives in cash flow hedging relationships						
Interest rate swap contracts	Other assets	$	8,530	Other current liabilities / other liabilities	$	—
Cross-currency swap contracts	Other current assets / other assets		—	Other liabilities		(25,348)
Total derivatives designated as hedging instruments		$	8,530		$	(25,348)
Derivatives held as trading						
Currency forward contracts	Other current assets / other assets	$	—	Other liabilities	$	(13,387)
Total derivatives held as trading		$	—		$	(13,387)

16. Other (expense) income, net

Other (expense) income, net

Other income for the years ended June 30, 2019 and 2018 is detailed in the table below.

	Year Ended June 30,			
	2019		2018	
Currency-related (losses) gains	$	(3,294)	$	6,460
Gains (losses) on derivatives (1)		3,114		(2,642)
Total other income	$	(180)	$	3,818

(1) Primarily relates to both realized and unrealized losses on derivative cross currency swaps and net investment hedges.

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17. Employee benefit expenses

	Year Ended June 30,	
	2019	2018
Wages and salaries excluding share-based compensation	$ 1,229	$ 1,935
Social security contributions	62	127
Other benefits (1)	350	330
Total employee benefit expenses	$ 1,641	$ 2,392

(1) Other benefits includes $38 and $80 expensed for our government mandated and defined contribution plans in the years ended June 30, 2019 and 2018, respectively.

The average number of personnel employed in the Netherlands during the years ended June 30, 2019 and 2018 was 14 and 7, respectively, consisting of general and administrative employees.

18. Net finance costs

Net finance costs for the years ended June 30, 2019 and 2018 are detailed in the table below.

	Year Ended June 30,	
	2019	2018
Interest income	$ 1,489	$ 1,232
Intercompany interest income	37,505	34,311
Interest rate swap, net (1)	—	70
Finance income	$ 38,994	$ 35,613
Interest expense	$ (40,642)	$ (36,653)
Intercompany interest expense	(5,251)	(4,854)
Finance costs	(45,893)	(41,507)
(Loss) on early extinguishment of debt (2)	—	(17,359)
Net finance costs	$ (6,899)	$ (23,253)

(1) Primarily relates to both realized and unrealized gains and losses on interest rate swaps designated as hedging instruments.

(2) During the year ended June 30, 2018, we redeemed all of the outstanding 7.0% senior unsecured notes due 2022 at a redemption price equal to 105.25% of the principal amount and all accrued unpaid interest. As a result of the redemption, we incurred a loss on the extinguishment of debt of $17,359. Refer to Note 20 of the consolidated financial statements for additional information.

19. Income tax expense

On February 12, 2019, Cimpress N.V., changed its residency from the Netherlands to Ireland. Cimpress N.V. remains incorporated in the Netherlands. However, effective from this date forward, Cimpress N.V. will be centrally managed and controlled in Ireland. In accordance with Irish tax law, and the applicable tax treaties, a company which is centrally managed and controlled in Ireland is regarded as resident in Ireland for taxation purposes. As of February 12, 2019, profits generated by Cimpress N.V. will be taxed in Ireland, accordingly. The change in residency did not have a material impact on our fiscal 2019 tax provision due to reserves on a significant portion of our deferred tax assets in both jurisdictions. However, there is a significant change in how dividends received by Cimpress N.V. from its lower tier subsidiaries are treated for tax purposes. Historically, dividends received by Cimpress N.V. were generally free from income tax in the Netherlands, in accordance with the Dutch participation exemption rules. By contrast, in Ireland, such dividends will be immediately taxable to Cimpress N.V. subject to the availability of foreign tax credit relief. During fiscal 2019, Cimpress N.V. received dividends from various subsidiaries which are subject to tax in Ireland. However, the income tax owed on these dividends is entirely reduced by the availability of foreign tax credits resulting in no net income tax owed.

In assessing the realizability of deferred tax assets, we consider whether it is probable that some portion or all of the deferred tax assets will not be realized. We have unrecognized tax benefits of $13,952 related to Irish foreign tax credit carryforwards that do not expire, but for which management has determined it is probable that these will not be utilized upon future repatriation.

For the period July 1, 2018 through February 28, 2019, Cimpress N.V. was head of the fiscal unity with Vistaprint B.V., Cimpress Investments B.V., Virunga B.V., Printdeal B.V, Drukwerkdeal.nl B.V., Araprint B.V. and Drukwerkdeal Productie B.V. As a result, Cimpress N.V. is jointly and severally liable for any tax debts of the companies forming part of the fiscal unity. Regarding income taxes, we refer to the principles included in Note 27 of our consolidated financial statements.

20. Related party

General

The related parties of Cimpress N.V. comprise certain shareholders, its subsidiaries and the Board of Directors. All related party transactions are in the ordinary course of business whereby the Company buys and sells variety of products and services generally on arm's length terms.

Transaction with certain shareholders

There are no material transaction with shareholders.

Transactions with subsidiaries

Refer to Note 6 of the consolidated financial statements for a list of our material subsidiaries as of June 30, 2019.

The transactions between the Company and its subsidiaries comprise financing transactions and other transactions in the ordinary course of business activities. During the year, consulting and advisory fees that were incurred by the Company on behalf of the group were recharged to the subsidiaries.

Please refer to Note 6 of the company financial statements for information on subsidiaries to which we have provided the long term loans.

Transactions with key management personnel

The members of the Board of Directors are considered key management personnel as defined in IAS 24 'Related Party Disclosures'.

There are no related party transaction with key management personnel except in relation to compensation as disclosed in Note 21.

21. Remuneration

We have included remuneration information as required by the Dutch Civil Code (art 383 BW2 Title 9). During the year ended June 30, 2019, we changed our previous two-tier board structure, which included a Supervisory and Management Board, to a single-tier Board of Directors. We have included remuneration information for our current Board of Directors, and our former Supervisory Board and Management Board members.

Board of Directors and Former Supervisory Board Compensation

The following contains information with respect to the compensation earned by our Board of Directors and former Supervisory Board members in the fiscal year ended June 30, 2019:

Name	Fees Earned or Paid in Cash ($)	Share Awards ($)(1)	Total ($)
Sophie A. Gasperment	$ 124	$ 169	$ 293
John J. Gavin, Jr.	138	169	307
Zachary S. Sternberg	106	169	275
Scott J. Vassalluzzo	119	169	288
Paolo De Cesare(2)	46	169	215
Richard T. Riley(2)	59	169	228
Nadia Shouraboura(2)	46	169	215
Mark T. Thomas(2)	60	169	229

(1) The amounts reported in this column represent a dollar amount equal to the grant date fair value of the PSUs granted to our current directors and ordinary share awards granted to our former directors listed in footnote 2, as computed in accordance with FASB ASC Topic 718 assuming the probable outcome of the performance conditions. You can find the assumptions we used in the calculations for these amounts in Note 11 to our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2019. The value of the PSUs granted in fiscal year 2019 assuming the maximum achievement of the performance conditions, which we estimated by multiplying the maximum number of shares issuable pursuant to each PSU award by the closing price of our ordinary shares on Nasdaq on the applicable grant date, is $351,333 for each of Ms. Gasperment and Messrs. Gavin, Sternberg, and Vassalluzzo.

(2) Messrs. De Cesare and Thomas and Dr. Shouraboura resigned from the Board, and Mr. Riley's term as a director expired, in November 2018.

In addition, at June 30, 2019, our Board of Directors held the following equity compensation awards:

- Ms. Gasperment held 4,511 PSUs.
- Mr. Gavin held 3,997 PSUs.
- Mr. Sternberg held 2,886 PSUs.
- Mr. Vassalluzzo held 5,298 shares subject to outstanding, unexercised share options and 3,997 PSUs.

Former Management Board Compensation

The following table summarizes the compensation earned during the years ended June 30, 2019 and 2018 or each fiscal year when each individual was serving as members of the Management Board:

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Share Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	All Other Compensation ($)	Total ($)
Robert S. Keane	2019	864	—	11,369	—	2(4)	12,235
Chairman and	2018	1,677	—	6,784	—	3	8,464
Chief Executive Officer							
Sean E. Quinn	2019	770	354	2,837	—	8(6)	3,969
Executive Vice President	2018	773	225	3,616	55	7	4,676
and Chief Financial Officer							
Katryn S. Blake (5)	2019	572	—	2,521	—	1,651(7)	4,744
Former Executive Vice	2018	853	200	3,214	—	1,404	5,671
President and Chief Executive Officer, Vistaprint							

(1) The amounts reported in this column represent the payment of cash retention bonuses for executive officers who allocated a portion of the LTI awards they received during 2019 or a previous fiscal year to cash retention bonuses.

(2) The amounts reported in this column represent a dollar amount equal to the grant date fair value of the share awards as computed in accordance with FASB ASC Topic 718. You can find the assumptions we used in the calculations for these amounts in Note 11 to our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2019.

(3) The amounts reported in this column represent the payment of the component of each officer's legacy long-term cash incentive award that is attributable to that fiscal year.

(4) $1,634 of this amount represents payments of tax preparation fees and associated gross-up payments, and $53 of this amount represents the reimbursement of business travel expenses for Mr. Keane's attendance at meetings of Cimpress' Management Board and associated tax gross-up payments. Although the reimbursement of business travel expenses would not be taxable to Mr. Keane in the United States and although Mr. Keane is not a resident of the Netherlands, under his ruling with the Dutch tax authorities, this reimbursement is considered taxable income to Mr. Keane. Because Mr. Keane should not be financially penalized as a result of taxation by the country in which Cimpress is incorporated, we gross up the reimbursement payments to offset the increased tax liability to him.

(5) Ms. Blake left Cimpress in March 2019.

(6) This amount represents our matching contributions under our 401(k) deferred savings retirement plans.

(7) $1,370 of this amount represents severance payments, $272 of this amount represents tax payments, tax preparation fees, and associated tax gross-up amounts relating to Ms. Blake's expatriate payments for her assignment in Paris that ended in 2016, and $8 of this amount represents our matching contributions under Cimpress USA's 401(k) deferred savings plan.

The following table contains information about unexercised share options, unvested RSUs, and unearned PSUs as of June 30, 2019 for each of our former Management Board members.

	Option Awards				Share Awards			
	Number of Securities Underlying Unexercised Options		Option Exercise Price	Option Expiration	Number of Share Units That Have Not Vested	Market Value of Share Units That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares	Equity Incentive Plan Awards: Market Value of Unearned Shares
Name	(#) Exercisable	(#) Unexercisable	($)(1)	Date	(#)(2)	($)(3)	(#)(4)	($)(5)
Robert S. Keane(6)	96,800	—	47.91	5/6/2020				
	105,240	—	54.02	5/5/2021				
	1,224,462(7)	—	50.00(7)	5/4/2020(7)				
					N/A	N/A	93,750(8)	8,521
							78,970(9)	7,178
							73,498(10)	6,680
							8,895(11)	808
							1,428(12)	130
							436(13)	40
Sean E. Quinn	—	—	N/A	N/A	1,338	121,611	24,301(8)	2,209
							20,306(9)	1,846
							20,306(14)	1,846
							18,898(10)	1,718
Katryn S. Blake	—	—	N/A	N/A	N/A	N/A	27,001(8)	2,454
							9,025(9)	820
							12,033(14)	1,094
							4,200(10)	382

(1) Except as set forth in footnote 7 below, each share option has an exercise price equal to the fair market value of our ordinary shares on the date of grant and is fully exercisable as of June 30, 2019. Except as set forth in footnote 7, each share option expires 10 years after the date on which it was granted.

(2) This column represents RSUs. So long as the named executive officer continues to be employed with us, each RSU award vests, and the vested shares are issued to the named executive officer, over a period of four years: 25% of the shares subject to the award after one year and 6.25% per quarter thereafter.

(3) The market value of the unvested RSUs is determined by multiplying the number of RSUs by $90.89 per share, which was the closing price of our ordinary shares on Nasdaq on June 28, 2019, the last trading day of our 2019 fiscal year.

(4) This column represents the number of Cimpress ordinary shares that would be issuable under outstanding PSUs if the following conditions are achieved: (A) The service-based vesting condition described in footnotes 8 through 15, as applicable, is fully satisfied, (B) the 3YMA CAGR is 11% to 11.99% on a measurement date six to ten years after grant, and (C) for the supplemental PSU awards described in footnote 15 only, Cimpress achieves the cumulative unlevered free cash flow goal over the period from July 1, 2017 through June 30, 2020, as set by the Compensation Committee.

(5) The market value of the unearned PSUs is determined by multiplying the number of shares that would be issuable if the conditions described in footnote 4 were achieved by $90.89 per share, which was the closing price of our ordinary shares on Nasdaq on June 28, 2019, the last trading day of our 2019 fiscal year.

(6) Mr. Keane's share option awards are held by entities wholly owned by irrevocable discretionary trusts established for the benefit for Mr. Keane or members of his immediate family (the Trusts).

(7) These awards are premium-priced share options with an exercise price that is significantly higher than the closing price of Cimpress' ordinary shares on Nasdaq on the grant dates. The Compensation Committee chose this exercise price in part because it is higher than the highest of the three-, six-, and twelve-month trailing averages of Cimpress' share price on Nasdaq as of the July 28, 2011 public announcement of our growth strategy. The premium-priced share options vest over seven years and have an eight-year term. Mr. Keane may not exercise his premium-priced options unless our share price on Nasdaq is at least $75.00 on the exercise date.

(8) The service-based vesting condition for these PSUs is that 25% of the original number of PSUs vest on June 30 of each of 2017 through 2020 so long as the executive officer continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date. However, the PSUs are not earned, and no shares are issuable pursuant to the PSUs, until August 15, 2022 at the earliest (unless there is an earlier change in control) and only if the performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares are satisfied.

(9) The service-based vesting condition for these PSUs is that 25% of the original number of PSUs vest on June 30 of each of 2018 through 2021 so long as the executive officer continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date. However, the PSUs are not earned, and no shares are issuable pursuant to the PSUs, until August 15, 2023 at the earliest (unless there is an earlier change in control) and only if the performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares are satisfied.

(10) The service-based vesting condition for these PSUs is that 25% of the original number of PSUs vest on June 30 of each of 2019 through 2022 so long as the executive officer continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date. However, the PSUs are not earned, and no shares are issuable pursuant to the PSUs, until August 15, 2024 at the earliest (unless there is an earlier change in control) and only if the performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares are satisfied.

(11) The service-based vesting condition for these PSUs is that 50% of the original number of PSUs vest on March 31, 2019 and the remaining 50% vest on June 30, 2019 so long as Mr. Keane continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date. However, the PSUs are not earned, and no shares are issuable pursuant to the PSUs, until February 15, 2025 at the earliest (unless there is an earlier change in control) and only if the performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares are satisfied.

(12) The service-based vesting condition for these PSUs is that 25% of the original number of PSUs vest on November 12 of each of 2019 through 2022 so long as Mr. Keane continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date. However, the PSUs are not earned, and no shares are issuable pursuant to the PSUs, until February 15, 2025 at the earliest (unless there is an earlier change in control) and only if the performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares are satisfied.

(13) The service-based vesting condition for these PSUs is that 100% of the PSUs vest on June 30, 2019 so long as Mr. Keane continues to be an eligible participant under Cimpress' 2016 Plan on such vesting date. However, the PSUs are not earned, and no shares are issuable pursuant to the PSUs, until February 15, 2025 at the earliest (unless there is an earlier change in control) and only if the performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares are satisfied.

(14) The service-based vesting condition of these supplemental PSUs granted to Ms. Blake and Messrs. Quinn is that 1/3 of the original number of PSUs vest on June 30 of each of 2018 through 2020 so long as the executive officer continues to be an eligible participant under Cimpress' 2016 Plan on each vesting date. However, the supplemental PSUs are not earned, and no shares are issuable pursuant to the supplemental PSUs, until August 15, 2023 at the earliest (unless there is an earlier change in control) and only if (1) Cimpress' cumulative consolidated unlevered free cash flow over the period from July 1, 2017 through June 30, 2020 equals or exceeds the goal set by the Compensation Committee and (2) the performance conditions relating to the CAGR of the 3YMA of Cimpress' ordinary shares are satisfied.

Refer to the Board of Directors report for further details of the remuneration. No loans, advances and guarantees have been provided to key management personnel.

22. Audit and related fees

The aggregate fees and expenses billed for services rendered by Cimpress N.V.'s independent auditor PricewaterhouseCoopers Accountants N.V. ("PwC") and its member firms and affiliates for the fiscal years ended June 30, 2019 and 2018 to the Company and its subsidiaries were approved by the Audit Committee of the Board of Directors and are as follows:

	Fiscal 2019	Fiscal 2018
Audit Fees(1)	$ 3,623	$ 3,455
Tax Fees(2)	771	546
All Other Fees (3)	115	144
Total Fees	$ 4,509	$ 4,145

(1) Audit fees and expenses consisted of fees and expenses billed for the audit of our consolidated financial statements, statutory audits of Cimpress N.V. and certain of our subsidiaries, quarterly reviews of our financial statements, and the audit of the effectiveness of internal control over financial reporting as promulgated by Section 404 of the U.S. Sarbanes-Oxley Act.

(2) Tax fees and expenses consisted of fees and expenses for tax compliance (including tax return preparation), tax advice, tax planning and consultation services. Tax compliance services (assistance with tax returns, tax audits and appeals) accounted for $608 of the total tax fees billed in fiscal 2018 and $175 of the total tax fees billed in fiscal 20178

(3) $4 of this amount for fiscal year 2019 and 2018 represent subscription fees for PwC's accounting research tool. The remaining amounts for fiscal year 2019 and 2018 represents fees for global mobility immigration services.

Other Information

Subsidiaries listing

For a listing of our subsidiaries by location, refer to Note 6 in the accompanying notes to the consolidated financial statements.

Appropriation of profit

Profit is appropriated in accordance with Article 21 of the Articles of Association, which states that the Board of Directors must approve, the portion of the profit to be added to reserves. The part of the profits not reserved shall be at the disposal of the general meeting of shareholders.

SIGNATURES

Cimpress N.V. has duly caused this report to be signed on its behalf by the undersigned on October 8, 2019.

Board of Directors

/s/ Robert S. Keane

Robert S. Keane

/s/ Sophie A. Gasperment

Sophie A. Gasperment

/s/ John J. Gavin Jr.

John J. Gavin Jr.

/s/ Zachary Sternberg

Zachary Sternberg

/s/ Scott Vassalluzzo

Scott Vassalluzzo

Independent auditor's report

To: the board of directors and shareholders of Cimpress N.V.

Report on the financial statements 2018/2019

Our opinion

In our opinion, Cimpress N.V.'s financial statements 2018/2019 give a true and fair view of the financial position of the Company and the Group as at 30 June 2019, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2018/2019 of Cimpress N.V., Dundalk ('the Company'). The financial statements include the consolidated financial statements of Cimpress N.V. together with its subsidiaries ('the Group') and the company financial statements.

The financial statements comprise:

- the consolidated and company statement of financial position as at 30 June 2019;
- the following statements for 2018/2019: the consolidated and company statement of profit and loss, the consolidated and company statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising the significant accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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T: +31 (0) 88 792 00 40, F: +31 (0) 88 792 94 13, www.pwc.nl

Independence

We are independent of Cimpress N.V. in accordance with the European Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands.

Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

Our audit approach

Overview and context

Cimpress N.V. is a technology driven company that aggregates, largely via the internet, large volumes of small, individually customized orders for a broad spectrum of print, signage, apparel and similar products. As both the operational as well as the financial processes of the Group are highly automated, the reliability and continuity of electronic data processing were of high importance in our audit. As part of our procedures performed, we tested the operating effectiveness of internal control procedures related to the applications and systems that we considered relevant for the purpose of our audit.

The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In note 2 to the consolidated financial statements, the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the high degree of auditor judgement and subjectivity that is applied in procedures related to the fair value of the intangible assets acquired related to Build A Sign acquisition (due to the significant amount of judgement required by management when developing the fair value of the intangible assets), we considered this matter as a key audit matter as set out in the section 'Key audit matters' of this report. Furthermore, we identified the valuation of subsidiaries classified as at FVOCI and the goodwill impairment assessment as a key audit matter because of the significant estimates and levels of management judgement involved in the assessment.

Other areas of focus, that were not considered as key audit matters were taxation and changes in the credit facility amendment. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the board of directors that may represent a risk of material misstatement due to fraud.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of a technology driven Group. We therefore included IT specialists, valuation specialists, employee benefit specialists and tax specialists in our team.

The outline of our audit approach was as follows:

Materiality

- Overall materiality: $13,500,000.

Audit scope

- Since the accounting for several financial line items is performed centrally, the group audit team performed all audit work on these financial line items.
- We conducted audit work on a total of eleven components.
- Site visits were conducted to five locations: the National Pen entity in the US, the BuildASign entity in the US and the Vistaprint entities in the Netherlands, Canada and US.
- Audit coverage: 92% of consolidated revenue, 81% of consolidated total assets and 85% of consolidated profit before tax.

Key audit matters

- Acquisition of BuildASign.
- Valuation of subsidiaries classified as at FVOCI.
- Goodwill impairment assessment.

Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section ‘Our responsibilities for the audit of the financial statements’.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	$13,500,000 (2017/2018: $11,000,000).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement we used a midpoint of a range of relevant benchmarks (0,5% of revenues, 2,5% of EBITDA, 5% of free cash flow and 1% of total assets).

Rationale for benchmark applied	We consider revenues as the primary benchmark as we consider this the most relevant metric of future profitability for investors, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. We also considered materiality under other relevant benchmarks, being EBITDA, gross profit, free cash flow and total assets. Given the long-term growth strategy of the Company the profit before tax is volatile from year to year as a result of the Company's significant investments. On this basis, we believe that revenues, EBITDA and free cash flow are currently the most representative metrics for the financial performance of the Company. We triangulated the meaningful and appropriate metrics as mentioned and determined an overall materiality level falling below the midpoint of the range. We determined $13,500,000 to be a reasonable overall materiality for our audit.
Component materiality	To each component in our audit scope, we, based on our judgement, allocate materiality that is less than our overall group materiality. The range of materiality allocated across components was between $2,000,000 and $9,700,000.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the board of directors that we would report to them misstatements identified during our audit above $1,000,000 (2017/2018: $800,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Cimpress N.V. is the parent company of a large group of individual entities. The financial information of this group is included in the consolidated financial statements of Cimpress N.V.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the Group engagement team and by each component auditor.

As group auditor, we performed audit procedures for the financial statement line items for which the accounting is performed at the group level, including the audit work on the group consolidation, financial statement disclosures and a number of complex items at the head office. This mainly included audit work on: revenue transactions, (manual) journal entries, audit cash positions, certain accruals, goodwill, intangible assets including those related to acquisitions(s), subsidiaries classified as at FVOCI in the company financial statements, the derivative financial instruments, hedge accounting, share based payments, taxation and external debt.

Furthermore, the work performed by the group auditor primarily focussed on the significant component named the Cimpress Corporate Component (consisting of six legal entities).
This component was subjected to an audit of its complete financial information, as this component is individually financially significant to the group. These six components were subjected to specific audit procedures performed by the group auditor as they include significant balances (mainly related to the primary manufacturing facilities for the Vistaprint business).

After determining the work performed centrally by the group engagement team, we determined the remaining work to be performed at the component level by the respective component auditors. Additionally, five components (Netherlands, Germany, France, Ireland and Italy) were selected for specified audit procedures to achieve appropriate coverage on financial line items in the consolidated financial statements or to build an element of unpredictability in our audit. For these components we used component auditors who are familiar with the local laws and regulations to perform the audit work.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	92%
Total assets	81%
Profit before tax	85%

Additionally, the group audit team performed a review of the financial information for selected entities within remaining components. None of these components represented more than 3% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

During the audit, the group engagement team made use of the work of internal audit for the testing of internal controls with a low or moderate risk. We have understood and evaluated the nature, timing, extent and results of the testing performed by the internal auditors and evaluated the adequacy of their work performed. Furthermore, we assessed the competence and objectivity of the internal control members and verified whether the internal control function applies a systematic and disciplined approach, including quality control.

Where component auditors performed the work, we determined the level of involvement we needed to have in their audit work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component audit teams in our audit scope. These instructions included amongst others our risk analysis, materiality and scope of the work. We explained to the component audit teams the structure of the Group, the main developments that are relevant for the component auditors, the risks identified, the materiality levels to be applied and our group audit approach.
We had individual calls with each of the in-scope component audit teams during the year including upon conclusion of their work. During these calls, we discussed the significant accounting and audit issues identified by the component auditors, the reports of the component auditors, the findings of their procedures and other matters, which could be of relevance for the consolidated financial statements.

The group engagement team visits the component teams and local management on a rotational basis. In the current year, they visited the component teams and local management of the National Pen entities in the US, the BuildASign entity in the US as well as the Vistaprint entities in Canada and the US. The group engagement team stayed in contact during the procedures performed via conference calls with all component auditors. The engagement leader and the senior members of the group engagement team reviewed all reports regarding the audit approach and findings of the component auditors. Finally the group engagement meets at the Cimpress corporate office to review and discuss the audit evidence obtained throughout the process.

By performing the procedures above at components, combined with additional procedures at the group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the board of directors.

The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comments or observations we made on the results of our procedures should be read in this context.

Key audit matter	***Our audit work and observations***
Acquisition of BuildASign *Note 2 and Note 7 of the financial statements* We focused on the acquisition of Build A Sign LLC ("BuildASign) in the United States of America. We considered this transaction as a key audit matter since it is material for the Company and involved a significant amount of management judgement related to the fair value of the intangible assets acquired and the liabilities assumed. As a result, we have specifically focussed on the fair valuation as this is subject to risk of management bias, which could lead to misstatements in the financial statements.	We read relevant contracts, agreements, internally prepared position papers, valuations reports and board minutes. We used our specialists to assist in evaluating significant assumptions, including discount rates and the royalty rate. Furthermore in testing the recognition and valuation of the assets acquired and liabilities assumed, our procedures included challenging management on key inputs and assumptions applied and the identification and valuation of assets and liabilities, through performing the following:

Key audit matter	Our audit work and observations
The acquisition of BuildASign closed on 1 October 2018 for a net purchase consideration of $275 million, resulting in $186 million goodwill and in $88.9 million intangible assets being recorded. Those intangible assets were comprised of tradenames of $47.6 million, developed technology of $28.9 million, and customer relationships of $12.4 million. The Company recorded the acquired intangible assets at fair value on the date of acquisition using the income approach to value trade names and customer relationship and a replacement cost approach to value developed technology. Management used experts to support them in the valuation of the intangible assets. The methods used to estimate the fair value of acquired intangible assets involves significant assumptions regarding the estimates of which the most sensitive are forecasted revenue growth rates, estimated customer renewal rates, the royalty rate, and discount rates.	• Assessing whether the methodology was suitable for the identification, recognition and valuation of goodwill and intangible assets. • We assessed the objectivity, competence and reputation of the experts used by management to support them in performing the valuation. We determined we could use the work of the experts for the purpose of our audit. • Given significant amount involved, we assessed the substantiation of the resulting goodwill by management with the underlying business rationale (including forecasts and synergies). For all work performed and our conclusion reached on the valuation of goodwill, we refer to the separate KAM-item on goodwill. • Benchmarking key inputs to the valuation models like forecasted revenue growth rates, estimated customer renewal rates, the royalty rate, and discount rates with the past performance of the acquired businesses, as well as the external business, industry and peer data, and considering whether they were consistent with evidence obtained in other areas of the audit. We found no material exceptions in the above-mentioned key inputs and found them to be within an acceptable range of our own expectations. • Assessing the identification of the assets acquired and assessing the appropriateness of the assets' useful economic lives. We did not identify any items that could not be substantiated. • Tested the mathematical accuracy of the valuation analysis and the calculations used by management. We found no material differences from our testing. Based on the audit procedures performed, we did not identify material exceptions and we considered the management board's assumptions supported by available evidence.

Key audit matter	Our audit work and observations
	Finally, we evaluated the sufficiency of the related disclosures and found them to be an appropriate reflection of the nature and financial effects of the transaction, the judgments involved and the related sensitivities, in line with the requirements of the accounting framework.
Valuation of subsidiaries classified as at FVOCI *Note 5 and 9 of the company-only financial statements* As described in notes 5 and 9 to the Company only financial statements, the Company's investment in subsidiaries balance was $3.599 million as of 30 June 2019. Under EU-IFRS, the Company is permitted to classify its investment in subsidiaries as at FVOCI securities in the Company's financial statements, and account for these subsidiaries at fair value. The fair value of the subsidiaries was determined based on use of both the income approach using a discounted cash flow valuation model and a market approach using the guideline public company method. The determination of fair value using the discounted cash flow method requires the use of estimates and assumptions related the revenue growth rates, projected operating margins, and a discount rate based on a weighted-average cost of capital. The guideline public company approach requires the use of estimates and assumptions related the selection of guideline companies and forecasted EBITDA. We determined the valuation of the Company's investment in subsidiaries classified as at FVOCI as a key audit matter because of the significant judgement required by management and the high level of estimation uncertainty in assessing the market participant's assumptions when developing the fair value measurement of each subsidiary.	Our approach to addressing the matter involved obtaining sufficient and appropriate audit evidence over the valuation of the subsidiaries classified as at FVOCI as included in the company-only financial statements. Our procedures included, among others: • We reassessed and challenged management whether the interests of creditors and other stakeholders remain taken into account appropriately, including management's assessment of the company's ability to continue paying its obligations. • We assessed the reasonableness of management's identification of the Company's businesses, or cash generating units, used as starting point to calculate the fair value, after subsequently allocating the fair value to each individual subsidiary. • We reconciled input data used in the fair value model to supporting evidence, such as approved forecasts and observable peer company data. • We evaluated and challenged management's forecasts of expected future cash flows. In order to test the robustness of management's projections and estimates we compared current year actual results included in prior year forecasts to consider whether any forecasts included assumptions that, with hindsight, had been too optimistic. We had no important findings with respect to these forecasts. • We tested the mathematical accuracy of calculations derived from the discounted cash flow model.

Key audit matter	*Our audit work and observations*
The assessments performed by management, required judgement in the determination of key assumptions and future market conditions, particularly in relation to: revenue growth rates, projected operating margins, discount rate, as well as the pricing multiples derived from market prices of comparable companies and forecasted EBITDA. Any change in the important assumptions, based on their sensitivity, could have a significant effect on the financial statements.	• Management involved an expert and we utilized internal valuation specialists to assist in evaluating the Company's discounted cash flow model and certain significant assumptions, including discount rate. We performed procedures to assess the reputation, objectivity and competence of management's expert. We found that we could use the work of the expert for the purposes of our audit. We also assessed the reasonableness of the sum of the CGU's in comparison to the Company's market capitalization at each reporting date, and the resulting implied premium. • We evaluated the significant assumptions and methods used by management in developing the fair value measurement including revenue growth rates, projected operating margin and discount rate, as well as the selection of guideline companies and forecasted EBITDA. We also evaluated management's weighted-average combination of the income and guideline public company approaches. We challenged management's assumptions for revenue growth rates, projected operating margins and forecasted EBITDA by considering the past performance of the subsidiary and industry and peer data. We assessed the cost of capital for the company and comparable organizations. We verified that the assumptions used were consistent with evidence obtained in other areas of the audit. • We concluded that the assumptions used were reasonable and in line with our expectations. • Finally, we evaluated the sufficiency of the related disclosures and found them to be appropriate, containing the required information on assumptions used and their sensitivities and in line with the requirements of the accounting framework.

Key audit matter	*Our audit work and observations*
Goodwill Impairment Assessment *Note 9 of the financial statements* As described in Note 9 to the consolidated financial statements, the Company's consolidated goodwill balance was $721.8 million as of 30 June 2019. The Company evaluated each of its twelve cash-generating units individually. The Company conducts an impairment test as of 31 May of each year, or more frequently if events or circumstances indicate that the carrying value of goodwill may be impaired. Potential impairment is identified by comparing the value-in-use of a cash-generating unit to its carrying value, including goodwill. Value-in-use of the cash-generating unit is estimated based on the present value of the future cash flows model. The determination of fair value using this technique requires the use of estimates and assumptions related to revenue growth rates, projected operating income, and a discount rate based on a weighted-average cost of capital. We determined that the goodwill impairment assessment of the Company's cash-generating units is a key audit matter as there was significant judgment required by management and a high level of estimation uncertainty when developing the value-in-use of the cash generating units. The assessments performed by management, required judgment in the determination of key assumptions, particularly in relation to: revenue growth rates, projected operating income and a discount rate. Any change in the important assumptions, could have a significant effect on the financial statements.	Our approach to addressing the matter involved obtaining sufficient and appropriate audit evidence over the goodwill impairment assessment. Our procedures also included, among others: • We tested controls over the goodwill impairment assessment, including review of the estimates and all significant assumptions used in the forecasted financial information. We found that we could rely on these controls for the purposes of our audit. • We evaluated management's assessment of impairment indicators, including the conclusions reached. • We assessed the reasonableness of management's identification of the smallest group of assets that generates cash inflows independently (i.e. cash-generating unit). • We reconciled input data used in the discounted cash flow model to supporting evidence, such as approved forecasts. We evaluated and challenged management's forecasts. This included agreeing the forecasted information to management-approved budget and business plans. In order to test the robustness of management's projections and estimates we compared current year actual results included in prior year forecast to consider whether any forecasts included assumptions that, with hindsight, had been too optimistic. We had no important findings with respect to these forecasts. • We tested the mathematical accuracy of the calculations derived from the discounted cash flow model, as well as considered the appropriateness of the type of cash flows included.

Key audit matter	Our audit work and observations
	• We assessed the recoverable amount of each cash-generating unit based on its value-in-use as determined by the discounted cash flow model, reviewed documentation supporting key judgments and assumptions in the cash flow, considered external evidence and historical accuracy of management's assumptions and forecasts, including the revenue growth rate, projected operating income and discount rate. • We challenged management's assumptions for revenue growth rate and projected operating income by considering the past performance of the cash generating units and industry and peer data. We assessed the cost of capital for the company and comparable organisations. We verified that assumptions used were consistent with evidence obtained in other areas of the audit. We concluded that the assumptions used were reasonable and in line with our expectations. • We utilized valuation specialists to assist in evaluating the Company's discounted cash flow model and certain significant assumptions, including discount rate. • Finally, we evaluated the sufficiency of the related disclosure and found this to be appropriate and in line with the requirements of the accounting framework.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the Corporate Governance report;
- the profile of the board of directors and executive officers;
- the Board of Directors' report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the Board of Directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Cimpress N.V. following the passing of a resolution by the supervisory board at the annual meeting held on 12 November 2014. Our appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of 5 years.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Eindhoven, 8 October 2019
PricewaterhouseCoopers Accountants N.V.

Original has been signed by R.M.N. Admiraal RA

Appendix to our auditor’s report on the financial statements 2018/2019 of Cimpress N.V.

In addition to what is included in our auditor’s report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor’s responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error.
Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors’ use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In this respect, we also issue an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.