

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-51539

**Cimpres N.V.**

(Exact Name of Registrant as Specified in Its Charter)

The Netherlands  
(State or Other Jurisdiction of  
Incorporation or Organization)

98-0417483  
(I.R.S. Employer  
Identification No.)

Hudsonweg 8  
5928 LW Venlo  
The Netherlands  
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: 31-77-850-7700  
Securities Registered Pursuant to Section 12(b) of the Act:

| Title of Each Class              | Name of Exchange on Which Registered |
|----------------------------------|--------------------------------------|
| Ordinary Shares, €0.01 par value | NASDAQ Global Select Market          |

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company (as defined in Exchange Act Rule 12b-2).

Large accelerated filer  Accelerated filer  Non-accelerated filer   
Smaller reporting company  (Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes  No

The aggregate market value of the ordinary shares held by non-affiliates of the registrant was approximately \$2.31 billion on December 31, 2014 (the last business day of the registrant's most recently completed second fiscal quarter) based on the last reported sale price of the registrant's ordinary shares on the NASDAQ Global Select Market.

As of August 7, 2015, there were 32,449,801 of Cimpres N.V. ordinary shares, par value €0.01 per share, outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

The registrant intends to file a definitive proxy statement pursuant to Regulation 14A within 120 days of the end of the fiscal year ended June 30, 2015. Portions of such proxy statement are incorporated by reference into Items 10, 11, 12, 13, and 14 of Part III of this Annual Report on Form 10-K

---

---

**CIMPRESS N.V.**  
**ANNUAL REPORT ON FORM 10-K**  
**For the Fiscal Year Ended June 30, 2015**

**TABLE OF CONTENTS**

|  | <u>Page</u> |
|--|-------------|
| <b><u>PART I</u></b>   |             |
| Item 1. Business   | <u>1</u>    |
| Item 1A. Risk Factors  | <u>10</u>   |
| Item 1B. Unresolved Staff Comments   | <u>27</u>   |
| Item 2. Properties   | <u>27</u>   |
| Item 3. Legal Proceedings  | <u>27</u>   |
| Item 4. Mine Safety Disclosures  | <u>27</u>   |
| <b><u>PART II</u></b>  |             |
| Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issued Purchases of Equity Securities | <u>28</u>   |
| Item 6. Selected Financial Data  | <u>30</u>   |
| Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations                        | <u>31</u>   |
| Item 7A. Quantitative and Qualitative Disclosures About Market Risk  | <u>45</u>   |
| Item 8. Financial Statements and Supplementary Data  | <u>47</u>   |
| Item 9. Changes in and Disagreements With Accountants and Financial Disclosure                                       | <u>94</u>   |
| Item 9A. Controls and Procedures   | <u>94</u>   |
| Item 9B. Other Information   | <u>95</u>   |
| <b><u>PART III</u></b>   |             |
| Item 10. Directors, Executive Officers and Corporate Governance  | <u>95</u>   |
| Item 11. Executive Compensation  | <u>95</u>   |
| Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters              | <u>95</u>   |
| Item 13. Certain Relationships and Related Transactions, and Director Independence                                   | <u>95</u>   |
| Item 14. Principal Accountant Fees and Services  | <u>95</u>   |
| <b><u>PART IV</u></b>  |             |
| Item 15. Exhibits and Financial Statement Schedules  | <u>95</u>   |
| Signatures   | <u>97</u>   |

# PART I

## Item 1. Business

### Overview

We are a technology and manufacturing-driven company that aggregates, via the Internet, large volumes of small, individually customized orders for a broad spectrum of print, signage, apparel and similar products. We produce those orders in highly automated, capital and technology intensive production facilities in a manner that we believe makes our production techniques significantly more competitive than those of traditional suppliers. We bring our products to market through a portfolio of focused brands serving the needs of small and medium businesses and consumers. These brands include Vistaprint, our global brand for micro business marketing products and services, as well as brands that we have acquired that serve the needs of various market segments, including resellers, small and medium businesses with differentiated service needs, and consumers purchasing products for themselves and their families.

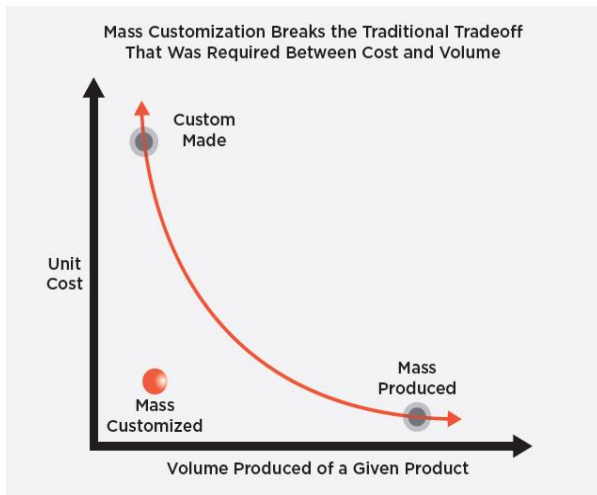
### Our Priorities

Extending our history of success into our third decade, and beyond, is important to us. To that end we work to optimize our business according to two priorities:

1. **Strategic Objective:** To be the world leader in mass customization.
2. **Financial Objective:** To maximize intrinsic value per share, defined as (a) the unlevered free cash flow per 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 share.

### World Leader in Mass Customization

Cimpress' strategic objective is to defend and extend our position as the world leader in mass customization. Mass customization is a business model that allows companies to deliver major improvements to customer value across a wide variety of product categories. Companies that master mass customization are able to produce, with the reliability, quality and affordability of mass production, small individual orders where each one embodies the personal relevance inherent to customized products.



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, mass customization creates value in many ways, not just lower cost. Other advantages can include faster production, more 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 in markets in which the worth of a physical product is inherently tied to a specific, unique use or application. For instance, there is no value to a small business brochure that is the same brochure as is used by many other companies: the business owner needs to describe what is unique about their business. Likewise, a photo mug is only relevant if it shows pictures of

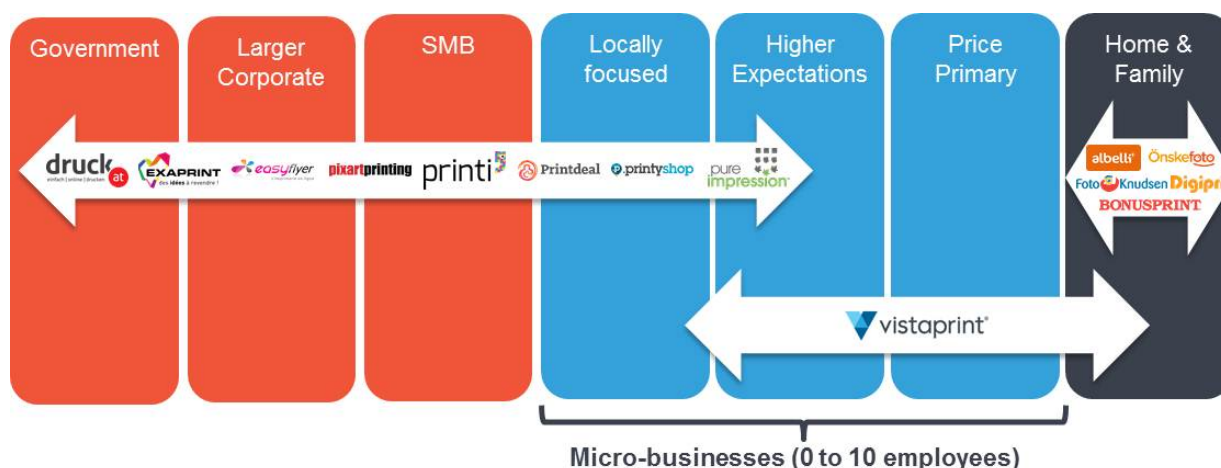
someone's own friends and family. Before mass customization, producing a high quality custom product required a high per-order setup cost, so it simply was not economical to produce a customized product in low quantities.

## Our Focus Areas

Cimpress' focus on mass customization lies at the intersection of three overlapping areas:

- **Empowering People to Make an Impression (what we are passionate about)** - Cimpress empowers people to make an impression through individually meaningful physical products. In other words, we make it easy and affordable for our customers to convey, in tangible and enduring media, the thoughts, design aesthetics, messages and/or sentiments that are important to them, their customers, their organization or their loved ones.
- **Computer Integrated Manufacturing (where we can be the best in the world)** - Computer integrated manufacturing (CIM) harnesses the power of software and IT networks to automate the flow of information, allowing individual processes to exchange information with each other, to schedule activities, to initiate actions, and to route and control all aspects of our manufacturing process. Throughout our history, a differentiating capability of Cimpress has been our ability to develop software systems to integrate every step of the value chain, from browser-based design creation and ordering through to shipment. This greatly reduces the marginal cost of processing information related to each individual, customized order. Low-volume custom products traditionally have a very high per-unit cost of production because, in the absence of computer integration, there are significant fixed costs related to conveying information that is required to process each order.
- **Large Scale in Small Quantities (what drives our economic engine)** - The third aspect of the Cimpress focus on mass customization is an understanding of how we generate economic value. Mass customization enables the production of small quantities, but large scale is the most important driver of competitive advantage in the Cimpress business model. When we have increased the volume of orders that we process and produce we have seen material improvement to quality, product selection, speed and cost. In fiscal 2015, we processed over 46 million unique ordered items, and during peak production weeks we produced well over 1 million orders per week.

## Market and Industry Background



### Large traditional markets undergoing disruptive innovation

There is a wide diversity of product applications to which mass customization applies, including marketing materials, soft goods and apparel, signage and displays, promotional products, packaging and labels, photo products, invitations and announcements, and gifts and keepsakes. High quality, customized products in these categories are valued by many different types of customers around the world, including:

- Businesses (micro, small, medium and large)

- Hobbyists and consumers (home and family)
- Teams, associations and groups (TAG)
- Administration and governmental bodies
- Educational institutions
- Low-volume producers using mass customization products as an input to their own product
- Resellers and advisors who serve customers in the above groups

The product categories and customers listed above represent a large market opportunity that is highly fragmented. Though we believe Cimpress is the largest single player in this market, and there are many other sizeable companies who are pursuing mass customization via an e-commerce approach, we believe that a vast majority of the markets to which mass customization applies are still served by traditional business models that force customers to produce in large quantities per order, or to pay a very high price per unit.

Cimpress and other 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 of art 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) and then moves up market, eventually displacing established competitors (such as the markets mentioned above).

We believe there is a shift taking place in the large and fragmented printing market, with printing jobs moving away from small traditional printers that fulfill a relatively small number of customer orders as they are placed, toward companies with an online presence, such as ourselves, that use the reach of the Internet to aggregate a relatively large number of orders and fulfill them in large, centralized and automated production facilities, such as those we describe above. According to a 2012 PRIMIR market research study conducted by InfoTrends, the dollar value of product shipments of North American online printing companies are growing against a backdrop of a decline in the number of North American printing companies. We believe this trend is also taking place in Europe.

We believe this opportunity to disrupt very large traditional industries can translate into tremendous future opportunity for growth for the companies who execute this model well over a long period of time. To date, we have primarily focused on a narrow set of customers within the list above (micro businesses, hobbyists and consumers). With recent acquisitions, we have extended our ability to serve these microbusiness, hobbyists and consumers, and have also added an ability to serve low-volume producers and resellers, who in turn serve micro, small and medium businesses.

As we continue to evolve as a business, our understanding of these markets and their relative attractiveness will also evolve. Below are descriptions of the marketplaces in which we have traditionally competed.

#### *The marketplace for micro business marketing products and services*

The primary market for our Vistaprint brand is the micro business market, generally businesses or organizations with fewer than 10 employees and usually 2 or fewer. We believe that there are approximately 60 million businesses with fewer than 10 employees in the United States, Canada, and the European Union and that these micro businesses undergo frequent changes with many forming and dissolving each year, creating a large market for business identity and marketing products and services. We estimate that these micro businesses spend approximately \$30 billion per year on marketing products and services. We also believe that, in response to the growth of the Internet and the emergence of digital production technologies, many micro businesses are shifting from traditional suppliers of customized marketing products and media toward online alternatives.

Through customer research, we have analyzed the market opportunity related to micro businesses with fewer than 10 employees into three conceptual market segments:

- **Price Primary Market Segment:** This part of the market has a sizable number of small businesses but the lowest per-customer annual spend. These businesses choose a customized product primarily based on the price of the product offered, and are often incentivized to purchase through a promotional discounted direct marketing approach and cross-selling of products. The Vistaprint brand has historically gained the most traction in this segment, and we believe our biggest competition in this space is either non-consumption or printing from a desktop or photocopier. It remains an important part of our business as we are able to aggregate millions of orders from customers in this segment, enabling scale advantages in our business.
- **Higher Expectations Market Segment:** This part of the market is made up of a similar number of small businesses as the Price Primary segment, but with higher per-customer annual spend. We believe the segment is highly fragmented in terms of suppliers and several times the total revenue opportunity of the Price Primary market segment, as these customers typically purchase a broader spectrum of marketing and promotional products from multiple vendors. These customers have more sophisticated marketing needs and choose their marketing providers not solely on price, but on a blend of value, supplier reputation, product quality and selection, customer service and overall experience. We believe this segment represents the most significant growth opportunity for our Vistaprint brand over the long term.
- **Locally Focused Market Segment:** We believe the third market segment is the largest and most fragmented among the micro businesses. The customers in this segment often choose to work with local graphic designers, agencies, resellers and local, offline print shops to meet their marketing needs as their primary purchase consideration is personal service. Many of these graphic designers and resellers, or the customers themselves, have a level of graphic design sophistication that enables these customers to create and manipulate images in professional publishing and design programs, rather than rely on design templates. They also typically require a broader selection of specifications. Our Vistaprint brand serves very few of these customers in comparison with the Price Primary and Higher Expectations market segments. However, we are now serving this segment through brands that are managed by our druck.at, Easyflyer, Exagroup, Pixartprinting and Printdeal business units.

#### *The Marketplace for Customized Products and Services for the Home and Family*

While the market focus of our Vistaprint brand is primarily on micro business marketing products and services, many of our product formats are also purchased by consumers seeking customized announcements, greeting cards, calendars, stationery, apparel, personalized gifts, photo books and related photo products. In the past, many such products were supplied by an industry comprising print manufacturing wholesalers and local retailers, such as stationery stores. Compared with today's Internet-based alternatives, traditional offerings were relatively limited, prices were significantly higher, and delivery often required long lead times. Graphic designs were limited and it was rarely possible to incorporate full color photography into the design. We serve the home and family market through the Vistaprint brand, as well as through our Albumprinter business unit, which in turn operates through the Albelli, Bonusprint, Allfoto, Onskfoto, and FotoKnudsen brands.

#### **Our Brands**

We are increasingly adopting a multi-brand/multi-merchant approach, which we believe will help us effectively develop value propositions that resonate strongly with very different parts of our large and heterogeneous addressable market for mass customization. As such, we have structured our organization to provide significant autonomy and decentralization for the individual business units who manage our brands. We believe that this autonomy will allow for greater customer responsiveness, greater focus, and more innovation than if we were to manage our customer value proposition centrally.

There are many types of customer needs that can be addressed differentially. Some examples of where we expect differential approaches by our various business units and brands are customer targets, nationally or regionally-specific content or product formats, creation methods for graphic designs, website user experience, quality attributes, delivery speed, price, service, quantity focus, product breadth and depth, advertising levels and methods, and merchandising.

We have many localized websites serving countries in North America, Europe, Asia Pacific and South America. We recognize that our customers have differing needs, skills, and expertise, and we offer a corresponding range of products, price points and customer service options. Our websites offer a full complement of tools and features allowing customers to create a product design or upload their own complete design, and place an order on a completely self-service basis or with varying levels of assistance.

### **Brands that target small and micro businesses**

Our brands like Vistaprint, druck.at, and Easyflyer help small and micro businesses create beautiful, professional quality marketing products at affordable prices and at low volumes. Today, small businesses make up a large part of our business. To help our customers market in the digital world, our Pagemodo and Webs brands engineer intuitive DIY solutions that are brought to market via their own brands as well as via the Vistaprint brand.



### **Brands that target graphic professionals**

Businesses regularly turn to trusted graphic professionals for advice and design services in order to create great looking, customized products like flyers, catalogs, packaging, posters, presentation folders, signs, banners, logo apparel, business cards, labels, corporate gifts and more. These Cimpress brands focus on serving graphic professionals: local printers, print resellers, graphic artists, advertising agencies and other customers with professional desktop publishing skillsets.



### **Brands that target consumers (home & family)**

Our photo and consumer product brands help preserve and share memories of friends and loved ones, commemorate important life events, and more. Each brand goes to market in a specific country or set of countries. But together, these brands constitute one of the world's leading suppliers of photo merchandise such as photo books, wall décor, photo gifts, calendars, invitations, announcements, Christmas cards, New Year cards and other seasonal greeting cards.



### **Our Products**

Customers visiting our websites can select the type of product they wish to design from our broad range of available products and services for the business and home and family markets. The combined product assortment across our brands is extensive, including offerings in the following product categories: business cards, marketing materials such as flyers and postcards, digital and marketing services, signage, decorated apparel, promotional products and gifts, packaging, textiles and magazines and catalogues. Currently, each brand offers a subset of the total assortment, but over time we expect to be able to combine the full assortment into a single product catalogue, to enable us to offer any product through any brand.



## Our Mass Customization Platform

We believe that we can generate significant customer value by building a mass customization platform that combines the strengths of the production technologies and processes from all of our business units into a shared platform we can leverage across all of our brands. This shared platform is under construction, and is being designed to enable us to aggregate orders from multiple brands to improve our ability to achieve further scale benefits in the future. Until then, we are operating a set of individual mass customization platforms, the largest of which was created for our Vistaprint brand.

Our high-volume, standardized, scalable mass customization processes are driven by sophisticated proprietary software. Our technologies are designed to readily scale as the number of orders received per day increases. In particular, the more individual jobs we receive in a time period, the more efficiently aggregations, or gangs, of similar jobs can be assembled and moved to the printing system, thereby maximizing the efficient use of the production capacity and increasing overall system throughput. We believe that our strategy of seeking to automate and systematize our service and production systems enables us to reach and serve small-scale customers more effectively than our competitors.

With the improvements we have made in automating the design and production process and with the global scale of our production facilities, located in Canada, the Netherlands, Austria, Australia, France, Italy, Norway, and India, we can produce and ship an order the same day we receive it, which results in minimal inventory levels and reduced working capital requirements. In most of our manufacturing facilities, technology facilitates the production of complementary customized products in a highly synchronized manner, allowing us to produce and deliver multi-part orders quickly and efficiently.

As orders are received, we automatically route production jobs to the type and location of the production system that is most appropriate and cost efficient for the type of product ordered. Our proprietary software and sophisticated automation solutions combined with software from our suppliers allow us to integrate and automate the manufacturing process from pre-production through fulfillment. Requiring as little as 14 seconds of pre-press, printing, cutting and boxing labor for a typical order of 250 business cards, versus an hour or more for traditional printers, our manufacturing processes enable us to print high quality customized orders using a fraction of the labor of typical traditional printers. Our quality assurance systems are designed to ensure that we consistently deliver quality products on time through a variety of principles of world-class manufacturing, such as Lean and Kaizen™.

### *Supply chain management*

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. We believe investing in a strategic supply chain management capability that is tightly integrated with our other manufacturing teams helps us benefit from our large scale and improve efficiency and reduce costs.

## Our Proprietary Technology

We rely on our advanced proprietary technology to market to, attract and retain our customers, enable customers to create graphic designs and place orders on our websites, and aggregate and produce multiple orders from all over the world. This technology includes:

### *Design and Document Creation Technologies*

Our design creation technologies, primarily deployed through our Vistaprint-branded websites, enable customers, by themselves or together with the assistance of our design support staff, to design and create high quality marketing materials from their homes or offices.

- Our document model architecture and technology employs Internet-compatible data structures to define, process and store product designs as a set of separately searchable, combinable and modifiable component elements and allows us to generate customized initial and later matching product design options automatically in real time. This browser-based software provides immediate client-side editing capabilities plus extensive system scalability. A wide variety of layouts, color schemes and fonts are provided and an extensive selection of high quality photographs and illustrations are currently available for use by customers in product design. Customers can also upload their own images and logos for incorporation into their product designs.



- Our dynamic image preview technology allows customers to see their designs in on-screen simulations of real-world settings in real time in order to gain an appreciation for what the finished product will look like. The above image shows such a dynamically generated business card that, although it has not yet been produced, appears as if it is part of a photograph or video in which it is being held by a human hand.
- Our auto-matching design software algorithmically generates customized product designs in real time based on key-word searches, enabling professional-looking graphic layouts to be easily and quickly created by customers without the need for graphic arts training.

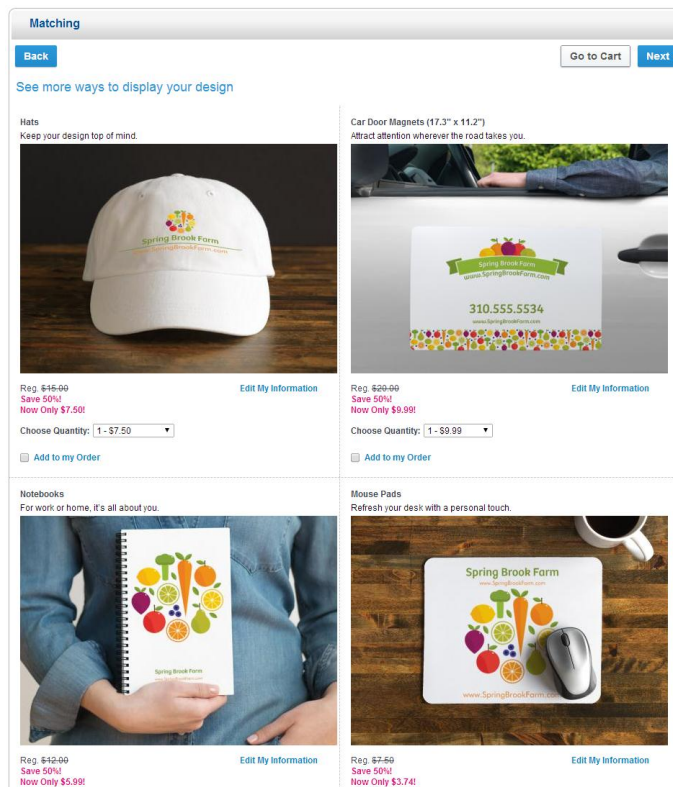
### *Pre-Press and Print Production Technologies*

Across our multiple brands, our pre-production and production technologies efficiently process and aggregate customer orders, prepare orders for high-quality production and manage production, addressing and shipment of these orders. These technologies allow us to efficiently store, process and aggregate tens of thousands of Internet orders every day. Automated workflows help lower production cost but still ensure on-time delivery to our customers.

### *Cross-Selling and Content Management Technologies*

On our Vistaprint-branded websites, we combine the above-discussed proprietary document creation technologies with proprietary cross-selling technologies to automatically generate and display additional products

incorporating the customer's initial design, facilitating the cross-sale of related products and services. In addition, through a global content management system, we ensure that changes and updates to our site experience are reflected across our network of localized Vistaprint websites in multiple languages and currencies. Our Vistaprint software automatically generates and displays one or more additional customized product designs based upon a customer's existing design.



### Technology Development

We intend to continue developing and enhancing our proprietary and licensed software programs and our manufacturing processes. We have designed our website technologies and infrastructure to scale to accommodate future geographic expansion and growth in the number of customer visits, orders, and product and service offerings. This Internet-based architecture makes our applications highly scalable and offers our customers fast system responsiveness. In addition, our production technologies for aggregating jobs in preparation for manufacturing are designed to readily scale as we grow. We have an engineering and research and development center in Winterthur, Switzerland that is constantly seeking to strengthen our manufacturing and supply chain capabilities through engineering disciplines such as automation, manufacturing, facilities and new product design, materials science, process control and color control. We also have software engineering teams located around the world. Our technology and development expenses were approximately \$194 million (13% of total revenues), \$176 million (14% of total revenues) and \$165 million (14% of total revenues) in the years ended June 30, 2015, 2014, and 2013, respectively.

### Intellectual Property

We seek to protect our proprietary rights through a combination of patents, copyrights, trade secrets, and trademarks and contractual restrictions, such as confidentiality agreements and proprietary rights agreements. 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.

As of June 30, 2015 we held 224 issued patents worldwide, and we continue to file new patent applications around the world. Subject to our continued payment of required patent maintenance fees, our currently issued

patents will expire between December 2017 and January 2033. We hold 61 trademark registrations in various jurisdictions globally.

## **Competition**

The markets for micro, small and medium business customized marketing products and services, and home and family customized products, including the printing and graphic design market, are intensely competitive, highly fragmented and geographically dispersed, with many existing and potential competitors. We compete on the basis of breadth and depth of product offerings; price; convenience; quality; design content, tools, and assistance; customer service; ease of use; and production and delivery speed. It is our intention to offer high-quality design, production and marketing services at low price points and in doing so, offer our customers an attractive value proposition. Our current competition includes one or a combination of the following:

- traditional offline printers and graphic design providers;
- online printing and graphic design companies, many of which provide printed products and services similar to ours;
- 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 with a laser or inkjet printer and specialty paper;
- email marketing services companies;
- website design and hosting companies;
- suppliers of customized apparel, promotional products and gifts;
- online photo product companies;
- internet firms and retailers;
- online providers of custom printing services that outsource production to third party printers; and
- providers of other digital marketing such as social media, local search directories and other providers.

As we expand our geographic reach, product and service portfolio and customer base, our competition increases. Our geographic expansion creates competition with competitors with a multi-national presence as well as experienced local vendors. Product offerings such as signage, websites, email marketing, apparel, promotional products and photo products have resulted in new competition as a result of us entering those markets. We encounter competition from large retailers offering a wide breadth of products and highly focused companies concentrated on a subset of our customers or product offerings. Given the state of maturity of the online mass customization market, we believe our biggest competition is still offline providers.

## **Business Segment and Geographic Information**

As of June 30, 2015, our reportable operating segments consisted of the Vistaprint Business Unit and All Other Business Unit, which includes the operations of our Albumprinter, druck.at, Exagroup, Easyflyer, Printdeal, Pixartprinting, and Most of World business units. Our Most of World business unit is focused on our emerging market portfolio, including operations in Brazil, India and Japan. For more segment and geographic information about our revenues, operating income and long-lived assets, see Item 8 of Part II, "Financial Statements and Supplementary Data — Note 17 — Segment Information" and Item 7 of Part II, "Management's Discussion and Analysis of Financial Condition and Results of Operations." 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, photo books, and personalized gifts. Operating income during the second fiscal quarter represented 62%, 61%, and 72% of annual operating income in the years ended June 30, 2015, 2014, and 2013, respectively.

## **Government Regulation**

We are currently subject to the regulations that are applicable to businesses generally and to online commerce specifically. The adoption or modification of laws or regulations relating to the Internet, consumer protection, or other areas of our business could limit or otherwise adversely affect the manner in which we currently conduct our business.

## **Employees**

As of June 30, 2015, we had approximately 6,200 full-time and approximately 400 temporary employees worldwide.

## **Corporate Information**

Cimpress 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 Hudsonweg 8, 5928 LW Venlo, the Netherlands. Our telephone number in the Netherlands is +31-77-850-7700. As a result of our change of domicile from Bermuda to the Netherlands on August 30, 2009, the common shareholders of Vistaprint Limited became ordinary shareholders of Vistaprint N.V. and Vistaprint N.V. became the publicly traded parent company of the Vistaprint group of entities. Vistaprint Limited, the immediate predecessor corporation to Vistaprint N.V., was incorporated under the laws of Bermuda in April 2002.

## **Available Information**

We are registered as a reporting company under the U.S. Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. Accordingly, we file or furnish with the U.S. Securities and Exchange Commission, or the SEC, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and proxy statements as required by the Exchange Act and the rules and regulations of the SEC. The public may read and copy our reports, proxy statements and other materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. Information on the operation of the Public Reference Room is available by calling 1-800-SEC-0330. In addition, the SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding issuers, such as Cimpress N.V., that file electronically with the SEC. The address of this website is [www.sec.gov](http://www.sec.gov). We make available, free of charge through our United States website, the reports, proxy statements, amendments and other materials we file with or furnish to the SEC as soon as reasonably practicable after we electronically file or furnish such materials with or to the SEC. The address of our United States website is [www.cimpress.com](http://www.cimpress.com). We are not including the information contained on our website, or information that can be accessed by links contained on our website, as a part of, or incorporating it by reference into, this Annual Report on Form 10-K.

## **Item 1A. 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.

## Risks Related to Our Business

**If our long-term growth strategy is not successful or if our financial projections relating to the effects of our strategy turn out to be incorrect, our business and financial results could be harmed.**

We may not achieve the objectives of our long-term investment and financial strategy, our financial projections relating to the growth and development of our business may turn out to be incorrect, 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, among others:

- our failure to adequately execute our operational strategy or anticipate and overcome obstacles to achieving our strategic goals;
- our failure to make our intended investments because the investments are more costly than we expected or because we are unable to devote the necessary operational and financial resources;
- our inability to purchase or develop technologies and production platforms to increase our efficiency, enhance our competitive advantage and scale our operations;
- 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 manage the growth, complexity, and pace of change of our business and expand our operations;
- our failure to acquire businesses that enhance the growth and development of our business or to effectively integrate the businesses we do acquire into our business;
- our failure to identify and address the causes of our revenue weakness in some markets;
- our failure to sustain growth in relatively mature markets;
- our failure to promote, strengthen, and protect our brands;
- 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; and
- general economic conditions.

In addition, projections are inherently uncertain and are based on assumptions and judgments by management that may be flawed or based on information about our business and markets that may change in the future in ways that may be beyond our control. Our actual results may differ materially from our projections due to various factors, including the factors listed immediately above and in the risk factor below entitled "Our quarterly financial results will often fluctuate," which is also applicable to longer-term results.

If our strategy is not successful, or if there is a market perception that our strategy is not successful, then our revenue, earnings, and value may not grow as anticipated or may decline, we may not be profitable, our reputation and brand 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.

**If we are unable to attract visitors to our websites and convert those visitors to customers, 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. We rely on a variety of methods to draw visitors to our websites and promote our products and services, such as purchased search results from online search engines such as Google and Yahoo!, email, direct mail, advertising banners and other online links, broadcast media, and word-of-mouth customer referrals. If the search engines on which we rely modify their algorithms, terminate their relationships with us, or increase the prices at which we may purchase listings, our costs could increase, and fewer customers may click through to our websites. If we are not effective at reaching new and repeat customers, if fewer customers click through to our websites, or if the costs of attracting customers using our current methods significantly increase, then traffic to our websites would be reduced, our revenue and net income could decline, and our business and results of operations would be harmed.

**Purchasers of micro business marketing products and services, including graphic design and customized printing, may not choose to shop online, which would prevent us from acquiring new customers that are necessary to the success of our business.**

The online market for micro business marketing products and services is less developed than the online market for other business and home and family products, and 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 as an online retailer include:

- concerns about buying graphic design services and marketing products without face-to-face interaction with sales personnel;
- the inability to physically handle and examine product samples;
- delivery time associated with Internet orders;
- concerns about the security of online transactions and the privacy of personal information;
- delayed shipments or shipments of incorrect or damaged products;
- limited access to the Internet; and
- 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 tablet computing devices and that our website visits using traditional desktop computers may be declining. 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. If our customers and potential customers have difficulty accessing and using our websites and technologies, then our revenue could decline.

**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 to our websites, 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. Providing a high-quality customer experience requires us to invest substantial amounts of resources in our website development, design and technology, graphic design operations, production operations, and customer service operations. Our ability to provide a high-quality customer experience is also dependent on external factors over which we may have little or no control, including the reliability and performance of our suppliers, 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 financial results, especially our GAAP results, will often fluctuate, which may lead to volatility in our share price.**

Our revenues and operating results often vary significantly from quarter to quarter due to a number of factors, and as a result comparing our financial results on a period-to-period basis may not be meaningful. 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. Additionally, we prioritize longer-term results over shorter-term results and generally do not manage our business to maximize current period GAAP profitability metrics. Some of the specific factors that could cause our operating results to fluctuate include among others:

- seasonality-driven or other variations in the demand for our products and services, in particular during our second fiscal quarter;
- currency and interest rate fluctuations, which affect our revenues, costs, and fair value of our assets;
- our hedging activity;
- our ability to attract visitors to our websites and convert those visitors into customers;
- our ability to retain customers and generate repeat purchases;
- shifts in product mix toward less profitable products;
- 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;
- our pricing and marketing strategies and those of our competitors;
- investments in our business in the current period intended to generate or support revenues and operations in future periods;
- expenses and charges related to our compensation agreements 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;
- changes in our income tax rate;
- costs to acquire businesses or integrate our acquired businesses;
- impairments of our tangible and intangible assets including goodwill; and
- 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 quarter. Our operating results may sometimes be below the expectations of public market analysts and investors, in which case the price of our ordinary shares will likely decline.

**Our global operations 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 multiple countries across six continents. We expect to establish operations, acquire or invest in businesses, and sell our products and services in additional geographic regions, including emerging markets, where we may have limited or no experience. We may not be successful in all 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 and expansion, including, among others:

- difficulty managing operations in, and communications among, multiple 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;
- local regulations that may restrict or impair our ability to conduct our business as planned;
- protectionist laws and business practices that favor local producers and service providers;
- our inexperience in marketing and selling our products and services within unfamiliar countries and cultures;
- challenges of working with local business partners in some regions, such as Japan and Brazil;
- our failure to properly understand and develop graphic design content and product formats appropriate for local tastes;
- disruptions caused by political and social instability that may occur in some countries;
- corrupt business practices, such as bribery or the willful infringement of intellectual property rights, that may be common in some countries;
- difficulty expatriating 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;
- the challenge of complying with disparate laws in multiple countries;
- restrictions imposed by local labor practices and laws on our business and operations; and
- failure of local laws to provide a sufficient degree of protection against infringement of our intellectual property.

To manage our operations and anticipated growth, we must continue to refine our operational, financial, and management controls, human resource policies, reporting systems, and procedures in the locations in which we operate. If we are unable to implement improvements to these systems and controls in an efficient or timely manner or if we discover deficiencies in our existing systems and controls, then our ability to manage our business and provide a high-quality customer experience could be harmed, which would damage our reputation and brands and substantially harm our business and financial results.

In addition, we are exposed to fluctuations in currency exchange rates that may impact items such as the translation of our revenues 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. While we engage in hedging activities to mitigate some of the net impact of currency exchange rate fluctuations, our financial results may differ materially from expectations as a result of such fluctuations.



## **Acquisitions and strategic investments may be disruptive to our business and may fail to achieve our goals.**

An important component of our strategy is to selectively pursue acquisitions of businesses, technologies, or services and invest 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.

Integrating newly acquired businesses, technologies, and services and monitoring and managing our investments and joint ventures are complex, expensive, time consuming, and subject to many risks, including the following:

- 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.
- An acquisition or investment may fail to achieve our goals and expectations for a number of reasons including the following: 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 investments may be more expensive or may take more resources than we expected. We may encounter unexpected cultural or language challenges in integrating an acquired business or managing our investment in a business. The business we acquired or invested in may not perform as well as we expected.
- In some cases, our acquisitions and investments are dilutive for a period of time, 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, or increased tax costs.
- 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 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.

The accounting for our acquisitions 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, and 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, which can be difficult to forecast. We accrue liabilities for estimated future contingent earn-out payments based on an evaluation of the likelihood of achievement of the contractual conditions underlying the earn-out and weighted probability assumptions of the required outcomes. If in the future our assumptions change and we determine that higher levels of achievement are likely under our earn-outs, 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. In addition, earn-out provisions can lead to disputes with the sellers about the achievement of the earn-out performance targets, and earn-out performance targets can sometimes create inadvertent incentives for the acquired company's management to take actions designed to maximize the earn-out instead of benefiting the business.

## **We may not be successful in developing our mass customization platform or in realizing the anticipated benefits of a mass customization platform, once it has been developed.**

A key component of our strategy is the development of a mass customization platform that combines the strengths of the production technologies and processes from all of our subsidiaries into a shared platform we can leverage across all of our brands. The process of developing new technology is complex, costly, and uncertain, and

the development effort could be disruptive to our business and existing systems. We must make long-term investments, develop or obtain appropriate intellectual property, and commit significant resources before knowing whether our mass customization platform will be successful and make us more effective and competitive. As a result, there can be no assurance that we will successfully develop the platform nor that we will realize expected returns on the capital expended to develop the platform.

**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. Our operating income during the second fiscal quarter represented 62%, 61%, and 72% of annual operating income in the years ended June 30, 2015, 2014, and 2013, respectively. 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 would likely 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, 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 and cash flows.**

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 non-GAAP financial metrics, which could result in increased volatility in our GAAP results.

**We face risks related to interruption of our operations and lack of redundancy.**

Our 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 we 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 operations or systems are, among others:

- fire, natural disasters, or extreme weather - for example, the computer hardware for our websites is located in Bermuda, and our largest customer service center is located in Jamaica, both of which locations are subject to the risk of hurricanes
- 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 reputation and brand, 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 our business increases with no assurance that our revenues will increase.

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

The markets for small business marketing products and services and home and family custom products, including the printing and graphic design market, are intensely competitive, highly fragmented, and geographically dispersed. The competitive landscape for e-commerce companies continues to change as new e-commerce businesses are introduced and traditional “bricks and mortar” businesses establish an online presence. Competition may result in price pressure, 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 (in no particular order):

- traditional offline printers and graphic design providers;
- online printing and graphic design companies, many of which provide printed products and services similar to ours;
- 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 and gifts;
- online photo product companies;
- Internet firms and retailers;
- online providers of custom printing services that outsource production to third party printers; and
- providers of other digital marketing such as social media, local search directories and other providers.

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, or significantly greater financial, marketing, and other resources. Many of our competitors currently work together, and additional competitors may do so in the future through strategic business agreements or acquisitions. Competitors may also develop new or enhanced products, technologies or capabilities that could render many of the products, services and content we offer obsolete or less competitive, which could harm our business and financial results.

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, such as through a retail in-store or web-based collaborative offering. 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, in particular in the Price Primary Market Segment where we have historically generated most of our business, is sensitive to price, and changes in our pricing strategies have a significant impact on our revenues and results of operations. Many factors can significantly impact our pricing and marketing strategies, including the costs of running our business, our competitors' pricing and marketing strategies, and the effects of inflation. For example, recent changes to our pricing and marketing strategies in our Vistaprint brand have adversely affected our revenue growth and the numbers of customers and orders in some regions. If we fail to meet our customers' price expectations, our business and results of operations will suffer.

**Failure to protect our networks and the confidential information of our customers, employees, and business partners against security breaches could damage our reputation and brands and substantially harm our business and results of operations.**

Businesses like ours are increasingly becoming targets for cyber attacks and other thefts of data. We may need to expend significant resources to protect against security breaches or to address problems caused by breaches. Any compromise or breach of our network, websites, or retail locations, our employee personal data, or our customer transaction data, including credit and debit card information, could, among other things:

- damage our reputation and brand;
- expose us to losses, litigation, and possible liability;
- result in a failure to comply with legal and industry privacy regulations and standards;
- lead to the misappropriation of our and our customers' proprietary or personal information; or
- cause interruptions in our operations.

In addition, some of our partners also collect information from transactions with our customers, and we may be liable or our reputation may be harmed if our partners fail to protect our customers' information or use it in a manner that is inconsistent with legal and industry privacy regulations or our practices.

**If we fail to address risks associated with payment fraud, our reputation and brands could be damaged, and our business and results of operations could be harmed.**

We may be liable for fraudulent transactions conducted on our websites, such as through the use of stolen credit card numbers. To date, quarterly losses from payment fraud have not exceeded 1% of total revenues in any quarter, but we continue to face the risk of significant losses from this type of fraud.

**We rely heavily on email to market to and communicate with customers, and email communications are subject to regulatory and reputation risks.**

Various private entities attempt to regulate the use of commercial email solicitation by blacklisting companies that the entities believe do not meet their standards, which results in those companies' emails being blocked from some Internet domains and addresses. Although we believe that our commercial email solicitations comply with all applicable laws, from time to time some of our Internet protocol addresses appear on some of these blacklists, which can interfere with our ability to market our products and services, communicate with our customers, and operate and manage our websites and corporate email accounts. In addition, as a result of being blacklisted, we have had disputes with, or concerns raised by, various service providers who perform services for us, including co-location and hosting services, Internet service providers and electronic mail distribution services.

Further, we have contractual relationships with partners that market our products and services on our behalf, and some of our marketing partners engage third-party email marketers with which we do not have any contractual or other relationship. Although we believe we comply with all applicable laws relating to email solicitations and our contracts with our partners require that they do the same, we do not always have control over the third-party email marketers that our partners engage. If such a third party were to send emails marketing our

products and services in violation of applicable anti-spam or other laws, then our reputation could be harmed and we could potentially be liable for their actions.

**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 to claims for harm to health or property or for natural resource damages arising out of contamination or exposure to hazardous substances.

**Our customers create products that incorporate images, illustrations and fonts that we license from third parties, and any loss of the right to use these licensed materials may substantially harm our business and results of operations.**

Many of the images, illustrations, and fonts incorporated in the design products and services we offer are the copyrighted property of other parties that we use under license agreements. If one or more of our licenses covering a significant amount of content were terminated, the amount and variety of content available on our websites would be significantly reduced, and we may not be able to find, license, and introduce substitute content in a timely manner, on acceptable terms, or at all.

**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 team 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 one or more of our key employees may significantly delay or prevent the achievement of our business objectives, and our failure to attract and retain suitably qualified individuals 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 2022, 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; and
- 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 breach of the covenants or restrictions under the indenture that governs our senior notes or under the credit facility could result in an event of default under the applicable indebtedness. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under our credit facility would permit the lenders under the credit facility to terminate all commitments to extend further credit under that facility. Furthermore, if we were unable to repay the amounts due and payable under our credit facility, those lenders could proceed against the collateral granted to them to secure that indebtedness. If our lenders or senior noteholders accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness. In addition, our financial results, our substantial indebtedness, and our credit ratings could adversely affect the availability and terms of our financing.

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

As of June 30, 2015, our total debt was \$522.5 million, made up of \$275 million of senior unsecured notes, \$231.5 million of loan obligations under our credit facility and \$16.0 million of other debt. We had unused commitments of \$610.4 million under our credit facility (after giving effect to letter of credit obligations).

Subject to the limits contained in the credit facility, the indenture that governs our senior unsecured 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 in which we compete;
- placing us at a disadvantage compared to other, less leveraged competitors; and
- 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, and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. The credit facility and the indenture that governs our senior notes restrict our ability to dispose of assets and use the proceeds from those dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

In addition, we conduct a substantial portion of our operations through our subsidiaries, which may not be able to make distributions to enable us to make payments in respect of our indebtedness because of legal restrictions in some cases. If we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness.

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.

If we cannot make scheduled payments on our debt, we will be in default and our lenders could declare all outstanding principal and interest to be due and payable, the lenders under our credit facility could terminate their commitments to loan money, our secured lenders could foreclose against the assets securing their borrowings, and we could be forced into bankruptcy or liquidation.

**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. 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, 2015, 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 \$0.9 million over the next 12 months. Although we generally enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility, we might not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk.

**Border controls and duties and restrictions on cross-border commerce may impede our shipments across country borders.**

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. For example, we produce substantially all physical products for our United States customers at our facility in Ontario, Canada and have occasionally experienced delays shipping from Canada into the United States, where we have historically derived more than half of our annual revenue. If we experience difficulty or delays shipping products into the United States or other key markets, or are prevented from doing so, or if our costs and expenses materially increased, our business and results of operations could be harmed.

**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 and 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. For example, some of our competitors purchase the term "Vistaprint" and other terms incorporating our proprietary trademarks from Google and other search engines as part of their search listing advertising, and courts do not always side with the trademark owners in cases involving search engines. 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.**

Due to our dependence 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. It is not always clear how existing laws governing these and other issues apply to the Internet and e-commerce, as the vast majority of applicable laws were adopted before the advent of the Internet and do not contemplate or address the unique issues raised by the Internet or e-commerce. Those laws that do reference the Internet, such as the Bermuda Electronic Transactions Act 1999, the U.S. Digital Millennium Copyright Act, and the U.S. CAN SPAM Act of 2003, are only beginning to be interpreted by the courts, and their applicability and reach are therefore uncertain. Those current and future laws and regulations or unfavorable resolution of these issues may substantially harm our business and financial results.

**Our suppliers' failure to use legal and ethical business practices could negatively impact our business.**

We source the raw materials for the products we sell from an expanding number of suppliers in an increasing number of jurisdictions worldwide, and we require our suppliers to operate in compliance with all applicable laws, including those regarding corruption, working conditions, employment practices, safety and health, and environmental compliance. However, we cannot control our suppliers' business practices, and we may not be able to adequately monitor and audit our many suppliers throughout the world. If any of our suppliers violates labor, environmental, or other laws or implements business practices that are regarded as unethical, our reputation could be severely damaged, and our supply chain could be interrupted, which could harm our sales and results of operations.



**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, the vast majority 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 are subject to customer payment-related risks.**

We accept payments for our products and services on our websites by a variety of methods, including credit or debit card, PayPal, check, wire transfer or other methods. In some geographic regions, we rely on one or two third party companies to provide payment processing services. If any of the payment processing or other companies with which we have contractual arrangements became unwilling or unable to provide these services to us or they or we are unable to comply with our contractual requirements under such arrangements, then we would need to find and engage replacement providers, which we may not be able to do on terms that are acceptable to us or at all, or to process the payments ourselves. Any of these scenarios could be disruptive to our business as they could be costly and time consuming and may unfavorably impact our customers.

As we offer new payment options to our customers, we may be subject to additional regulations, compliance requirements and fraud risk. For some payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower our profit margins or require that we charge our customers more for our products. We are also subject to payment card association and similar operating rules and requirements, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules and requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from our customers or facilitate other types of online payments, and our business and operating results could be materially adversely affected.

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

Some of the products we sell may expose us to product liability claims relating to personal injury, death, or property damage, and may require product recalls or other actions. Any claims, litigation, or recalls relating to product liability could be costly to us and damage our brands and reputation.

**Our inability to acquire or maintain domain names in each country or region where we currently or intend to do business could negatively impact our brands and our ability to sell our products and services in that country or region.**

From time to time we have difficulty obtaining a domain name using Cimpres, Vistaprint, or our other trademarks in a particular country or region, and we may not be able to prevent third parties from acquiring domain names that infringe or otherwise decrease the value of our trademarks and other proprietary rights. If we are unable to use a domain name in a particular country, then we could be forced to purchase the domain name from an entity that owns or controls it, which we may not be able to do on commercially acceptable terms or at all; we may incur significant additional expenses to develop a new brand to market our products within that country; or we may elect not to sell products in that country.

**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 Cimpres 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. For example, some state governments in the

United States have imposed or are seeking to impose indirect taxes on Internet sales. A successful assertion by one or more governments in jurisdictions where we are not currently collecting sales or value added taxes that we should be, or should have been, collecting indirect taxes on the sale of our products could result in substantial tax liabilities for past sales.

**If we are unable to retain security authentication certificates, which are supplied by a limited number of third party providers over which we exercise little or no control, our business could be harmed.**

We are dependent on a limited number of third party providers of website security authentication certificates that are necessary for conducting secure transactions over the Internet. Despite any contractual protections we may have, these third party providers can disable or revoke, and in the past have disabled or revoked, our security certificates without our consent, which would render our websites inaccessible to some of our customers and could discourage other customers from accessing our sites. Any interruption in our customers' ability or willingness to access our websites if we do not have adequate security certificates could result in a material loss of revenue and profits and damage to our brands.

### **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 Cimpres 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. For more information about audits to which we are currently subject refer to Note 14 "Income Taxes" in the accompanying notes to the consolidated financial statements included in Item 8 of Part II of this Report.

**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. We continue to assess the impact of various international tax reform proposals and modifications to existing tax treaties in all jurisdictions where we have operations that could result in a material impact on our income taxes. We cannot predict whether any specific legislation will be enacted or the terms of any such legislation. However, if such proposals 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.

**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 intercompany service and related agreements, which we also refer to as transfer pricing agreements, among Cimpres N.V. and its subsidiaries. These agreements establish transfer prices for production, marketing, management, technology development and other services performed by these subsidiaries for other group companies. Transfer prices are prices that one company in a group of related companies charges to another member of the group for goods, services or the use of property. 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 your 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 management board and supervisory board or to overrule our supervisory board's nominees to our management board and supervisory board 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 management board or supervisory board 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 requires shareholder approval for the issuance of shares and grants preemptive rights to existing shareholders to subscribe for new issuances of shares. In November 2011, our shareholders granted our supervisory board and management board the authority to issue ordinary shares as the boards determine appropriate, without obtaining specific shareholder approval for each issuance, and to limit or exclude shareholders' preemptive rights. However, this authorization expires in November 2016. Although we plan to seek re-approval from our shareholders from time to time in the future, we may not succeed in obtaining future re-approvals. In addition, subject to specified exceptions, Dutch law requires shareholder approval for many corporate actions, such as the approval of dividends, authorization to purchase outstanding shares, and corporate acquisitions of a certain size. Situations may arise where the flexibility to issue shares, pay dividends, purchase shares, acquire other companies, or take other corporate actions without a shareholder vote would be beneficial to us, but is not available under Dutch law.

**Because of our corporate structure, our shareholders may find it difficult to pursue legal remedies against the members of our supervisory board or management board.**

Our Articles and our internal corporate affairs are governed by Dutch law, and the rights of our shareholders and the responsibilities of our supervisory board and management board are different from those established under United States laws. For example, under Dutch law derivative lawsuits are generally not available, and our supervisory board and management board are 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 supervisory board or management 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 vast majority of our assets are located outside of the United States. In addition, some of our officers and management board members 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, 2015 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 for our current tax year or for any subsequent year.

**If a United States shareholder acquires 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, each U.S. person who owns (or is deemed to own) at least 10% of the voting power of a non-U.S. corporation, "10% U.S. Shareholder," and if such non-U.S. corporation is a "controlled foreign corporation", or "CFC," for an uninterrupted period of 30 days or more during a taxable year, 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 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 for an uninterrupted period of 30 days or more, each of our 10% U.S. Shareholders will be required to include in its gross income for United States federal income tax purposes its pro rata share of our "subpart F income", even if the subpart F income is not distributed by us. 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 for our current tax year or any subsequent tax year.

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.

**We will pay taxes even if we are not profitable on a consolidated basis, which would harm our results of operations.**

The intercompany service and related agreements among Cimpress N.V. and its direct and indirect subsidiaries ensure that many of the subsidiaries realize profits based on their operating expenses. As a result, if the Cimpress group is less profitable, or even not profitable on a consolidated basis, many of our subsidiaries will be profitable and incur income taxes in their respective jurisdictions.

**Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

We own real property including for the following manufacturing operations:

- A 582,000 square foot facility located near Windsor, Ontario, Canada primarily services our Vistaprint Business Unit in the North American market.
- A 362,000 square foot facility located in Venlo, the Netherlands services our Vistaprint Business Unit and All Other Business Units in the European market.
- A 124,000 square foot facility located in Deer Park, Australia primarily services our Vistaprint Business Unit in the Asia-Pacific markets.
- Two facilities, a total of 125,000 square feet, located near Montpellier, France primarily service our All Other Business Units throughout the French market.

As of June 30, 2015, a summary of our currently occupied leased spaces is as follows:

| Business Segment             | Square Feet | Type  | Lease Expirations         |
|------------------------------|-------------|---|---------------------------|
| Vistaprint Business Unit (1) | 493,281     | Technology development, marketing, customer service and administrative                | December 2015 - June 2024 |
| All Other Business Units     | 512,660     | Technology development, marketing, customer service, manufacturing and administrative | October 2015 - July 2024  |
| Other (2)                    | 77,720      | Corporate strategy, technology development and prototyping laboratory                 | January 2018 - June 2023  |

(1) Includes our current lease of a 202,000 square foot facility in Lexington, Massachusetts, which contains technology development, marketing and administrative employees and is included in the Vistaprint Business Unit, although also used by Corporate and Global Functions. In the first quarter of fiscal 2016 we will commence an eleven year lease and will move our Lexington operations to a new 302,000 square foot facility in Waltham, Massachusetts. See Note 6 in our accompanying financial statements in this Report for a discussion of this transaction.

(2) Includes locations that are exclusively corporate or global functions.

We believe that the total space available to us in the facilities we own or lease, and space that is obtainable by us on commercially reasonable terms, will meet our needs for the foreseeable future.

**Item 3. Legal Proceedings**

The information required by this item is incorporated by reference to the information set forth in Item 8 of Part II, "Financial Statements and Supplementary Data — Note 18 — Commitments and Contingencies," in the accompanying notes to the consolidated financial statements included in this Report.

**Item 4. Mine Safety Disclosures**

None.

## PART II

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The ordinary shares of Cimpres N.V. are traded on the NASDAQ Global Select Market (the "NASDAQ") under the symbol "CMPR." As of July 31, 2015, there were approximately 15 holders of record of our ordinary shares, although there is a much larger number of beneficial owners. The following table sets forth, for the periods indicated, the high and low sale price per share of our ordinary shares on the NASDAQ:

|                     | High     | Low      |
|---------------------|----------|----------|
| <b>Fiscal 2014:</b> |          |          |
| First Quarter       | \$ 56.78 | \$ 48.37 |
| Second Quarter      | \$ 57.66 | \$ 51.92 |
| Third Quarter       | \$ 55.20 | \$ 46.95 |
| Fourth Quarter      | \$ 53.42 | \$ 38.58 |
| <b>Fiscal 2015:</b> |          |          |
| First Quarter       | \$ 55.06 | \$ 37.05 |
| Second Quarter      | \$ 76.68 | \$ 52.13 |
| Third Quarter       | \$ 86.78 | \$ 67.41 |
| Fourth Quarter      | \$ 91.75 | \$ 79.81 |

#### *Dividends*

We have never paid or declared any cash dividends on our ordinary shares, and we do not anticipate paying any cash dividends in the foreseeable future. We currently intend to retain all future earnings to finance the growth and operations of our business, purchase our ordinary shares, or pay down our debt. Under Dutch law, we may pay dividends only out of profits shown on our annual accounts prepared in accordance with Dutch generally accepted accounting principles and adopted by our shareholders, and only to the extent our equity exceeds the sum of the paid and called up portion of our ordinary share capital and the reserves that must be maintained in accordance with provisions of Dutch law and our articles of association.

#### *Issuer Purchases of Equity Securities*

On December 11, 2014, in order to provide us with flexibility to repurchase our ordinary shares at times when our management believes it may be beneficial for our business, our Supervisory Board authorized the repurchase of up to 6,400,000 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 U.S. Securities Exchange Act of 1934), through privately negotiated transactions, or in one or more self-tender offers. This share repurchase authorization expires on May 12, 2016, and we may suspend or discontinue the repurchase program at any time. Our Supervisory Board approved this repurchase program pursuant to the authorization we received from our shareholders in November 2014.

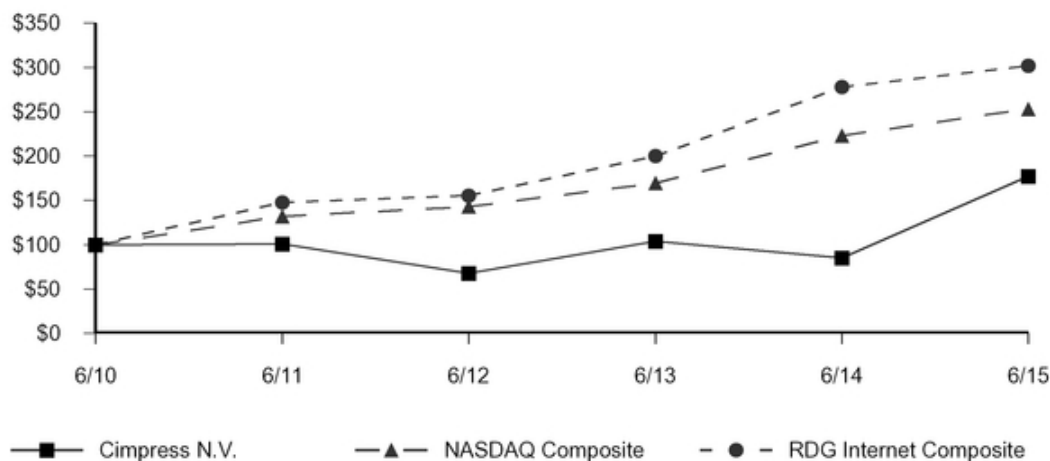
We did not repurchase any shares during the three months ended June 30, 2015, and 6,400,000 shares remain available for repurchase under this program, subject to certain limitations imposed by our debt covenants.

Performance Graph

The following graph compares the cumulative total return to shareholders of Cimpres N.V. ordinary shares relative to the cumulative total returns of the NASDAQ Composite index and the RDG Internet Composite index. An investment of \$100 (with reinvestment of all dividends) is assumed to have been made in our ordinary shares and in each of the indexes on June 30, 2010 and the relative performance of each investment is tracked through June 30, 2015.

**COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN**

Among Cimpres N.V., the NASDAQ Composite Index and the RDG Internet Composite Index



|                        | Year Ended June 30, |           |          |           |          |           |
|------------------------|---------------------|-----------|----------|-----------|----------|-----------|
|                        | 2010                | 2011      | 2012     | 2013      | 2014     | 2015      |
| Cimpres N.V.           | \$ 100.00           | \$ 100.76 | \$ 68.01 | \$ 103.96 | \$ 85.20 | \$ 177.22 |
| NASDAQ Composite       | 100.00              | 132.14    | 142.90   | 169.55    | 223.20   | 253.21    |
| RDG Internet Composite | 100.00              | 147.84    | 155.42   | 199.93    | 277.95   | 301.80    |

The share price performance included in this graph is not necessarily indicative of future share price performance.

## Item 6. Selected Financial Data

The following financial data should be read in conjunction with our consolidated financial statements, the related notes and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Report. The historical results are not necessarily indicative of the results to be expected for any future period.

|  | Year Ended June 30, |              |              |              |            |
|--|---------------------|--------------|--------------|--------------|------------|
|  | 2015 (a)            | 2014 (b)(c)  | 2013 (c)     | 2012 (d)     | 2011       |
| (In thousands, except share and per share data)                              |                     |              |              |              |            |
| <b>Consolidated Statements of Operations Data:</b>                           |                     |              |              |              |            |
| Revenue  | \$ 1,494,206        | \$ 1,270,236 | \$ 1,167,478 | \$ 1,020,269 | \$ 817,009 |
| Net income attributable to Cimpress N.V.                                     | 92,212              | 43,696       | 29,435       | 43,994       | 82,109     |
| Net income per share attributable to Cimpress N.V.:                          |                     |              |              |              |            |
| Basic  | \$ 2.82             | \$ 1.33      | \$ 0.89      | \$ 1.16      | \$ 1.89    |
| Diluted  | \$ 2.73             | \$ 1.28      | \$ 0.85      | \$ 1.13      | \$ 1.83    |
| Shares used in computing net income per share attributable to Cimpress N.V.: |                     |              |              |              |            |
| Basic  | 32,644,870          | 32,873,234   | 33,209,172   | 37,813,504   | 43,431,326 |
| Diluted  | 33,816,498          | 34,239,909   | 34,472,004   | 38,953,179   | 44,951,199 |

|  | Year Ended June 30, |             |            |            |            |
|--|---------------------|-------------|------------|------------|------------|
|  | 2015 (a)            | 2014 (b)(c) | 2013 (c)   | 2012 (d)   | 2011       |
| (In thousands)                                     |                     |             |            |            |            |
| <b>Consolidated Statements of Cash Flows Data:</b> |                     |             |            |            |            |
| Net cash provided by operating activities          | \$ 228,876          | \$ 148,580  | \$ 140,012 | \$ 140,641 | \$ 162,633 |
| Purchases of property, plant and equipment         | (75,813)            | (72,122)    | (78,999)   | (46,420)   | (37,405)   |
| Purchases of ordinary shares                       | —                   | (42,016)    | (64,351)   | (309,701)  | (56,935)   |
| Business acquisitions, net of cash acquired        | (123,804)           | (216,384)   | —          | (180,675)  | —          |
| Net proceeds (payments) of debt                    | 54,207              | 207,946     | 8,051      | 227,181    | (5,222)    |

|  | As of June 30, |             |           |           |            |
|--|----------------|-------------|-----------|-----------|------------|
|  | 2015 (a)       | 2014 (b)(c) | 2013 (c)  | 2012 (d)  | 2011       |
| (In thousands)                                       |                |             |           |           |            |
| <b>Consolidated Balance Sheet Data:</b>              |                |             |           |           |            |
| Cash, cash equivalents and marketable securities (e) | \$ 110,494     | \$ 76,365   | \$ 50,065 | \$ 62,203 | \$ 237,081 |
| Working capital (e)                                  | (89,580)       | (83,560)    | (54,795)  | (26,381)  | 178,485    |
| Total assets   | 1,308,242      | 988,985     | 601,567   | 592,429   | 555,900    |
| Total long-term debt, excluding current portion (f)  | 499,941        | 410,484     | 230,000   | 229,000   | —          |
| Total shareholders' equity                           | 249,419        | 232,457     | 189,561   | 189,287   | 450,093    |

(a) Includes the impact of the acquisitions of FotoKnudsen AS on July 1, 2014, FL Print SAS on April 9, 2015, Exagroup SAS on April 15, 2015 and druck.at Druck-und Handelsgesellschaft mbH on April 17, 2015, as well as our investment in Printi LLC on August 7, 2014. See Notes 8, 15 and 16 in our accompanying financial statements in this Report for a discussion of these transactions.

(b) Includes the impact of the acquisitions of Printdeal B.V. (formerly known as People & Print Group B.V.) on April 1, 2014 and Pixartprinting S.p.A. on April 3, 2014, as well as our investment in a joint business arrangement with Plaza Create Co. Ltd. in February 2014. See Notes 8 and 15 in our accompanying financial statements in this Report for a discussion of these transactions.

(c) Includes the impact of our July 10, 2012 equity investment in Namex Limited. During the fourth quarter of fiscal 2014 we disposed of this investment and recognized a loss on the sale of \$12.7 million. See Note 16 in our accompanying financial statements in this Report for a discussion of this investment.

(d) Includes the impact of the acquisitions of Albumprinter Holding B.V. on October 31, 2011 and Webs, Inc. on December 28, 2011. See Note 8 in our accompanying financial statements in this Report for a discussion of these acquisitions.

(e) We define working capital as current assets less current liabilities. Our working capital profile has evolved since fiscal 2011 as we have made long-term investments that seek to drive shareholder value through acquisitions, ordinary share purchases, and other strategic initiatives. We have financed these investments through a mix of cash on hand, cash flows generated from operations and external debt financing.

(f) On March 24, 2015, we completed a private placement of \$275.0 million of 7.0% senior unsecured notes due 2022. The proceeds from the sales of the notes were used to repay existing outstanding indebtedness under our unsecured line of credit, the indebtedness outstanding under our senior secured credit facility and for general corporate purposes. See Note 11 in our accompanying financial statements in this Report for additional discussion.



## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

*This Report contains forward-looking statements that involve risks and uncertainties. The statements contained in this Report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including but not limited to our statements about anticipated income and revenue growth rates, future profitability and market share, new and expanded products and services, geographic expansion and planned capital expenditures. Without limiting the foregoing, the words "may," "should," "could," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "designed," "potential," "continue," "target," "seek" and similar expressions are intended to identify forward-looking statements. All forward-looking statements included in this Report are based on information available to us up to, and including the date of this document, and we disclaim any obligation to update any such forward-looking statements. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including those set forth in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" and elsewhere in this Report. You should carefully review those factors and also carefully review the risks outlined in other documents that we file from time to time with the United States Securities and Exchange Commission.*

### **Executive Overview**

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. Cimpress, the world leader in mass customization, is a technology and manufacturing-driven company that aggregates, via the Internet, large volumes of small, individually customized orders for a broad spectrum of print, signage, apparel and similar products. We produce those orders in highly automated, capital and technology intensive production facilities in a manner that we believe makes our production techniques significantly more competitive than those of traditional suppliers. We bring our products to market through a portfolio of focused brands serving the needs of small and medium businesses and consumers. These brands include Vistaprint, our global brand for micro business marketing products and services, as well as brands that we have acquired that serve the needs of various market segments, including resellers, small and medium businesses with differentiated service needs, and consumers purchasing products for themselves and their families.

In July 2014, we changed our internal management reporting structure from geographic-based segments to brand-based segments, resulting in the Vistaprint Business Unit and the All Other Business Units reportable segments. The Vistaprint Business Unit represents our core Vistaprint brand 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. The All Other Business Unit is an aggregation of the smaller businesses in our portfolio - Albumprinter, Printdeal (formerly known as People & Print Group), Pixartprinting and the Most of World business units, as well as the operations of our fiscal 2015 acquisitions of FotoKnudsen AS, FL Print SAS (referred to as Easyflyer), Exagroup SAS and druck.at Druck-und Handelsgesellschaft mbH (referred to as druck.at).

For the fiscal year ended June 30, 2015, we reported consolidated revenue of \$1,494 million representing 18% reported revenue growth over the prior year and 23% growth in constant-currency terms. During fiscal 2015 we made several strategic acquisitions to help us reach differentiated customers through distinct brands and give us access to a broader product offering over time. Consolidated constant-currency revenue growth, excluding the revenue of businesses and brands that do not have a comparable revenue in the prior twelve months, was 9% for the year ended June 30, 2015.

Diluted earnings per share for the year ended June 30, 2015 increased 113% to \$2.73 as compared to the prior year. This increase was driven by the improved operating performance of our Vistaprint brand as well as the results of our other brands acquired in fiscal 2014 and 2015. These improvements were partially offset by continued investments in product quality and software development in our core business, as well as investments in markets in which we seek to develop a long-term presence such as India, Japan and Brazil. We believe investments such as these, as well as our other key initiatives, will collectively enable us to scale and strengthen our competitive position and enhance long-term shareholder value. In addition, we recognized \$14.9 million of expense during the year ended June 30, 2015 for changes in the contingent consideration liabilities associated with our acquisitions of Printdeal and Pixartprinting, \$11.5 million of additional acquisition related amortization expense, as well as \$9.0

million of incremental interest expense primarily due to our increased borrowing levels under our credit facility and the issuance of our senior unsecured notes in March 2015. We also recognized significant gains from currency movements in fiscal 2015, as compared to losses in fiscal 2014, principally as a result of changes in the fair value of our derivative instruments for which we have not elected hedge accounting and currency gains on non-functional currency activity, principally from intercompany transactional and financing relationships. During fiscal 2014 we recognized a \$12.7 million loss on the sale of our investment in Namex Limited that did not occur in fiscal 2015.

### **Critical Accounting Policies and Estimates**

Our financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). To apply these principles, we must make estimates and judgments that affect our reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. In some instances, we reasonably could have used different accounting estimates and, in other instances, changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ significantly from our estimates. We base our estimates and judgments on historical experience and other assumptions that we believe to be reasonable at the time under the circumstances, and we evaluate these estimates and judgments on an ongoing basis. We refer to accounting estimates and judgments of this type as critical accounting policies and estimates, which we discuss further below. This section should be read in conjunction with Note 2, "Summary of Significant Accounting Policies," of our audited consolidated financial statements included elsewhere in this Report.

*Revenue Recognition.* We generate revenue primarily from the sale and shipping of customized manufactured products, as well as providing digital services, website design and hosting, email marketing services, and order referral fees. We recognize revenue arising from sales of products and services, net of discounts and applicable indirect taxes, when it is realized or realizable and earned. We consider revenue realized or realizable and earned when there is persuasive evidence of an arrangement, a product has been shipped or service rendered with no significant post-delivery obligation on our part, the net sales price is fixed or determinable and collection is reasonably assured. For arrangements with multiple deliverables, we allocate revenue to each deliverable based on the relative selling price for each deliverable. We determine the relative selling price using a hierarchy of (1) company specific objective and reliable evidence, then (2) third-party evidence, then (3) best estimate of selling price. Shipping, handling and processing charges billed to customers are included in revenue at the time of shipment or rendering of service. Revenues from sales of prepaid orders on our websites are deferred until shipment of fulfilled orders or until the prepaid service has been rendered.

For promotions through discount voucher websites, we recognize revenue on a gross basis, as we are the primary obligor, when redeemed items are shipped. As the vouchers do not expire, any unredeemed vouchers are recorded as deferred revenue. We recognize revenue on the portion of unredeemed vouchers when the likelihood of redemption becomes remote (referred to as "breakage") and we determine there is no legal obligation to remit the value of the unredeemed coupons to government agencies. We estimate the breakage rate based upon the pattern of historical redemptions. Prior to the fourth quarter of fiscal 2015, we did not have sufficient historical redemption data to reasonably estimate breakage and, therefore, did not recognize any breakage revenue. During the fourth quarter of fiscal 2015, we concluded that we have now accumulated sufficient historical data from a large pool of homogeneous transactions to allow us to reasonably and objectively determine a pattern of historical redemptions in accordance with our accounting policy. Accordingly, we recognized \$4.0 million of breakage revenue during the quarter as a result of this change in estimate. We will apply this approach prospectively for future unredeemed voucher activity.

A reserve for estimated sales returns and allowances is recorded as a reduction of revenue, based on historical experience or specific identification of an event necessitating a reserve. This reserve is dependent upon customer return practices and will vary during the year due to volume or specific reserve requirements. Sales returns have not historically been significant to our net revenue and have been within our estimates.

*Share-Based Compensation.* We measure share-based compensation costs at fair value, including estimated forfeitures, 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 use the Black-Scholes option pricing model to measure the fair value of most of our share options and use a lattice model to measure the fair value of share options with a market condition, as well as the subsidiary share option liability award granted in conjunction with the Pixartprinting acquisition. The Black-Scholes model requires significant estimates related to the award's expected

life and future share price volatility of the underlying equity security. The lattice model considers market condition attributes in its valuation assessment where relevant and simulates various sources of uncertainty in order to determine an average value based on the range of resultant outcomes. The lattice model requires estimation of inputs such as future share price volatility, future operating performance, and a forfeiture rate assessment. The fair value of restricted share units and restricted share awards is determined based on the number of shares granted and the quoted price of our ordinary shares on the date of the grant. In determining the amount of expense to be recorded, we also estimate forfeiture rates for all awards based on historical experience to reflect the probability that employees will complete the required service period. Employee retention patterns could vary in the future and result in a change to our estimated forfeiture rate which would directly impact share-based compensation expense. As a measure of sensitivity, a 100 basis point change in our forfeiture rate estimate would have resulted in an immaterial impact on our consolidated statement of operations for all periods.

For awards with a performance condition vesting feature, when achievement of the performance condition is deemed probable, we recognize compensation cost on a graded-vesting basis over the awards' expected vesting periods. Management continually monitors the probability of vesting that is impacted by the achievement of certain business targets and milestones. Independent factors such as market acceptance, technological feasibility or economic market volatility could impact the achievement of such awards and contribute to variability in management's estimate and the recognition of the underlying share-based compensation expense. As the recognition of the compensation expense is reliant upon management's estimate of the likelihood of achievement of the award, if the probability increases during any given period, the compensation cost associated with that award would be accelerated in order to match the estimated outcome. These changes in estimate could result in expense volatility.

*Income Taxes.* As part of the process of preparing our consolidated financial statements, we estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating our current tax expense, including assessing the risks associated with tax positions, together with assessing temporary and permanent differences resulting from differing treatment of items for tax and financial reporting purposes. We recognize deferred tax assets and liabilities for the temporary differences using the enacted tax rates and laws that will be in effect when we expect temporary differences to reverse. We assess the ability to realize our deferred tax assets based upon the weight of available evidence both positive and negative. To the extent we believe that it is more likely than not that some portion or all of the deferred tax assets will not be realized, we establish a valuation allowance. Our estimates can vary due to the profitability mix of jurisdictions, foreign exchange movements, changes in tax law, regulations or accounting principles, as well as certain discrete items. In the event that actual results differ from our estimates or we adjust our estimates in the future, we may need to increase or decrease income tax expense, which could have a material impact on our financial position and results of operations.

We establish reserves for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These reserves are established when we believe that certain positions might be challenged despite our belief that our tax return positions are in accordance with applicable tax laws. We adjust these reserves in light of changing facts and circumstances, such as the closing of a tax audit, new tax legislation, or the change of an estimate based on new information. To the extent that the final outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made. Interest and, if applicable, penalties related to unrecognized tax benefits are recorded in the provision for income taxes.

*Software and Website Development Costs.* We capitalize eligible salaries and payroll-related costs of employees who devote time to the development of our websites and internal-use computer software. Capitalization 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, which is three years. Our judgment is required in determining whether a project provides new or additional functionality, the point at which various projects enter the stages at which costs may be capitalized, assessing the ongoing value and impairment of the capitalized costs, and determining the estimated useful lives over which the costs are amortized. Historically we have not had any significant impairments of our capitalized software and website development costs.

*Business Combinations.* We recognize the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The fair value of identifiable intangible assets is

based on detailed cash flow valuations that use information and assumptions provided by management. The valuations are dependent upon a myriad of factors including historical financial results, estimated customer renewal rates, projected operating costs and discount rates. We estimate the fair value of contingent consideration at the time of the acquisition using all pertinent information known to us at the time to assess the probability of payment of contingent amounts. We allocate any excess purchase price over the fair value of the net tangible and intangible assets acquired and liabilities assumed to goodwill. The assumptions used in the valuations for our fiscal 2014 and 2015 acquisitions may differ materially from actual results depending on performance of the acquired businesses and other factors. While we believe the assumptions used were appropriate, different assumptions in the valuation of assets acquired and liabilities assumed could have a material impact on the timing and extent of impact on our statements of operations.

Goodwill is assigned to reporting units as of the date of the related acquisition. If goodwill is assigned to more than one reporting unit, we utilize a method that is consistent with the manner in which the amount of goodwill in a business combination is determined. Costs related to the acquisition of a business are expensed as incurred.

*Goodwill, Indefinite-Lived Intangible Assets, and Other Definite Lived Long-Lived Assets.* We evaluate goodwill and indefinite-lived intangible assets for impairment annually or more frequently when an event occurs or circumstances change that indicate that the carrying value may not be recoverable. We have the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. For our annual impairment test as of January 1, 2015, we evaluated each of our five reporting 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. Our qualitative assessment for fiscal 2015 determined that there was no indication that the carrying value of any of our reporting units exceeded its fair value. In addition, there have been no indications of impairment that would require an updated analysis as of June 30, 2015. In addition to the specific factors mentioned above, we assess the following individual factors on an ongoing basis such as:

- A significant adverse change in legal factors or the business climate;
- An adverse action or assessment by a regulator;
- Unanticipated competition;
- A loss of key personnel; and
- A more-likely-than-not expectation that a reporting unit or a significant portion of a reporting unit will be sold or otherwise disposed of.

If the results of the qualitative analysis were to indicate that the fair value of a reporting unit is less than its carrying value, the quantitative test is required. Under the quantitative approach, we estimate the fair values of our reporting units using a discounted cash flow methodology. The discounted cash flows are based on our strategic plans and best estimates of revenue growth and operating profit by each reporting unit. Our annual analysis requires significant judgment, including the identification and aggregation of reporting units, discount rate and perpetual growth rate assumptions, and the amount and timing of expected future cash flows. While we believe our assumptions are reasonable, actual results could differ from our projections.

We are required to evaluate the estimated useful lives and recoverability of definite lived long-lived assets (for example, customer relationships, developed technology, property, and equipment) on an ongoing basis when indicators of impairment are present. For purposes of the recoverability test, long-lived assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The test for recoverability compares the undiscounted future cash flows of the long-lived asset group to its carrying value. If the carrying values of the long-lived asset group exceed the undiscounted future cash flows, the assets are considered to be potentially impaired. The next step in the impairment measurement process is to determine the fair value of the individual net assets within the long-lived asset group. If the aggregate fair values of the individual net assets of the group are less than the carrying values, an impairment charge is recorded equal to the excess of the aggregate carrying value of the group over the aggregate fair value. The loss is allocated to each long-lived asset within the group based on their relative carrying

values, with no asset reduced below its fair value. The identification and evaluation of a potential impairment requires judgment and is subject to change if events or circumstances pertaining to our business change.

## Recently Issued or Adopted Accounting Pronouncements

See Item 8 of Part II, "Financial Statements and Supplementary Data — Note 2 — Summary of Significant Accounting Policies — Recently Issued or Adopted Accounting Pronouncements."

## Results of Operations

The following table presents our operating results for the periods indicated as a percentage of revenue:

|   | Year Ended June 30, |         |         |
|---|---------------------|---------|---------|
|   | 2015                | 2014    | 2013    |
| <b>As a percentage of revenue:</b>                      |                     |         |         |
| Revenue   | 100.0 %             | 100.0 % | 100.0 % |
| Cost of revenue   | 38.1 %              | 35.5 %  | 34.3 %  |
| Technology and development expense                      | 13.0 %              | 13.9 %  | 14.1 %  |
| Marketing and selling expense                           | 32.8 %              | 34.6 %  | 38.2 %  |
| General and administrative expense                      | 9.7 %               | 9.2 %   | 9.4 %   |
| Income from operations                                  | 6.4 %               | 6.8 %   | 4.0 %   |
| Other income (expense), net                             | 1.3 %               | (1.7)%  | — %     |
| Interest expense, net                                   | (1.1)%              | (0.6)%  | (0.5)%  |
| Income before income taxes and loss in equity interests | 6.6 %               | 4.5 %   | 3.5 %   |
| Income tax provision                                    | 0.6 %               | 0.8 %   | 0.8 %   |
| Loss in equity interests                                | — %                 | 0.2 %   | 0.2 %   |
| Net income  | 6.0 %               | 3.5 %   | 2.5 %   |
| Add: Net loss attributable to noncontrolling interests  | 0.2 %               | — %     | — %     |
| Net income attributable to Cimpress N.V.                | 6.2 %               | 3.5 %   | 2.5 %   |

*In thousands*

|                | Year Ended June 30, |              |              | Year Ended June 30, |               |
|----------------|---------------------|--------------|--------------|---------------------|---------------|
|                | 2015                | 2014         | 2013         | 2015 vs. 2014       | 2014 vs. 2013 |
| <b>Revenue</b> | \$ 1,494,206        | \$ 1,270,236 | \$ 1,167,478 | 18%                 | 9%            |

### Revenue

We generate revenue primarily from the sale and shipping of customized manufactured products, and by providing digital services, website design and hosting, 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 fiscal years ended June 30, 2015, 2014 and 2013 are shown in the following table. Fiscal 2015 includes the impact of FotoKnudsen, Easyflyer, Exagroup and druck.at from their respective acquisition dates in our All Other Business Units segment. Fiscal 2014 includes the impact of Printdeal and Pixartprinting from their respective acquisition dates in our All Other Business Units segment:

| <i>In thousands</i>      | Year Ended June 30,      |              |              | Currency Impact:<br>(Favorable)/Unfavorable | Constant-Currency Revenue Growth (1) | Impact of Acquisitions:<br>(Favorable)/Unfavorable | Constant-Currency Revenue Growth Excluding Acquisitions (2) |
|--------------------------|--------------------------|--------------|--------------|---|--------------------------------------|--|---|
|                          | 2015                     | 2014         | % Change     |   |                                      |  |   |
|                          | Vistaprint Business Unit | \$ 1,194,393 | \$ 1,144,030 |   |                                      |  |   |
| All Other Business Units | 299,813                  | 126,206      | 138%         | 17%   | 155%                                 | (139)%   | 16%   |
| Total revenue            | \$ 1,494,206             | \$ 1,270,236 | 18%          | 5%  | 23%                                  | (14)%  | 9%  |

| <i>In thousands</i>      | Year Ended June 30,      |              |              | Currency Impact:<br>(Favorable)/Unfavorable | Constant-Currency Revenue Growth (1) | Impact of Acquisitions:<br>(Favorable)/Unfavorable | Constant-Currency Revenue Growth Excluding Acquisitions (2) |
|--------------------------|--------------------------|--------------|--------------|---|--------------------------------------|--|---|
|                          | 2014                     | 2013         | % Change     |   |                                      |  |   |
|                          | Vistaprint Business Unit | \$ 1,144,030 | \$ 1,091,900 |   |                                      |  |   |
| All Other Business Units | 126,206                  | 75,578       | 67%          | (4)%  | 63%                                  | (56)%  | 7%  |
| Total revenue            | \$ 1,270,236             | \$ 1,167,478 | 9%           | (1)%  | 8%                                   | (4)%   | 4%  |

(1) Constant-currency revenue growth, a non-GAAP 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 excludes revenue results for businesses and brands in the period in which there is no comparable year over year revenue. For example, revenue from Pixartprinting and Printdeal, which we acquired in Q4 2014, is excluded from Q1, Q2, and Q3 2015 revenue growth but included in Q4 2015 revenue growth. Similarly, since we acquired Fotoknudsens, Easyflyer, Exagroup, and druck.at in fiscal 2015, revenues from these businesses are excluded from both fiscal 2014 and 2015 revenue growth, and revenues from Pixartprinting and Printdeal are excluded from fiscal 2014 revenue growth.

We have provided these non-GAAP 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-GAAP financial measures, in addition to GAAP financial measures, to evaluate our operating results. These non-GAAP financial measures should be considered supplemental to and not a substitute for our reported financial results prepared in accordance with GAAP.

### *Vistaprint Business Unit*

Reported revenue for the year ended June 30, 2015 increased 4% to \$1,194.4 million as compared to the year ended June 30, 2014 as the Vistaprint Business Unit experienced growth from the higher expectations market segment, increased average order value and improved activity from our repeat customer base. During the year we delivered improved revenue growth trends in the U.S., U.K., French and German markets where we made major pricing and channel marketing changes in fiscal 2014. Our reported revenue growth was negatively affected by currency impacts of 5% during the year ended June 30, 2015 resulting in constant-currency revenue growth of 9%. Our constant-currency revenue growth for the Vistaprint Business Unit more than doubled from fiscal 2014 to fiscal 2015. In addition we have seen year over year improvement in our customer Net Promoter Score™ (which polls our customers on their willingness to recommend us to friends and colleagues based on a score of 0 to 10).

We are starting to see net reductions in fiscal 2015 of the major headwinds caused by our transformation efforts of our customer value proposition in our largest business, the Vistaprint brand. This multi-year transformation began in 2011 and is intended over time to improve customer loyalty and long-term returns through improvements to pricing consistency and transparency, site experience, customer communications, product selection, product quality, merchandising, marketing messaging and customer service. Although some of these efforts continue to create revenue headwinds in certain markets we have started to realize benefits from these investments in fiscal 2015 through improved customer retention rates and our increased Net Promoter Score.

Revenue for the year ended June 30, 2014 increased 5% to \$1,144.0 million compared to the year ended June 30, 2013 due to increases in sales across our product and service offerings. During the third quarter of 2014, we rolled out significant pricing changes in two of our top markets: the U.S. and Germany. These changes were designed to help us improve customer lifetime value and loyalty over time, but created near-term revenue headwinds in the Vistaprint Business Unit for the second half of fiscal 2014, particularly in our third fiscal quarter. The Vistaprint Business Unit delivered annual reported and constant-currency revenue growth of 4% during the fiscal year ended June 30, 2014, as successful programs to drive customer value that we started two years ago helped to offset the negative impact of the pricing changes.

## All Other Business Units

Revenue for the year ended June 30, 2015 increased to \$299.8 million from \$126.2 million in the year ended June 30, 2014, primarily due to the addition of aggregate revenues of \$171.2 million from the companies we acquired in fiscal 2014 and 2015. We also delivered continued growth in our Albumprinter brand, as well as in our smaller markets in our Most of World business.

Revenue for the year ended June 30, 2014 increased to \$126.2 million from \$75.6 million in the prior comparable period, primarily due to the addition of revenue from Printdeal and Pixartprinting, which we acquired in the our fourth quarter fiscal 2014. The 67% increase in the reported revenue of our other business units was primarily due to the addition of revenue from the companies we acquired in fiscal 2014.

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

*In thousands*

|   | Year Ended June 30, |            |            | 2015 vs. 2014 | 2014 vs. 2013 |
|---|---------------------|------------|------------|---------------|---------------|
|   | 2015                | 2014       | 2013       |               |               |
| <b>Cost of revenue</b>                    | \$ 568,599          | \$ 451,093 | \$ 400,293 | 26%           | 13%           |
| <i>% of revenue</i>                       | 38.1%               | 35.5%      | 34.3%      |               |               |
| <b>Technology and development expense</b> | \$ 194,360          | \$ 176,344 | \$ 164,859 | 10%           | 7%            |
| <i>% of revenue</i>                       | 13.0%               | 13.9%      | 14.1%      |               |               |
| <b>Marketing and selling expense</b>      | \$ 489,743          | \$ 440,311 | \$ 446,116 | 11%           | (1)%          |
| <i>% of revenue</i>                       | 32.8%               | 34.6%      | 38.2%      |               |               |
| <b>General and administrative expense</b> | \$ 145,180          | \$ 116,574 | \$ 110,086 | 25%           | 6%            |
| <i>% of revenue</i>                       | 9.7%                | 9.2%       | 9.4%       |               |               |

### Cost of revenue

Cost of revenue includes materials used to manufacture our products, payroll and related expenses for production 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 sold by us. Cost of revenue as a percent of revenue increased during the year ended June 30, 2015, as the operations we acquired in fiscal 2014 and 2015 have a lower gross margin profile than our traditional business; however, these companies have lower marketing and selling costs.

The Vistaprint Business Unit cost of revenue increased to \$381.0 million for the year ended June 30, 2015 from \$377.4 million for the year ended June 30, 2014, due to increased costs associated with production volume and product mix of \$33.9 million. This increase was partially offset by currency related benefits, reductions in raw material pricing, shipping costs and other productivity and efficiency gains of \$30.3 million.

The remaining increase in cost of revenue for the year ended June 30, 2015 as compared to the year ended June 30, 2014 was primarily due to incremental manufacturing costs of \$115.4 million for the operations acquired in fiscal 2014 and 2015.

The Vistaprint Business Unit cost of revenue increased to \$377.4 million for the year ended June 30, 2014 from \$364.1 million in the prior period, as we produced more revenue volume during fiscal 2014 as compared to the same period in fiscal 2013. We incurred incremental shipping and overhead related costs in fiscal 2014 of \$3.6 million and \$9.7 million, respectively. These expense increases were offset by a decline in materials related costs of \$1.1 million and other productivity and efficiency gains. In addition, the fiscal 2013 period included a benefit from a non-cash gain of \$1.4 million related to a free piece of equipment in our European operations that did not occur in fiscal 2014.

The remaining increase in cost of revenue for the year ended June 30, 2014 as compared to the year ended June 30, 2013 was primarily due to additional manufacturing costs of \$29.7 million for the acquired Printdeal and Pixartprinting operations.

### *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 and 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.

The growth in our technology and development expenses of \$18.0 million for the year ended June 30, 2015 as compared to the year ended June 30, 2014 was primarily due to increased payroll and facility-related costs of \$13.9 million as a result of increased headcount in our technology development and information technology support organizations. The increase in headcount is partly due to hiring in this strategic investment area, and partly due to headcount from acquired businesses. At June 30, 2015, we employed 1,008 employees in these organizations, inclusive of employees of the businesses we acquired in 2015, compared to 887 employees at June 30, 2014. Amortization expense increased by \$1.6 million primarily due to a full year of expense related to our fiscal 2014 acquisitions, as well as the fourth quarter impact of Exagroup and druck.at. Other technology and development expense increased \$9.3 million primarily due to increased consulting fees and severance related expenses. These expenses were partially offset by a decline in share-based compensation expense of \$2.9 million for the year ended June 30, 2015, as the restricted share awards granted as part of our fiscal 2012 Webs acquisition were fully vested as of December 31, 2013. Also during the year ended June 30, 2015, we had higher net capitalization of software costs of \$3.9 million due to an increase in costs that qualified for capitalization during the fiscal 2015 as compared to fiscal 2014.

The growth in our technology and development expenses of \$11.5 million for the year ended June 30, 2014 as compared to the year ended June 30, 2013 was primarily due to increased payroll and facility-related costs of \$9.5 million as a result of an increase in headcount in our technology development and information technology support organizations. At June 30, 2014, we employed 887 employees in these organizations compared to 786 employees at June 30, 2013. Other technology and development expenses increased \$4.0 million in fiscal 2014 as compared to the fiscal 2013 primarily due to restructuring charges of \$1.3 million as well as increased recruitment, hosting services and other costs related to continued investment in our infrastructure. In addition, amortization expense increased by \$1.1 million as a result of the Printdeal and Pixartprinting acquisitions. These expense increases were partially offset during fiscal 2014 by a decline in share-based compensation expense of \$2.1 million as the restricted share awards granted as part of our fiscal 2012 Webs acquisition were fully vested as of December 31, 2013. Also during fiscal 2014, we had higher net capitalization of software costs of \$1.0 million due to an increase in current costs that qualified for capitalization during the fiscal year.

### *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; amortization of certain acquired intangible assets, including customer relationships and trade names; and third-party payment processing fees.

The increase in our marketing and selling expenses of \$49.4 million during the year ended June 30, 2015, as compared to the year ended June 30, 2014, was partially due to increased advertising costs of \$18.5 million. Our advertising cost increase was primarily due to the Vistaprint Business Unit as it launched its first brand-orientated television ad in both the U.S. and UK, as well as increased activity from our acquired operations. Our payroll and facility-related costs increased by \$13.9 million, as we expanded our marketing and customer service, sales and design support organization through our recent acquisitions and continued investment in Vistaprint Business Unit customer service resources in order to provide higher value services to our customers. At June 30, 2015, we employed 2,429 employees in these organizations, inclusive of employees of the businesses we acquired in 2015, compared to 2,038 employees at June 30, 2014. Amortization expense increased by \$10.1 million for the year ended June 30, 2015 as a result of the customer and trademark related intangible assets related to our 2014 and 2015 acquisitions. Other marketing and selling expenses also increased by \$10.0 million due to increased payment processing fees, depreciation costs, employee travel, training, and recruitment costs. The increase in marketing and selling expense was partially offset by decreased share-based compensation expense of \$3.1 million during the



year ended June 30, 2015 influenced by the restricted share awards granted as part of our fiscal 2012 Webs acquisition that were fully vested at December 31, 2013.

The decrease in our marketing and selling expenses of \$5.8 million for the year ended June 30, 2014, as compared to the year ended June 30, 2013, was primarily due to decreased advertising costs of \$19.5 million as we executed more strategically focused spend during the year, particularly in Europe. Additionally, share-based compensation expense decreased during fiscal 2014 by \$1.3 million as the restricted share awards granted as part of our fiscal 2012 Webs acquisition were fully vested at December 31, 2013. This reduction in expense was partially offset by increased payroll and facility-related costs of \$6.9 million as we continued to expand our marketing organization and our customer service, sales and design support centers. At June 30, 2014, we employed 2,038 employees in these organizations compared to 1,672 employees at June 30, 2013. In addition, other marketing and selling expenses increased by \$6.1 million, inclusive of \$1.3 million of restructuring related expenses, as well as increased outside service costs, payment processing fees, and other marketing costs. Fiscal 2014 also includes \$2.0 million of additional amortization expense for the customer and trademark related intangible assets acquired with the Printdeal and Pixartprinting businesses.

#### *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, and human resources.

During the year ended June 30, 2015 our general and administrative expenses increased as compared to fiscal 2014 by \$28.6 million primarily due to an increase of \$14.9 million attributable to the increase in the fair value of the contingent consideration liabilities for Printdeal and Pixartprinting since June 30, 2014. Payroll and share-based compensation expense increased by \$10.7 million and \$2.5 million, respectively during the year ended June 30, 2015 as compared to the prior year. At June 30, 2015 we employed 451 employees in these organizations compared to 416 employees at June 30, 2014. Other general and administrative expenses also increased by \$2.9 million due to increased employee travel, training, and recruitment costs. The increase in general and administrative expense was partially offset by decreased professional fees of \$2.4 million during fiscal 2015, as fiscal 2014 included more expenses incurred primarily for certain strategic initiatives.

During the year ended June 30, 2014 our general and administrative expenses increased as compared to the year ended June 30, 2013 by \$6.5 million, primarily due to an increase of \$5.9 million in professional fees for costs incurred related to our acquisitions and strategic investments during the year, as well as \$3.2 million of employee and facility related restructuring costs. In addition, we recognized \$2.2 million of expense for the increase in the fair value of the earn-out liability for both Printdeal and Pixartprinting since the dates of acquisition. These increases were partially offset by a net decrease of \$4.8 million primarily related to reduced share-based compensation, recruiting costs, and other corporate charges. At June 30, 2014 we employed 416 employees in these organizations compared to 400 employees at June 30, 2013.

#### *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 our derivative instruments for which we do not apply hedge accounting. In evaluating our currency hedging program and ability to achieve 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 currency forward contracts that do not qualify for hedge accounting. The following table summarizes the components

of other income (expense), net:

|  | Year Ended June 30, |                    |                |
|--|---------------------|--------------------|----------------|
|  | 2015                | 2014               | 2013           |
| Gains (losses) on derivative instruments | \$ 9,317            | \$ (7,473)         | \$ 29          |
| Currency related gains (losses), net     | 10,245              | (1,764)            | (92)           |
| Loss on disposal of Namex                | —                   | (12,681)           | —              |
| Other gains (losses)                     | 572                 | 288                | —              |
| <b>Total other income (expense), net</b> | <b>\$ 20,134</b>    | <b>\$ (21,630)</b> | <b>\$ (63)</b> |

During fiscal 2015, we recognized \$20.1 million of other income as compared to \$21.6 million of losses during fiscal 2014. The increase in other income (expense), net is due in part to net gains of \$9.3 million recognized on our currency forward contracts, of which \$1.9 million is unrealized, as compared to net losses of \$7.5 million that were recognized during fiscal 2014. We expect this volatility to continue in future periods as we do not currently apply hedge accounting for our currency forward contracts. In fiscal 2013 we elected hedge accounting for all of our currency forward contracts and therefore did not have similar results.

Changes in our corporate entity operating structure, effective on October 1, 2013, required us to alter our intercompany transactional and financing activities in fiscal 2014. As a result, we have significant non-functional currency intercompany relationships subject to currency exchange rate volatility that resulted in a gain of \$10.2 million during fiscal 2015, as compared to \$1.8 million loss during fiscal 2014.

In addition, in fiscal 2014 we recognized a loss of \$12.7 million on the sale of our equity investment in Namex Limited which did not occur in fiscal 2015 or fiscal 2013.

#### *Interest expense, net*

Interest expense, net was \$16.7 million, \$7.7 million and \$5.3 million for the years ended June 30, 2015, 2014 and 2013, respectively. Interest expense, net primarily consists of interest paid on outstanding debt balances and amortization of debt issuance costs. The increase in interest expense, net from fiscal 2014 to 2015 is primarily a result of increased borrowing levels under our credit facility and the issuance of our senior unsecured notes in March 2015. The increase in interest expense, net from fiscal 2013 to 2014 is a result of increased borrowing levels under our credit facility. We expect interest expense, net to increase in future periods relative to historical trends as a result of our senior unsecured notes.

#### *Income tax provision*

|                             | Year Ended June 30, |                  |                 |
|-----------------------------|---------------------|------------------|-----------------|
|                             | 2015                | 2014             | 2013            |
| <b>Income tax provision</b> | <b>\$ 10,441</b>    | <b>\$ 10,590</b> | <b>\$ 9,387</b> |
| <i>Effective tax rate</i>   | 10.5%               | 18.7%            | 23.0%           |

For the year ended June 30, 2015, our effective tax rate is 10.5% as compared to the prior year effective tax rate of 18.7%. The main causes for this decrease are higher tax benefits in fiscal 2015 related to changes to our corporate entity operating structure as described in further detail in Note 14, combined with an increase in our consolidated pre-tax income and a more favorable geographical mix of earnings as compared to fiscal 2014. These benefits to the fiscal 2015 tax rate were offset by greater losses incurred in fiscal 2015 as compared to fiscal 2014 in certain jurisdictions where we are unable to recognize a tax benefit. For the year ended June 30, 2014, we recognized a loss on our investment in Namex for which there was no tax benefit and this adversely impacted the effective tax rate for fiscal 2014.

Our cash paid for income taxes for fiscal 2015 is higher than our income tax expense primarily as a result of non-cash tax benefits relating to tax losses for which the cash benefit is expected to occur in a future period. This was partially offset by cash tax benefits from stock-based compensation deductions that are recorded in shareholder's equity.

We are currently under income tax audits in various jurisdictions. We believe that our income tax reserves associated with these matters are adequate as the positions reported on our tax returns will be sustained on their

technical merits. However, final resolution is uncertain and there is a possibility that it could have a material impact on our financial condition, results of operations or cash flows. See Note 14 in our accompanying consolidated financial statements for additional discussion.

## Liquidity and Capital Resources

### Consolidated Statements of Cash Flows Data:

In thousands

|   | Year Ended June 30, |            |            |
|---|---------------------|------------|------------|
|   | 2015                | 2014       | 2013       |
| Net cash provided by operating activities           | \$ 228,876          | \$ 148,580 | \$ 140,012 |
| Net cash used in investing activities               | (217,190)           | (306,984)  | (98,931)   |
| Net cash provided by (used in) financing activities | 38,312              | 169,608    | (53,255)   |

At June 30, 2015, we had \$103.6 million of cash and cash equivalents and \$522.5 million of outstanding debt. Cash and cash equivalents increased by \$41.1 million during the year ended June 30, 2015. This increase is primarily attributable to the cash held by the businesses we acquired during fiscal 2015 and the timing of funding for certain intercompany cash requirements. We expect cash and cash equivalents to fluctuate over time depending on our working capital needs and acquisition activity. The cash flows during the year ended June 30, 2015 related primarily to the following items:

#### Cash inflows:

- Net income of \$89.3 million;
- Adjustments for non-cash items of \$104.2 million primarily related to positive adjustments for depreciation and amortization of \$97.5 million, share-based compensation costs of \$24.1 million, and the change in the fair value of contingent consideration liabilities of \$14.9 million, offset by negative adjustments for non-cash tax items of \$28.1 million and unrealized currency-related gains of \$6.5 million;
- Proceeds of debt of \$54.2 million, net of payments;
- Changes in working capital balances of \$43.4 million primarily driven by improved management of prepaid expenses and accrued expenses; and
- Proceeds from the issuance of shares in connection with the exercise of outstanding equity awards of \$13.1 million.

#### Cash outflows:

- Capital expenditures of \$75.8 million of which \$33.7 million were related to the purchase of manufacturing and automation equipment for our production facilities, \$18.3 million were related to the purchase of land, facilities and leasehold improvements, and \$23.8 million were related to purchases of other capital assets, including facility improvements and office equipment;
- Payments for our acquisition and minority investment activity, net of cash acquired, of \$123.8 million;
- Payments of withholding taxes in connection with share awards of \$29.4 million;
- Payment of contingent consideration obligation of \$19.2 million;
- Internal costs for software and website development that we have capitalized of \$17.3 million; and
- Payments for capital lease arrangements of \$5.8 million.

*Additional Liquidity and Capital Resources Information.* During the year ended June 30, 2015, we financed our operations and strategic investments through internally generated cash flows from operations and debt financing. As of June 30, 2015, approximately \$102.9 million 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 \$59.0 million. We do not intend to repatriate such 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. See Note 14 in our accompanying consolidated financial statements for additional discussion.

*Debt.* On March 24, 2015, we completed a private placement of \$275.0 million of 7.0% senior unsecured notes due 2022. The proceeds from the sales of the notes were used to repay existing outstanding indebtedness under our unsecured line of credit and senior secured credit facility and for general corporate purposes. As of June 30, 2015, we have aggregate loan commitments from our senior secured credit facility totaling \$844.0 million. The loan commitments consist of revolving loans of \$690.0 million and the remaining term loans of \$154.0 million.

We have other financial obligations that constitute additional indebtedness based on the definitions within the credit facility. As of June 30, 2015, the amount available for borrowing under our senior secured credit facility was as follows:

*In thousands*

|  | June 30, 2015     |
|--|-------------------|
| Maximum aggregate available for borrowing                                | \$ 844,000        |
| Outstanding borrowings of senior secured credit facilities               | (232,000)         |
| Remaining amount   | 612,000           |
| Limitations to borrowing due to debt covenants and other obligations (1) | (22,403)          |
| Amount available for borrowing as of June 30, 2015 (2)                   | <u>\$ 589,597</u> |

(1) Our borrowing ability under our senior secured credit facility can be limited by our debt covenants each quarter. These covenants may limit our borrowing capacity depending on our leverage, other indebtedness, such as notes, capital leases, letters of credit, and any other debt, as well as other factors that are outlined in the credit agreement.

(2) The use of available borrowings for share purchases, dividend payments, or corporate acquisitions is subject to more restrictive covenants that can lower available borrowings for such purposes relative to the general availability described in the above table.

*Debt Covenants.* Our credit agreement contains financial and other covenants, including but not limited to the following:

(1) The credit agreement contains financial covenants calculated on a trailing twelve month, or TTM, basis that:

- our total leverage ratio, which is the ratio of our consolidated total indebtedness (\*) to our TTM consolidated EBITDA (\*), will not exceed 4.50 to 1.00.
- 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.
- our interest coverage ratio, which is the ratio of our consolidated EBITDA to our consolidated interest expense, will be at least 3.00 to 1.00.

(2) Purchases of our ordinary shares, payments of dividends, and corporate acquisitions and dispositions are subject to more restrictive consolidated leverage ratio thresholds than those listed above when calculated on a proforma basis in certain scenarios. Also, regardless of our leverage ratio, the credit agreement limits the amount of purchases of our ordinary shares, payments of dividends, corporate acquisitions and dispositions, investments in joint ventures or minority interests, and consolidated capital expenditures that we may make. These limitations can include annual limits that vary from year-to-year and aggregate limits over the term of the credit facility. Therefore, our ability to make desired investments may be limited during the term of our senior secured credit facility.

(3) The credit agreement also places limitations on additional indebtedness and liens that we may incur, as well as on certain intercompany activities.

(\*) The definitions of EBITDA, consolidated total indebtedness, and consolidated senior secured indebtedness are maintained in our credit agreement included as an exhibit to our Form 8-K filed on February 13, 2013, as amended by amendments no. 1 and no. 2 to the credit agreement included as exhibits to our Forms 8-K filed on January 22, 2014 and September 25, 2014.

The indenture under which our 7.0% senior unsecured notes due 2022 are issued 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.

Our credit agreement and senior unsecured notes indenture also contain customary representations, warranties and events of default. As of June 30, 2015, we were in compliance with all financial and other covenants under the credit agreement and senior unsecured notes indenture.

*Other debt.* During the fourth quarter of fiscal 2015 we assumed term loans as part of the druck.at, Exagroup and Easyflyer acquisitions. As of June 30, 2015 we had \$11.5 million outstanding for those obligations that are payable through September 2024.

In addition, we have an uncommitted line of credit with Santander Bank, N.A., and under the terms of the agreement we may borrow up to \$25.0 million at any time, with a maturity date of up to 90 days from the loan origination date. Under the terms of our uncommitted line of credit, borrowings bear interest at a variable rate of interest that may change from time to time. As of June 30, 2015 we had \$4.5 million outstanding borrowings under this line of credit.

*Our expectations for fiscal year 2016.* Our current liabilities continue to exceed our current assets; however, we believe that our available cash, cash flows generated from operations, and our debt financing capacity will be sufficient to satisfy our liabilities and planned investments to support our long-term growth strategy for the foreseeable future. We endeavor to invest large amounts of capital that we believe will generate returns that are above our weighted average cost of capital. We consider any use of cash that we expect to require more than 12 months to return our invested capital to be an allocation of capital. For fiscal 2016 we expect to allocate capital to the following broad categories and consider our capital to be fungible across all of these categories:

- Large, discrete, internally developed projects that we believe can, over the longer term provide us with materially important competitive capabilities and/or positions in new markets, such as investments in our software, service operations and other supporting capabilities for our integrated platform, costs incurred for post-merger integration efforts and expansion into new geographic markets.
- Other organic investments intended to maintain or improve our competitive position or support growth, such as costs to develop new products and expand product attributes, production and IT capacity expansion, VBU related advertising costs and the continued investment in our employees.
- Share purchases
- Corporate acquisitions and similar Investments
- Reduction of debt

## Contractual Obligations

Contractual obligations at June 30, 2015 are as follows:

*In thousands*

|  | Payments Due by Period |                  |            |            |                   |
|--|------------------------|------------------|------------|------------|-------------------|
|  | Total                  | Less than 1 year | 1-3 years  | 3-5 years  | More than 5 years |
| Operating leases, net of subleases           | \$ 39,227              | \$ 7,697         | \$ 10,469  | \$ 8,120   | \$ 12,941         |
| Build-to-suit lease                          | 131,769                | 10,475           | 25,138     | 25,138     | 71,018            |
| Purchase commitments                         | 27,052                 | 27,052           | —          | —          | —                 |
| Senior unsecured notes and interest payments | 410,178                | 19,678           | 38,500     | 38,500     | 313,500           |
| Other debt and interest payments             | 269,852                | 28,964           | 52,382     | 186,615    | 1,891             |
| Capital leases                               | 24,103                 | 9,150            | 11,937     | 2,981      | 35                |
| Other  | 24,195                 | 11,102           | 9,694      | 3,399      | —                 |
| Total (1)                                    | \$ 926,376             | \$ 114,118       | \$ 148,120 | \$ 264,753 | \$ 399,385        |

(1) We may be required to make cash outlays related to our uncertain tax positions. However, due to the uncertainty of the timing of future cash flows associated with our uncertain tax positions, we are unable to make reasonably reliable estimates of the period of cash settlement, if any, with the respective taxing authorities. Accordingly, uncertain tax positions of \$5.7 million as of June 30, 2015 have been excluded from the contractual obligations table above. For further information on uncertain tax positions, see Note 14 to the accompanying consolidated financial statements.

**Operating Leases.** We rent office space under operating leases expiring on various dates through 2024. Future minimum rental payments required under our leases are an aggregate of approximately \$39.2 million. The terms of certain lease agreements require security deposits in the form of bank guarantees and a letter of credit in the amount of \$1.7 million and \$0.6 million, respectively.

**Build-to-suit lease.** In July 2013, we executed a lease for an eleven-year term to move our Lexington, Massachusetts, USA operations to a new facility in Waltham, Massachusetts, USA, that will commence in the first quarter of fiscal 2016. Please refer to Note 6 in the accompanying consolidated financial statements for additional details.

**Purchase Commitments.** At June 30, 2015, we had unrecorded commitments under contract of \$27.1 million, which were composed of inventory purchase commitments of approximately \$1.9 million, production and computer equipment purchases of approximately \$14.5 million, and other unrecorded purchase commitments of \$10.6 million.

**Senior unsecured notes and interest payments.** Our 7.0% senior unsecured notes due 2022 bear interest at a rate of 7.0% per annum and mature on April 1, 2022. Interest on the notes will be payable semi-annually on April 1 and October 1 of each year, commencing on October 1, 2015 and has been included in the table above.

**Other debt and interest payments.** The term loans of \$154.0 million outstanding under our credit agreement have repayments due on various dates through September 23, 2019, with the revolving loans outstanding of \$77.5 million due on September 23, 2019. Interest payable included in this table is based on the interest rate as of June 30, 2015 and assumes all revolving loan amounts outstanding will not be paid until maturity, but that the term loan amortization payments will be made according to our defined schedule. Interest payable includes the estimated impact of our interest rate swap agreements. In addition, we assumed term loan debt as part of certain of our fiscal 2015 acquisitions and as of June 30, 2015 we had \$11.5 million outstanding for those obligations that have repayments due on various dates through September 2024.

**Capital leases.** We lease certain machinery and plant equipment under capital lease agreements that expire at various dates through 2020. The aggregate carrying value of the leased equipment under capital leases included in property, plant and equipment, net in our consolidated balance sheet at June 30, 2015, is \$27.7 million, net of accumulated depreciation of \$4.7 million. 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, 2015 amounts to \$23.6 million.

*Other Obligations.* Other obligations include an installment obligation of \$13.3 million related to the fiscal 2012 intra-entity transfer of the intellectual property of our subsidiary Webs, Inc., which resulted in tax being paid over a 7.5 year term and has been classified as a deferred tax liability in our consolidated balance sheet as of June 30, 2015. Other obligations also include the fair value of the contingent consideration payments related to our fiscal 2014 acquisition of Printdeal of \$7.8 million and the deferred payment for our fiscal 2015 acquisition of druck.at of \$3.0 million. Please refer to Note 3 and 8 in the accompanying consolidated financial statements for additional details.

#### **Item 7A. 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, 2015, 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, 2015, we had \$232.0 million of variable rate debt and \$13.3 million of variable rate installment obligation related to the fiscal 2012 intra-entity transfer of Webs' intellectual property. 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 long-term debt with varying maturities. As of June 30, 2015, 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 \$0.9 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 do 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-GAAP financial metrics, such as EBITDA.

Our most significant net currency exposures by volume are in the British Pound, Canadian Dollar, Euro and Swiss Franc, although our exposures to these and other currencies fluctuate, particularly in our fiscal second quarter. Beginning in the fourth quarter of fiscal 2015, our currency hedging objectives are targeted at reducing volatility in our forecasted U.S. dollar-equivalent EBITDA in order to protect our debt covenants. Since 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 GAAP results.

In addition, we elect to execute currency forward 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 cash flow, 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) income 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 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 (expense), net on the consolidated statements of operations. Certain of our subsidiaries hold intercompany loans with another group company, which may be different from the functional currency of one of the subsidiary loan parties. 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 they do not have a U.S. dollar cash impact for the consolidated group and therefore have currently elected not to hedge this exposure. 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. A hypothetical decrease in exchange rates of 10% against the functional currency of our subsidiaries would have resulted in an increase of \$18.8 million, \$10.1 million, and \$2.5 million on our income before taxes for the fiscal years ended June 30, 2015, 2014 and 2013, respectively.



**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

|   |           |
|---|-----------|
| Reports of Independent Registered Public Accounting Firms | <u>48</u> |
| Consolidated Balance Sheets                               | <u>50</u> |
| Consolidated Statements of Operations                     | <u>51</u> |
| Consolidated Statements of Comprehensive Income (Loss)    | <u>52</u> |
| Consolidated Statements of Shareholders' Equity           | <u>53</u> |
| Consolidated Statements of Cash Flows                     | <u>54</u> |
| Notes to Consolidated Financial Statements                | <u>56</u> |

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Supervisory Board and Shareholders of  
Cimpress N.V.

In our opinion, the accompanying consolidated balance sheet as of June 30, 2015 and the related consolidated statements of operations, of comprehensive income (loss), of shareholders' equity and of cash flows for the year then ended present fairly, in all material respects, the financial position of Cimpress N.V. and its subsidiaries at June 30, 2015, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2015, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audit. We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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. Also, 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.

As described in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A, management has excluded FotoKnudsen AS ("FotoKnudsen"), Exagroup SAS and its subsidiaries ("Exagroup") and druck.at Druck-und Handelsgesellschaft mbH ("druck.at") from its assessment of internal control over financial reporting as of June 30, 2015 because they were acquired by the Company in purchase business combinations during fiscal 2015. We have also excluded FotoKnudsen, Exagroup and druck.at from our audit of internal control over financial reporting. FotoKnudsen and druck.at are wholly-owned subsidiaries and Exagroup is a 70% owned subsidiary, whose aggregated total assets and total revenues represent approximately \$74.3 million and \$44.1 million, respectively, of the related consolidated financial statement amounts as of and for the year ended June 30, 2015.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts  
August 14, 2015

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Supervisory Board and Shareholders of  
Cimpress N.V.

We have audited the accompanying consolidated balance sheet of Cimpress N.V. (formerly known as Vistaprint N.V.) as of June 30, 2014, and the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for each of the two years in the period ended June 30, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cimpress N.V. at June 30, 2014, and the consolidated results of its operations and its cash flows for each of the two years in the period ended June 30, 2014, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Boston, Massachusetts  
August 15, 2014

Except for Notes 9 and 17, as to which the date is

August 14, 2015

**CIMPRESS N.V.**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share and per share data)

|   | June 30,<br>2015    | June 30,<br>2014  |
|---|---------------------|-------------------|
| <b>Assets</b>   |                     |                   |
| Current assets:   |                     |                   |
| Cash and cash equivalents   | \$ 103,584          | \$ 62,508         |
| Marketable securities   | 6,910               | 13,857            |
| Accounts receivable, net of allowances of \$372 and \$212, respectively   | 32,145              | 23,515            |
| Inventory   | 18,356              | 12,138            |
| Prepaid expenses and other current assets   | 56,648              | 45,923            |
| Total current assets  | 217,643             | 157,941           |
| Property, plant and equipment, net  | 467,511             | 352,221           |
| Software and web site development costs, net  | 22,109              | 14,016            |
| Deferred tax assets   | 17,172              | 8,762             |
| Goodwill  | 400,629             | 317,187           |
| Intangible assets, net  | 151,063             | 110,214           |
| Other assets  | 32,115              | 28,644            |
| Total assets  | <u>\$ 1,308,242</u> | <u>\$ 988,985</u> |
| <b>Liabilities, noncontrolling interests and shareholders' equity</b>   |                     |                   |
| Current liabilities:  |                     |                   |
| Accounts payable  | \$ 65,875           | \$ 52,770         |
| Accrued expenses  | 172,826             | 121,177           |
| Deferred revenue  | 23,407              | 26,913            |
| Deferred tax liabilities  | 1,043               | 2,178             |
| Short-term debt   | 22,602              | 37,575            |
| Other current liabilities   | 21,470              | 888               |
| Total current liabilities   | 307,223             | 241,501           |
| Deferred tax liabilities  | 48,007              | 30,846            |
| Lease financing obligation  | 93,841              | 18,117            |
| Long-term debt  | 499,941             | 410,484           |
| Other liabilities   | 52,073              | 44,420            |
| Total liabilities   | <u>1,001,085</u>    | <u>745,368</u>    |
| Commitments and contingencies (Note 18)   |                     |                   |
| Redeemable noncontrolling interests   | 57,738              | 11,160            |
| Shareholders' equity:   |                     |                   |
| Preferred shares, par value €0.01 per share, 100,000,000 shares authorized; none issued and outstanding   | —                   | —                 |
| Ordinary shares, par value €0.01 per share, 100,000,000 shares authorized; 44,080,627 shares issued; and 33,203,065 and 32,329,244 shares outstanding, respectively | 615                 | 615               |
| Treasury shares, at cost, 10,877,562 and 11,751,383 shares, respectively  | (412,132)           | (423,101)         |
| Additional paid-in capital  | 324,281             | 309,990           |
| Retained earnings   | 435,052             | 342,840           |
| Accumulated other comprehensive (loss) income   | (98,909)            | 2,113             |
| Total shareholders' equity attributable to Cimpres N.V.   | 248,907             | 232,457           |
| Noncontrolling interest   | 512                 | —                 |
| Total shareholders' equity  | <u>249,419</u>      | <u>232,457</u>    |
| Total liabilities, noncontrolling interests and shareholders' equity  | <u>\$ 1,308,242</u> | <u>\$ 988,985</u> |

See accompanying notes.

**CIMPRESS N.V.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except share and per share data)

|   | Year Ended June 30, |              |              |
|---|---------------------|--------------|--------------|
|   | 2015                | 2014         | 2013         |
| Revenue   | \$ 1,494,206        | \$ 1,270,236 | \$ 1,167,478 |
| Cost of revenue (1)                                       | 568,599             | 451,093      | 400,293      |
| Technology and development expense (1)                    | 194,360             | 176,344      | 164,859      |
| Marketing and selling expense (1)                         | 489,743             | 440,311      | 446,116      |
| General and administrative expense (1)                    | 145,180             | 116,574      | 110,086      |
| Income from operations                                    | 96,324              | 85,914       | 46,124       |
| Other income (expense), net                               | 20,134              | (21,630)     | (63)         |
| Interest expense, net                                     | (16,705)            | (7,674)      | (5,329)      |
| Income before income taxes and loss in equity interests   | 99,753              | 56,610       | 40,732       |
| Income tax provision                                      | 10,441              | 10,590       | 9,387        |
| Loss in equity interests                                  | —                   | 2,704        | 1,910        |
| Net income  | 89,312              | 43,316       | 29,435       |
| Add: Net loss attributable to noncontrolling interests    | 2,900               | 380          | —            |
| Net income attributable to Cimpres N.V.                   | \$ 92,212           | \$ 43,696    | \$ 29,435    |
| Basic net income per share attributable to Cimpres N.V.   | \$ 2.82             | \$ 1.33      | \$ 0.89      |
| Diluted net income per share attributable to Cimpres N.V. | \$ 2.73             | \$ 1.28      | \$ 0.85      |
| Weighted average shares outstanding — basic               | 32,644,870          | 32,873,234   | 33,209,172   |
| Weighted average shares outstanding — diluted             | 33,816,498          | 34,239,909   | 34,472,004   |

(1) Share-based compensation is allocated as follows:

|                                    | Year Ended June 30, |        |        |
|------------------------------------|---------------------|--------|--------|
|                                    | 2015                | 2014   | 2013   |
| Cost of revenue                    | \$ 78               | \$ 251 | \$ 398 |
| Technology and development expense | 4,139               | 7,041  | 9,209  |
| Marketing and selling expense      | 1,952               | 5,082  | 6,354  |
| General and administrative expense | 17,906              | 15,412 | 16,967 |

See accompanying notes.

**CIMPRESS N.V.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(in thousands)

|  | Year Ended June 30, |           |           |
|--|---------------------|-----------|-----------|
|  | 2015                | 2014      | 2013      |
| Net income   | \$ 89,312           | \$ 43,316 | \$ 29,435 |
| Other comprehensive income (loss), net of tax:   |                     |           |           |
| Foreign currency translation gain (loss), net of hedges  | (93,627)            | 8,019     | (910)     |
| Net unrealized loss on derivative instruments designated and qualifying as cash flow hedges              | (1,417)             | (1,285)   | 483       |
| Amounts reclassified from accumulated other comprehensive income to net income on derivative instruments | 815                 | 396       | (397)     |
| Unrealized gain (loss) on available-for-sale-securities  | (6,275)             | 9,246     | —         |
| Unrealized gain (loss) on pension benefit obligation   | (388)               | (2,724)   | —         |
| Comprehensive income (loss)  | (11,580)            | 56,968    | 28,611    |
| Add: Comprehensive loss attributable to noncontrolling interests   | 2,770               | 397       | —         |
| Total comprehensive income (loss) attributable to Cimpres N.V.   | \$ (8,810)          | \$ 57,365 | \$ 28,611 |

See accompanying notes.

**CIMPRESS N.V.**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(in thousands)

|   | Ordinary Shares         |        | Treasury Shares  |              | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total Shareholders' Equity |
|---|-------------------------|--------|------------------|--------------|----------------------------|-------------------|---|----------------------------|
|   | Number of Shares Issued | Amount | Number of Shares | Amount       |                            |                   |   |                            |
| Balance at June 30, 2012  | 49,950                  | \$ 699 | (15,831)         | \$ (378,941) | \$ 285,633                 | \$ 292,628        | \$ (10,732)                                   | \$ 189,287                 |
| Issuance of ordinary shares due to share option exercises                                   |                         |        | 281              | 8,715        | (3,910)                    |                   |   | 4,805                      |
| Cancellation of treasury shares   | (5,870)                 | (84)   | 5,870            | 30,262       | (7,259)                    | (22,919)          |   | —                          |
| Restricted share units vested, net of shares withheld for taxes                             |                         |        | 242              | 6,014        | (9,570)                    |                   |   | (3,556)                    |
| Excess tax benefits from share-based compensation   |                         |        |                  |              | 1,796                      |                   |   | 1,796                      |
| Share-based compensation expense  |                         |        |                  |              | 32,969                     |                   |   | 32,969                     |
| Purchase of ordinary shares   |                         |        | (1,851)          | (64,351)     |                            |                   |   | (64,351)                   |
| Net income attributable to Cimpres N.V.   |                         |        |                  |              |                            | 29,435            |   | 29,435                     |
| Net unrealized gain on derivative instruments designated and qualifying as cash flow hedges |                         |        |                  |              |                            |                   | 86  | 86                         |
| Foreign currency translation  |                         |        |                  |              |                            |                   | (910)   | (910)                      |
| Balance at June 30, 2013  | 44,080                  | \$ 615 | (11,289)         | \$ (398,301) | \$ 299,659                 | \$ 299,144        | \$ (11,556)                                   | \$ 189,561                 |
| Issuance of ordinary shares due to share option exercises, net of shares withheld for taxes |                         |        | 297              | 9,011        | (8,001)                    |                   |   | 1,010                      |
| Restricted share units vested, net of shares withheld for taxes                             |                         |        | 285              | 8,205        | (14,220)                   |                   |   | (6,015)                    |
| Excess tax benefits from share-based compensation   |                         |        |                  |              | 5,159                      |                   |   | 5,159                      |
| Share-based compensation expense  |                         |        |                  |              | 27,449                     |                   |   | 27,449                     |
| Purchase of ordinary shares   |                         |        | (1,044)          | (42,016)     |                            |                   |   | (42,016)                   |
| Net income attributable to Cimpres N.V.   |                         |        |                  |              |                            | 43,696            |   | 43,696                     |
| Net unrealized loss on derivative instruments designated and qualifying as cash flow hedges |                         |        |                  |              |                            |                   | (889)   | (889)                      |
| Adjustment to contributed capital of noncontrolling interest                                |                         |        |                  |              | (56)                       |                   |   | (56)                       |
| Unrealized gain on marketable securities  |                         |        |                  |              |                            |                   | 9,246   | 9,246                      |
| Foreign currency translation  |                         |        |                  |              |                            |                   | 8,036   | 8,036                      |
| Unrealized loss on pension benefit obligation, net of tax                                   |                         |        |                  |              |                            |                   | (2,724)                                       | (2,724)                    |
| Balance at June 30, 2014  | 44,080                  | \$ 615 | (11,751)         | \$ (423,101) | \$ 309,990                 | \$ 342,840        | \$ 2,113                                      | \$ 232,457                 |
| Issuance of ordinary shares due to share option exercises, net of shares withheld for taxes |                         |        | 672              | 6,689        | (16,468)                   |                   |   | (9,779)                    |
| Restricted share units vested, net of shares withheld for taxes                             |                         |        | 201              | 4,280        | (10,728)                   |                   |   | (6,448)                    |
| Excess tax benefits from share-based compensation   |                         |        |                  |              | 20,763                     |                   |   | 20,763                     |
| Share-based compensation expense  |                         |        |                  |              | 20,724                     |                   |   | 20,724                     |
| Net income attributable to Cimpres N.V.   |                         |        |                  |              |                            | 92,212            |   | 92,212                     |
| Net unrealized loss on derivative instruments designated and qualifying as cash flow hedges |                         |        |                  |              |                            |                   | (602)   | (602)                      |
| Unrealized gain on marketable securities  |                         |        |                  |              |                            |                   | (6,275)                                       | (6,275)                    |
| Foreign currency translation, net of hedges   |                         |        |                  |              |                            |                   | (93,757)                                      | (93,757)                   |
| Unrealized loss on pension benefit obligation, net of tax                                   |                         |        |                  |              |                            |                   | (388)   | (388)                      |
| Balance at June 30, 2015  | 44,080                  | \$ 615 | (10,878)         | \$ (412,132) | \$ 324,281                 | \$ 435,052        | \$ (98,909)                                   | \$ 248,907                 |

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

|   | Year Ended June 30, |                  |                  |
|---|---------------------|------------------|------------------|
|   | 2015                | 2014             | 2013             |
| <b>Operating activities</b>   |                     |                  |                  |
| Net income  | \$ 89,312           | \$ 43,316        | \$ 29,435        |
| Adjustments to reconcile net income to net cash provided by operating activities:                         |                     |                  |                  |
| Depreciation and amortization   | 97,500              | 72,282           | 64,325           |
| Share-based compensation expense  | 24,075              | 27,786           | 32,928           |
| Excess tax benefits derived from share-based compensation awards  | (13,146)            | (5,159)          | (1,796)          |
| Deferred taxes  | (14,940)            | (12,807)         | (8,626)          |
| Loss on sale of equity method investment  | —                   | 12,681           | —                |
| Loss in equity interests  | —                   | 2,704            | 1,910            |
| Non-cash gain on equipment  | —                   | —                | (1,414)          |
| Abandonment of long-lived assets  | —                   | 7                | 1,529            |
| Unrealized (gain) loss on derivative instruments included in net income                                   | (1,868)             | 425              | —                |
| Change in fair value of contingent consideration  | 14,890              | 2,192            | (588)            |
| Payment of contingent consideration in excess of acquisition-date fair value                              | (8,055)             | —                | —                |
| Effect of exchange rate changes on monetary assets and liabilities denominated in non-functional currency | (6,455)             | 748              | 29               |
| Other non-cash items  | 4,130               | 1,328            | 1,329            |
| Changes in operating assets and liabilities excluding the effect of business acquisitions:                |                     |                  |                  |
| Accounts receivable   | 2,057               | 4,008            | (1,532)          |
| Inventory   | (4,491)             | (1,055)          | (525)            |
| Prepaid expenses and other assets   | 8,597               | (15,336)         | 10,791           |
| Accounts payable  | (4,026)             | 14,945           | 557              |
| Accrued expenses and other liabilities  | 41,296              | 515              | 11,660           |
| Net cash provided by operating activities   | <u>228,876</u>      | <u>148,580</u>   | <u>140,012</u>   |
| <b>Investing activities</b>   |                     |                  |                  |
| Purchases of property, plant and equipment  | (75,813)            | (72,122)         | (78,999)         |
| Business acquisitions, net of cash acquired   | (123,804)           | (216,384)        | —                |
| (Purchases of) proceeds from the sale of intangible assets, net   | (250)               | (116)            | 1,000            |
| Purchase of available-for-sale securities   | —                   | (4,629)          | —                |
| Capitalization of software and website development costs  | (17,323)            | (9,749)          | (7,667)          |
| Investment in equity interests  | —                   | (4,994)          | (12,753)         |
| Other investing activities  | —                   | 1,010            | (512)            |
| Net cash used in investing activities   | <u>(217,190)</u>    | <u>(306,984)</u> | <u>(98,931)</u>  |
| <b>Financing activities</b>   |                     |                  |                  |
| Proceeds from borrowings of debt  | 367,500             | 482,800          | 113,712          |
| Proceeds from issuance of senior notes  | 275,000             | —                | —                |
| Payments of debt  | (581,920)           | (273,491)        | (104,125)        |
| Payments of debt issuance costs   | (6,373)             | (1,363)          | (1,536)          |
| Payment of contingent consideration included in acquisition-date fair value                               | (11,105)            | —                | —                |
| Payments of withholding taxes in connection with equity awards  | (29,351)            | (9,430)          | (3,556)          |
| Payments of capital lease obligations   | (5,750)             | (1,297)          | —                |
| Excess tax benefits derived from share-based compensation awards  | 13,146              | 5,159            | 1,796            |
| Purchase of ordinary shares   | —                   | (42,016)         | (64,351)         |
| Proceeds from issuance of ordinary shares   | 13,123              | 4,425            | 4,805            |
| Capital contribution from noncontrolling interest   | 4,160               | 4,821            | —                |
| Issuance of dividend to noncontrolling interest   | (118)               | —                | —                |
| Net cash provided by (used in) financing activities   | <u>38,312</u>       | <u>169,608</u>   | <u>(53,255)</u>  |
| Effect of exchange rate changes on cash and cash equivalents  | <u>(8,922)</u>      | <u>1,239</u>     | <u>36</u>        |
| Net increase (decrease) in cash and cash equivalents  | 41,076              | 12,443           | (12,138)         |
| Cash and cash equivalents at beginning of period  | 62,508              | 50,065           | 62,203           |
| Cash and cash equivalents at end of period  | <u>\$ 103,584</u>   | <u>\$ 62,508</u> | <u>\$ 50,065</u> |

See accompanying notes.



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

|  | Year Ended June 30, |           |          |
|--|---------------------|-----------|----------|
|  | 2015                | 2014      | 2013     |
| <b>Supplemental disclosures of cash flow information:</b>                    |                     |           |          |
| Cash paid during the period for:   |                     |           |          |
| Interest   | \$ 8,520            | \$ 6,446  | \$ 4,762 |
| Income taxes   | 14,284              | 18,485    | 13,656   |
| <b>Supplemental schedule of non-cash investing and financing activities:</b> |                     |           |          |
| Capitalization of construction costs related to financing lease obligation   | \$ 86,198           | \$ 18,117 | \$ —     |
| Property and equipment acquired under capital leases                         | 13,194              | —         | —        |
| Amounts due for acquisitions of businesses                                   | 20,122              | 21,582    | —        |

See accompanying notes.

**CIMPRESS N.V.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Years Ended June 30, 2015, 2014 and 2013**  
**(in thousands, except share and per share data)**

**1. Description of the Business**

We are a technology and manufacturing-driven company that aggregates, via the Internet, large volumes of small, individually customized orders for a broad spectrum of print, signage, apparel and similar products. We produce those orders in highly automated, capital and technology intensive production facilities in a manner that we believe makes our production techniques significantly more competitive than those of traditional suppliers. We bring our products to market through a portfolio of focused brands serving the needs of small and medium businesses and consumers. These brands include Vistaprint, our global brand for micro business marketing products and services, as well as brands we have acquired that serve the needs of various market segments including resellers, small and medium businesses with differentiated service needs, and consumers purchasing products for themselves and their families.

On November 14, 2014, pursuant to our shareholders' approval, we amended our articles of association to change our name to Cimpres N.V. and began trading on The Nasdaq Stock Market under the "CMPR" ticker symbol shortly afterward.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The consolidated financial statements include the accounts of Cimpres N.V., its wholly owned subsidiaries, entities in which we maintain a controlling financial interest, and those entities in which we have a variable interest and are the primary beneficiary. Intercompany balances and transactions have been eliminated. Investments in entities in which we can exercise significant influence, but do not own a majority equity interest or otherwise control, are accounted for using the equity method and are included as investments in equity interests on the consolidated balance sheets.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We believe our most significant estimates are associated with the ongoing evaluation of the recoverability of our long-lived assets and goodwill, estimated useful lives of assets, share-based compensation, accounting for business combinations, and income taxes and related valuation allowances, among others. By their nature, estimates are subject to an inherent degree of uncertainty. Actual results could differ from those estimates.

**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 \$543 and \$823 as of June 30, 2015 and 2014, respectively, and are included in other assets in the accompanying consolidated balance sheets.

**Marketable Securities**

We determine the appropriate classification of marketable securities at the date of purchase and reevaluate the classification at each balance sheet date. Our marketable securities are classified as "available-for-sale" and carried at fair value, with the unrealized gains and losses, net of taxes if applicable, reported as a separate component of accumulated other comprehensive (loss) income. We review our investments for other-than-temporary impairment whenever the fair value of the investment is less than the amortized cost and evidence indicates that the investment's carrying amount is not recoverable within a reasonable period of time. Any decline in

value that is determined to be other than temporary is recognized as expense in our consolidated statement of operations in the period the impairment is identified.

### **Accounts Receivable**

Accounts receivable includes amounts due from customers and partners. We offset gross trade accounts receivable with an allowance for doubtful accounts, which is our best estimate of the amount of probable credit losses in existing accounts receivable. Account balances are charged off against the allowance when the potential for recovery is no longer reasonably assured.

### **Inventories**

Inventories consist primarily of raw materials and are recorded at the lower of cost or market value using the first-in, first-out method. Costs to produce free products are included in cost of revenues as incurred.

### **Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Additions and improvements that substantially extend the useful life of a particular asset are capitalized while repairs and maintenance costs are expensed as incurred. Assets that qualify for the capitalization of interest cost during their construction period are evaluated on a per project basis and, if material, the costs are capitalized. No interest costs associated with our construction projects were capitalized in fiscal 2015 or 2014 as the amounts were not material. Depreciation of plant and equipment is recorded on a straight-line basis over the estimated useful lives of the assets.

### **Software and Web Site Development Costs**

We capitalize eligible salaries and payroll-related costs of employees who devote time to the development of websites and internal-use computer software. Capitalization 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.

Amortization of previously capitalized amounts in the years ended June 30, 2015, 2014 and 2013 was \$8,666, \$4,985 and \$3,118, respectively, resulting in accumulated amortization of \$21,608 and \$13,538 at June 30, 2015 and 2014, respectively.

### **Leases**

We categorize leases at their inception as either operating or capital leases. Costs for operating leases that include incentives such as payment escalations or rent abatements are recognized on a straight-line basis over the term of the lease. Additionally, inducements received are treated as a reduction of our costs over the term of the agreement. Leasehold improvements are capitalized at cost and amortized over the shorter of their expected useful life or the life of the lease, excluding renewal periods.

Capital leases are accounted for as an acquisition of an asset and incurrence of an obligation. Assets held under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the leased asset at the inception of the lease, and amortized over the useful life of the asset. The corresponding capital lease obligation is recorded at the present value of the minimum lease payments at inception of the lease. For further information on our outstanding capital lease assets and obligations please refer to Note 18 Commitments and Contingencies.

For lease arrangements where we are deemed to be involved in the construction of structural improvements prior to the commencement of the lease or take some level of construction risk, we are considered the owner of the assets during the construction period. Accordingly, as the lessor incurs the construction project costs, the assets and corresponding financial obligation are recorded in our consolidated balance sheet. Once the construction is completed, if the lease meets certain "sale-leaseback" criteria, we will remove the asset and related financial obligation from the balance sheet and treat the building lease as either an operating or capital lease based on our

assessment of the guidance. If upon completion of construction, the project does not meet the "sale-leaseback" criteria, the lease will be treated as a financing obligation and we will depreciate the asset over its estimated useful life for financial reporting purposes.

### **Intangible Assets**

We capitalize the costs of purchasing patents from unrelated third parties and amortize these costs over the estimated useful life of the patent. The costs related to patent applications, pursuing others who we believe infringe on our patents, and defending against patent-infringement claims are expensed as incurred.

We record acquired intangible assets at fair value on the date of acquisition and amortize such assets using the straight-line method over the expected useful life of the asset, unless another amortization method is deemed to be more appropriate. We evaluate the remaining useful life of intangible assets on a periodic basis to determine whether events and circumstances warrant a revision to the remaining useful life. If the estimate of an intangible asset's remaining useful life is changed, we amortize the remaining carrying value of the intangible asset prospectively over the revised remaining useful life.

### **Long-Lived Assets**

Long-lived assets with a finite life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or any other significant adverse change that would indicate that the carrying amount of an asset or group of assets may not be recoverable.

For long-lived assets used in operations, impairment losses are only recorded if the asset's carrying amount is not recoverable through its undiscounted, probability-weighted future cash flows. We measure the impairment loss based on the difference between the carrying amount and estimated fair value. Long-lived assets are considered held for sale when certain criteria are met, including when management has committed to a plan to sell the asset, the asset is available for sale in its immediate condition, and the sale is probable within one year of the reporting date. Assets held for sale are reported at the lower of cost or fair value less costs to sell. At June 30, 2015, we had a building with a carrying value of \$1,913 that met the asset held for sale criteria and as such we have classified the asset in other current assets in the consolidated balance sheet. We did not have any assets held for sale as of June 30, 2014.

No material impairment charges were recorded for the years ended June 30, 2015, 2014 or 2013.

### **Business Combinations**

We recognize the assets acquired and liabilities assumed in business combinations on the basis of their fair values at the date of acquisition. We assess the fair value of assets, including intangible assets, using a variety of methods and each asset is measured at fair value from the perspective of a market participant. The method used to estimate the fair values of intangible assets incorporates significant assumptions regarding the estimates a market participant would make in order to evaluate an asset, including a market participant's use of the asset and the appropriate discount rates for a market participant. Assets recorded from the perspective of a market participant that are determined to not have economic use for us are expensed immediately. Any excess purchase price over the fair value of the net tangible and intangible assets acquired is allocated to goodwill. Transaction costs and restructuring costs associated with a business combination are expensed as incurred.

The consideration for our acquisitions often includes future payments that are contingent upon the occurrence of a particular event. For acquisitions that qualify as business combinations, we record an obligation for such contingent payments at fair value on the acquisition date. We estimate the fair value of contingent consideration obligations through valuation models that incorporate probability adjusted assumptions related to the achievement of the milestones and thus likelihood of making related payments. We revalue these contingent consideration obligations each reporting period. Changes in the fair value of our contingent consideration obligations are recognized within general and administrative expense in our consolidated statements of operations.

## **Goodwill**

The evaluation of goodwill for impairment is performed at a level referred to as a reporting unit. A reporting unit is either the “operating segment level” or one level below, which is referred to as a “component.” The level at which the impairment test is performed requires an assessment as to whether the operations below the operating segment should be aggregated as one reporting unit due to their similarity or reviewed individually. Goodwill is evaluated for impairment on an annual basis during the fiscal third quarter or more frequently when an event occurs or circumstances change that indicate that the carrying value may not be recoverable. Goodwill is considered to be impaired when the carrying amount of a reporting unit exceeds its estimated fair value.

We have the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If the results of this analysis indicate that the fair value of a reporting unit is less than its carrying value, the quantitative impairment test is required; otherwise, no further assessment is necessary. To perform the quantitative approach, we estimate the fair value of our reporting units using a discounted cash flow methodology. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then a second step of the impairment test is performed in order to determine the implied fair value of our reporting unit’s goodwill. If the carrying value of a reporting unit’s goodwill exceeds its implied fair value, then we would record an impairment loss equal to the difference.

For our annual impairment test as of January 1, 2015, we evaluated each of our five reporting 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. Our qualitative assessment for fiscal 2015 determined that there was no indication that the carrying value of any of our reporting units exceeded its fair value. There have been no indications of impairment that would require an updated analysis as of June 30, 2015.

## **Debt Issuance Costs**

Expenses associated with the issuance of debt instruments are capitalized and are amortized over the terms of the respective financing arrangement using the effective interest method, or on a straight-line basis through the maturity date for our revolving credit facility. During the years ended June 30, 2015 and 2014, we capitalized debt issuance costs related to our senior secured credit facility and senior unsecured notes of \$6,229 and \$1,319, respectively. Amortization and write-off of these costs is included in interest expense, net in the consolidated statements of operations and amounted to \$1,272, \$765 and \$556, for the years ended June 30, 2015, 2014 and 2013, respectively. Unamortized debt issuance costs were \$8,447 and \$3,490 as of June 30, 2015 and 2014, respectively. When we make changes to our financing arrangements, we re-evaluate the capitalization of these costs which could result in the immediate recognition of any unamortized debt issuance costs in our statement of operations.

## **Investments in Equity Interests**

We record our share of the results of investments in equity interests and any related amortization, within loss in equity interests on the consolidated statements of operations. We review our investments for other-than-temporary impairment whenever events or changes in business circumstances indicate that the carrying value of the investment may not be fully recoverable. Investments identified as having an indication of impairment are subject to further analysis to determine if the impairment is other-than-temporary and this analysis requires estimating the fair value of the investment, which involves considering factors such as comparable valuations of public companies similar to the entity in which we have an equity investment, current economic and market conditions, the operating performance of the entities including current earnings trends and forecasted cash flows, and other entity and industry specific information.

## **Derivative Financial Instruments**

We record all derivatives on the consolidated balance sheet at fair value. 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.

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 accumulated other comprehensive (loss) income, while any ineffective portion is recognized directly in earnings, as a component of other income (expense). The portion of gain or loss on the derivative instrument previously recorded in accumulated other comprehensive (loss) income remains in accumulated other comprehensive (loss) income until the forecasted transaction is recognized in earnings.

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 accumulated other comprehensive (loss) income as part of currency translation adjustment, while any ineffective portion is recognized directly in earnings, as a component of other income (expense). The portion of gain or loss on the derivative instrument previously recorded in accumulated other comprehensive (loss) income remains in accumulated other comprehensive (loss) income until we reduce our investment in the hedged foreign operation through a sale or substantial liquidation.

We also enter into derivative contracts that are intended to economically hedge certain of our risks, even though 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 earnings as a component of other income (expense), net.

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

## **Restructuring**

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 our 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. Restructuring costs are included as a component of each related operating expense within our consolidated statement of operations. We recognized \$3,202 and \$5,980 in restructuring related expenses for the years ended June 30, 2015 and 2014, respectively. There were no such charges during the year ended June 30, 2013.

## **Shareholders' Equity**

### ***Comprehensive Income (loss)***

Comprehensive income (loss) is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. Comprehensive income (loss) is composed of net income, unrealized gains and losses on marketable securities and derivatives, unrealized loss on pension benefit obligation, and cumulative foreign currency translation adjustments, which are included in the accompanying consolidated statements of comprehensive income.

### ***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. Effective January 28, 2013, 5,869,662 of our ordinary shares issued and held in our treasury account were canceled and have become authorized but unissued ordinary shares, as authorized by our shareholders on November 8, 2012. These canceled shares represent the remaining balance as of November 8, 2012 of the ordinary shares that were held in treasury at the date of the

redomiciliation of our publicly traded parent company from Bermuda to the Netherlands in August 2009. The cancellation of the treasury shares resulted in a reduction of additional paid in capital and retained earnings for the year ended June 30, 2013.

## **Revenue Recognition**

We generate revenue primarily from the sale and shipping of customized manufactured products, as well as providing digital services, website design and hosting, email marketing services, order referral fees and other third party offerings. We recognize revenue arising from sales of products and services when we have persuasive evidence of an arrangement, the product has been shipped or service rendered with no significant post-delivery obligations on our part, the net sales price is fixed or determinable and collectability is reasonably assured. For subscription services we recognize revenue for the fees charged to customers ratably over the term of the service arrangement. Revenue is recognized net of discounts we offer to our customers as part of advertising campaigns. Revenue from sales of prepaid orders on our websites are deferred until shipment of fulfilled orders or until the prepaid service has been rendered.

For arrangements with multiple deliverables, we allocate revenue to each deliverable if the delivered item(s) has value to the customer on a standalone basis and, if the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item(s) is considered probable and substantially within our control. The stand-alone selling price for a deliverable is determined using a hierarchy of (1) Company specific objective and reliable evidence, then (2) third-party evidence, then (3) best estimate of selling price. We allocate total arrangement fee to each of the deliverables based on their relative stand-alone selling prices.

Shipping, handling and processing costs billed to customers are included in revenue and the related costs are included in cost of revenue at the time of shipment or rendering of service. Sales and purchases in jurisdictions which are subject to indirect taxes, such as value added tax ("VAT"), are recorded net of tax collected and paid as we act as an agent for the government.

For promotions through discount voucher websites, we recognize revenue on a gross basis, as we are the primary obligor, when redeemed items are shipped. As the vouchers do not expire, any unredeemed vouchers are recorded as deferred revenue. We recognize revenue on the portion of unredeemed vouchers when the likelihood of redemption becomes remote (referred to as "breakage") and we determine there is no legal obligation to remit the value of the unredeemed coupons to government agencies. We estimate the breakage rate based upon the pattern of historical redemptions. Prior to the fourth quarter of fiscal 2015, we did not have sufficient historical data to reasonably estimate breakage and, therefore, did not recognize any breakage revenue. During the fourth quarter of fiscal 2015, we concluded that we have now accumulated sufficient historical data from a large pool of homogeneous transactions to allow us to reasonably and objectively determine an estimated pattern of historical redemptions in accordance with our accounting policy. Accordingly, we recognized \$3,997 of breakage revenue during the quarter as a result of this change in estimate and our basic and diluted earnings per share for fiscal 2015 increased by \$0.12. We will apply this approach prospectively for future unredeemed voucher activity.

A reserve for sales returns or replacements and allowances is recorded based on historical experience or specific identification of an event necessitating a reserve.

## **Advertising Expense**

Advertising costs are expensed as incurred and included in marketing and selling expense. Advertising expense for the years ended June 30, 2015, 2014 and 2013 was \$286,132, \$267,655 and \$287,167, respectively, which consisted of external costs related to customer acquisition and retention marketing campaigns.

## **Research and Development Expense**

Research and development costs are expensed as incurred and included in technology and development expense. Research and development expense for the years ended June 30, 2015, 2014 and 2013 was \$30,849, \$26,423 and \$24,690, respectively, which consisted of costs related to enhancing our manufacturing engineering and technology capabilities.

## Income Taxes

As part of the process of preparing our consolidated financial statements, we estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating our current tax expense and deferred tax expense based on assessing temporary and permanent differences resulting from differing treatment of items for tax and financial reporting purposes. We recognize deferred tax assets and liabilities for the temporary differences using the enacted tax rates and laws that will be in effect when we expect temporary differences to reverse. We assess the ability to realize our deferred tax assets based upon the weight of available evidence both positive and negative. To the extent we believe that it is more likely than not that some portion or all of the deferred tax assets will not be realized, we establish a valuation allowance. In the event that actual results differ from our estimates or we adjust our estimates in the future, we may need to increase or decrease income tax expense, which could have a material impact on our financial position and results of operations.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the tax position. The tax benefits recognized in our financial statements from such positions are measured as the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The unrecognized tax benefits will reduce our effective tax rate if recognized. Interest and, if applicable, penalties related to unrecognized tax benefits are recorded in the provision for income taxes.

## Foreign Currency Translation

Our non-U.S. dollar functional currency subsidiaries translate their assets and liabilities denominated in their functional currency to U.S. dollars at current rates of exchange in effect at the balance sheet date, and revenues and expenses are translated at average rates prevailing throughout the period. The resulting gains and losses from translation are included as a component of accumulated other comprehensive (loss) income. Transaction gains and losses and remeasurement of assets and liabilities denominated in currencies other than an entity's functional currency are included in other income (expense), net in our consolidated statements of operations.

## Other Income (expense), net

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

|  | Year Ended June 30, |             |         |
|--|---------------------|-------------|---------|
|  | 2015                | 2014        | 2013    |
| Gains (losses) on derivative instruments (1) | \$ 9,317            | \$ (7,473)  | \$ 29   |
| Currency related gains (losses), net (2)     | 10,245              | (1,764)     | (92)    |
| Loss on disposal of Namex                    | —                   | (12,681)    | —       |
| Other gains (losses)                         | 572                 | 288         | —       |
| Total other income (expense), net            | \$ 20,134           | \$ (21,630) | \$ (63) |

(1) Includes both realized and unrealized gains (losses) on derivative instruments.

(2) We have significant non-functional currency intercompany financing relationships subject to currency exchange rate volatility primarily due to changes in our corporate entity operating structure, effective October 1, 2013, which required us to alter our intercompany transactional and financing activities. The net currency related gains for the year ended June 30, 2015 are partially driven by this intercompany activity.

## Net Income Per Share Attributable to Cimpress N.V.

Basic net income per share attributable to Cimpress N.V. is computed by dividing net income attributable to Cimpress N.V. by the weighted-average number of ordinary shares outstanding for the respective period. Diluted net income per share attributable to Cimpress N.V. gives effect to all potentially dilutive securities, including share options, restricted share units ("RSUs") and restricted share awards ("RSAs"), if the effect of the securities is dilutive 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 and their effect is dilutive.



The following table sets forth the reconciliation of the weighted-average number of ordinary shares:

|   | Year Ended June 30, |            |            |
|---|---------------------|------------|------------|
|   | 2015                | 2014       | 2013       |
| Weighted average shares outstanding, basic  | 32,644,870          | 32,873,234 | 33,209,172 |
| Weighted average shares issuable upon exercise/vesting of outstanding share options/RSUs/RSAs                 | 1,171,628           | 1,366,675  | 1,262,832  |
| Shares used in computing diluted net income per share attributable to Cimpres N.V.                            | 33,816,498          | 34,239,909 | 34,472,004 |
| Weighted average anti-dilutive shares excluded from diluted net income per share attributable to Cimpres N.V. | 289,356             | 953,100    | 1,740,542  |

## Compensation Expense

### Share-Based Compensation

Compensation expense for all share-based awards expected to vest is measured at fair value on the date of grant and recognized over the requisite service period. 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, and the fair value of RSUs and RSAs is determined based on the number of shares granted and the quoted price of our ordinary shares on the date of the grant. Such value is recognized ratably as expense over the requisite service period, or on an accelerated method for awards with a performance or market condition, net of estimated forfeitures. For awards that are ultimately settleable in cash, we treat as liability awards and mark the award to market each reporting period recognizing any gain or loss in our statements of operations. The estimation of share awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from our current estimates, such amounts will be recorded as a cumulative adjustment in the period estimates are revised. We consider many factors when estimating expected forfeitures, including types of awards, employee class, and historical experience. For awards with a performance condition vesting feature, compensation cost is recorded if it is probable that the performance condition will be achieved.

### 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 our consolidated balance sheets.

## Concentrations of Credit Risk

We monitor the creditworthiness of our customers to which we grant credit terms in the normal course of business. We had one channel partner that represented 13% and 24% of our total accounts receivable as of June 30, 2015 and 2014, respectively. We do not have any customers that accounted for greater than 10% of our revenue for the years ended June 30, 2015, 2014 or 2013.

We maintain an allowance for doubtful accounts for potential credit losses based upon specific customer accounts and historical trends, and such losses to date in the aggregate have not materially exceeded our expectations.

## Recently Issued or Adopted Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board issued Accounting Standards Update No. 2015-03, "Interest- Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs," (ASU 2015-03), which requires an entity to present debt issuance costs related to recognized debt liability in the balance sheet as a direct deduction from the carrying amount of that debt liability. The new standard is effective for us on July 1, 2016 and early adoption is permitted. The standard requires the application on a retrospective basis, wherein the balance sheet of each individual period presented should be adjusted to reflect the period-specific effects of the standard. We do not expect it to have a material impact on our consolidated financial statements.

In February 2015, the Financial Accounting Standards Board issued Accounting Standards Update No. 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis," (ASU 2015-02) which places more emphasis in the consolidation evaluation on variable interests other than fee arrangements such as principal investment risk (for example, debt or equity interests), guarantees of the value of the assets or liabilities of the VIE, written put options on the assets of the VIE, or similar obligations. The new standard is effective for us on July 1, 2016. The standard permits early adoption and the use of a modified retrospective approach by recording a cumulative-effect adjustment to equity as of the beginning of the fiscal year of adoption. We are currently evaluating the effect ASU 2015-02 will have on our consolidated financial statements but do not expect it to have a material impact.

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers," (ASU 2014-09) which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This guidance will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The FASB has elected to defer the effective date to fiscal years beginning after December 15, 2017, which would result in an effective date for us of July 1, 2018, with early application permitted to one year earlier. The standard permits the use of either the retrospective or cumulative catch-up transition method. We are currently evaluating the adoption method and effect that ASU 2014-09 will have on our consolidated financial statements but do not expect it to have a material impact.

### 3. Fair Value Measurements

The following table summarizes our investments in available-for-sale securities:

|  | June 30, 2015        |                 |                      |
|--|----------------------|-----------------|----------------------|
|  | Amortized Cost Basis | Unrealized gain | Estimated Fair Value |
| <b>Available-for-sale securities</b>               |                      |                 |                      |
| Plaza Create Co. Ltd. common shares (1)            | \$ 3,939             | \$ 2,971        | \$ 6,910             |
| Total investments in available-for-sale securities | <u>\$ 3,939</u>      | <u>\$ 2,971</u> | <u>\$ 6,910</u>      |
|  | June 30, 2014        |                 |                      |
|  | Amortized Cost Basis | Unrealized gain | Estimated Fair Value |
| <b>Available-for-sale securities</b>               |                      |                 |                      |
| Plaza Create Co. Ltd. common shares (1)            | \$ 4,611             | \$ 9,246        | \$ 13,857            |
| Total investments in available-for-sale securities | <u>\$ 4,611</u>      | <u>\$ 9,246</u> | <u>\$ 13,857</u>     |

(1) On February 28, 2014, we purchased shares in our publicly traded Japanese joint venture partner. Refer to Note 15 for further discussion of the separate joint business arrangement.

We use a three-level valuation hierarchy for measuring fair value and include detailed financial statement disclosures about fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- *Level 1:* Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- *Level 2:* Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets in markets that are not active and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- *Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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, 2015      |  |   |  |
|--|--------------------|--|---|--|
|  | Total              | Quoted Prices in<br>Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| <b>Assets</b>                            |                    |  |   |  |
| Available-for-sale securities            | \$ 6,910           | \$ 6,910   | \$ —  | \$ —   |
| Currency forward contracts               | 1,902              | —  | 1,902   | —  |
| Total assets recorded at fair value      | <u>\$ 8,812</u>    | <u>\$ 6,910</u>  | <u>\$ 1,902</u>                                     | <u>\$ —</u>  |
| <b>Liabilities</b>                       |                    |  |   |  |
| Interest rate swap contracts             | \$ (1,150)         | \$ —   | \$ (1,150)  | \$ —   |
| Cross-currency swap contracts            | (8,433)            | —  | (8,433)   | —  |
| Currency forward contracts               | (407)              | —  | (407)   | —  |
| Contingent consideration                 | (7,833)            | —  | —   | (7,833)  |
| Total liabilities recorded at fair value | <u>\$ (17,823)</u> | <u>\$ —</u>  | <u>\$ (9,990)</u>                                   | <u>\$ (7,833)</u>                                  |

|  | June 30, 2014      |  |   |  |
|--|--------------------|--|---|--|
|  | Total              | Quoted Prices in<br>Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| <b>Assets</b>                            |                    |  |   |  |
| Available-for-sale securities            | \$ 13,857          | \$ 13,857  | \$ —  | \$ —   |
| Currency forward contracts               | 382                | —  | 382   | —  |
| Total assets recorded at fair value      | <u>\$ 14,239</u>   | <u>\$ 13,857</u>   | <u>\$ 382</u>                                       | <u>\$ —</u>  |
| <b>Liabilities</b>                       |                    |  |   |  |
| Interest rate swap contracts             | \$ (745)           | \$ —   | \$ (745)  | \$ —   |
| Currency forward contracts               | (806)              | —  | (806)   | —  |
| Contingent consideration                 | (16,072)           | —  | —   | (16,072)   |
| Total liabilities recorded at fair value | <u>\$ (17,623)</u> | <u>\$ —</u>  | <u>\$ (1,551)</u>                                   | <u>\$ (16,072)</u>                                 |

During the years ended June 30, 2015 and 2014, 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 counterparty's 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, 2015, 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.

During the fiscal year ended June 30, 2015, we amended the terms of our contingent consideration arrangement related to our fiscal 2014 acquisition of Printdeal (formerly known as People & Print Group). The original terms provided for contingent consideration payable based upon the achievement of an initial calendar year 2014 earnings before interest, taxes, depreciation and amortization (EBITDA) margin threshold but ultimately payable based on revenue and EBITDA performance for calendar year 2015. We amended the terms to pay a fixed amount of €15,000, of which €8,000 was paid in March 2015 (\$8,270 based on the exchange rate as of the date of payment) and the remaining €7,000 (\$7,833 based on the exchange rate as of June 30, 2015) is payable during the fourth quarter of fiscal 2016.

Our fiscal 2014 acquisition of Pixartprinting provided for contingent consideration payable based on the achievement of revenue and EBITDA performance metrics for calendar year 2014. Based on Pixartprinting's 2014 results, we paid the maximum amount achievable of €9,600 (\$10,890 based on the exchange rate as of the date of payment) during the fourth quarter of fiscal 2015.

The contingent consideration obligations 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 contingent consideration uses assumptions and estimates to forecast a range of outcomes and probabilities for the contingent consideration. We assess these assumptions and estimates on a quarterly basis as additional data impacting the assumptions is obtained. Any changes in the fair value of contingent consideration related to updated assumptions and estimates will be recognized within general and administrative expenses in the consolidated statements of operations during the period in which the change occurs. As the Printdeal contingent liability is no longer variable, we do not expect any additional adjustments to fair value prior to payment.

The following table represents the changes in fair value of Level 3 contingent consideration:

|                                | Total contingent consideration |
|--------------------------------|--------------------------------|
| Balance at June 30, 2013       | \$ —                           |
| Fair value at acquisition date | 14,006                         |
| Fair value adjustment          | 2,192                          |
| Foreign currency impact        | (126)                          |
| Balance at June 30, 2014 (1)   | \$ 16,072                      |
| Fair value adjustment          | 14,890                         |
| Cash payments                  | (19,160)                       |
| Foreign currency impact        | (3,969)                        |
| Balance at June 30, 2015 (1)   | \$ 7,833                       |

(1) Of the total contingent consideration outstanding as of June 30, 2015 and 2014, \$7,833 and \$6,276 was classified as a current liability, respectively. As of June 30, 2014, \$9,796 was classified as a long-term liability.

As of June 30, 2015 and 2014, the carrying amounts of our cash and cash equivalents, accounts receivables, accounts payable, and other current liabilities approximated their estimated fair values. As of June 30, 2015 and 2014 the carrying value of our debt was \$522,543 and \$448,059, respectively, and the fair value was \$539,752 and \$460,098, respectively. Our debt at June 30, 2015 includes a variable rate debt instrument indexed to LIBOR that resets periodically and a 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.

## 4. Derivative Financial Instruments

### 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 our debt. Our objective in using interest rate derivatives 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 derivative 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.

During the year ended June 30, 2015, two interest rate derivative instruments were de-designated as they became ineffective and one was subsequently re-designated during the period. As of June 30, 2015, the amount of unrecognized loss included in accumulated other comprehensive (loss) income for de-designated cash flow hedge instruments is \$123. During the year ended June 30, 2014 we did not hold any interest rate derivative instruments that were determined to be ineffective.

Amounts reported in accumulated other comprehensive (loss) income 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, 2015, we estimate that \$816 will be reclassified from accumulated other comprehensive (loss) income to interest income during the twelve months ending June 30, 2016. As of June 30, 2015, we had eight outstanding interest rate swap contracts indexed to one-month LIBOR. These instruments include seven interest rate swap contracts that were designated and one interest rate swap contract that was de-designated as a cash flow hedge of interest rate risk and have varying start dates and maturity dates from July 2015 through June 2019. Since the start date of certain contracts has not yet commenced and contracts have been de-designated, the notional amount of our outstanding contracts is in excess of the variable-rate debt being hedged as of the balance sheet date.

| Interest rate swap contracts outstanding:       | Notional Amounts |         |
|---|------------------|---------|
| Contracts accruing interest as of June 30, 2015 | \$               | 240,000 |
| Contracts with a future start date              |                  | 65,000  |
| Total   | \$               | 305,000 |

### Hedges of Currency Risk

#### Cross-Currency Swap Contracts

From time to time, we execute cross-currency swap contracts in order to mitigate our currency exposure of net investments in subsidiaries that have reporting currencies other than U.S. dollar. Cross-currency swaps designated as net investment hedges 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 derivative contract. At maturity, the final exchange involves the receipt of our reporting currency in exchange for the notional amount in the hedged currency.

During the year ended June 30, 2015, we entered into two cross-currency swap contracts that were designated for hedge accounting and were used to hedge the risk of changes in the U.S. Dollar equivalent value of a portion of our net investment in a consolidated Euro functional subsidiary. As of June 30, 2015, we had two outstanding cross-currency swap contracts with a total notional amount of \$122,969, both maturing during April 2019. During the year ended June 30, 2015, we recorded unrealized losses, net of tax in accumulated other comprehensive (loss) income as a component of cumulative translation adjustment in the amount \$7,779.

#### Currency 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. We do not elect hedge accounting for our current currency forward contract activity; however, we may elect to apply hedge accounting in future scenarios. The change in the fair value of currency forward contracts is recognized directly in earnings, as a component of other

income (expense), net. During the years ended June 30, 2015 and 2014, we have experienced volatility within other income (expense), net in our consolidated statements of operations from unrealized gains and losses on the mark-to-market of outstanding currency forward 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-GAAP financial metrics that exclude non-cash items such as depreciation and amortization, we may experience increased, not decreased, volatility in our GAAP results as a result of our currency hedging program.

As of June 30, 2015, we had the following outstanding currency forward 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, Canadian Dollar, Danish Krone, Euro, Great British Pound, Indian Rupee, New Zealand Dollar, Norwegian Krone, Swedish Krona, and Swiss Franc:

| Notional Amount | Effective Date                   | Maturity Date                       | Number of Instruments | Index   |
|-----------------|----------------------------------|-------------------------------------|-----------------------|---------|
| \$285,770       | September 2014 through June 2015 | Various dates through December 2016 | 436                   | Various |

## Financial Instrument Presentation

The table below presents the fair value of our derivative financial instruments as well as their classification on the balance sheet as of June 30, 2015 and 2014:

| June 30, 2015  |                                     |                                    |   |                 |   |   |   |                   |  |
|--|-------------------------------------|------------------------------------|---|-----------------|---|---|---|-------------------|--|
| Derivatives designated as hedging instruments                  | Balance Sheet line item             | Asset Derivatives                  |   |                 | Liability Derivatives                         |   |   |                   |  |
|  |                                     | Gross amounts of recognized assets | Gross amount offset in consolidated balance sheet | Net amount      | Balance Sheet line item                       | Gross amounts of recognized liabilities | Gross amount offset in consolidated balance sheet | Net amount        |  |
| Interest rate swaps  | Other non-current assets            | \$ —                               | \$ —  | \$ —            | Other current liabilities / other liabilities | \$ (1,087)                              | \$ —  | \$ (1,087)        |  |
| Cross-currency swaps   | Other non-current assets            | —                                  | —   | —               | Other liabilities                             | (8,433)                                 | —   | (8,433)           |  |
| <b>Total derivatives designated as hedging instruments</b>     |                                     | <b>\$ —</b>                        | <b>\$ —</b>                                       | <b>\$ —</b>     |   | <b>\$ (9,520)</b>                       | <b>\$ —</b>                                       | <b>\$ (9,520)</b> |  |
| <b>Derivatives not designated as hedging instruments</b>       |                                     |                                    |   |                 |   |   |   |                   |  |
| Interest rate swaps  | Other non-current assets            | \$ —                               | \$ —  | \$ —            | Other liabilities                             | \$ (63)                                 | \$ —  | \$ (63)           |  |
| Currency forward contracts                                     | Other current assets / other assets | 3,256                              | (1,354)   | 1,902           | Other current liabilities / other liabilities | (1,792)                                 | 1,385   | (407)             |  |
| <b>Total derivatives not designated as hedging instruments</b> |                                     | <b>\$ 3,256</b>                    | <b>\$ (1,354)</b>                                 | <b>\$ 1,902</b> |   | <b>\$ (1,855)</b>                       | <b>\$ 1,385</b>                                   | <b>\$ (470)</b>   |  |

June 30, 2014

| Derivatives designated as hedging instruments            | Balance Sheet line item  | Asset Derivatives                  |   |            | Liability Derivatives                         |   |   |            |
|--|--------------------------|------------------------------------|---|------------|---|---|---|------------|
|  |                          | Gross amounts of recognized assets | Gross amount offset in consolidated balance sheet | Net amount | Balance Sheet line item                       | Gross amounts of recognized liabilities | Gross amount offset in consolidated balance sheet | Net amount |
| Interest rate swaps                                      | Other non-current assets | \$ —                               | \$ —  | \$ —       | Other current liabilities / other liabilities | \$ (771)                                | \$ 26   | \$ (745)   |
| Total derivatives designated as hedging instruments      |                          | \$ —                               | \$ —  | \$ —       |   | \$ (771)                                | \$ 26   | \$ (745)   |
| <b>Derivatives not designated as hedging instruments</b> |                          |                                    |   |            |   |   |   |            |
| Currency forward contracts                               | Other current assets     | \$ 410                             | \$ (28)   | \$ 382     | Other current liabilities                     | \$ (1,058)                              | \$ 252  | \$ (806)   |
| Total derivatives not designated as hedging instruments  |                          | \$ 410                             | \$ (28)   | \$ 382     |   | \$ (1,058)                              | \$ 252  | \$ (806)   |

The following table presents the effect of our derivative financial instruments designated as hedging instruments and their classification within comprehensive income (loss) for the years ended June 30, 2015, 2014 and 2013:

| Derivatives in Hedging Relationships                             | Amount of Gain (Loss) Recognized in Comprehensive (Loss) Income on Derivatives (Effective Portion) |            |        |
|--|--|------------|--------|
|  | Year Ended June 30,  |            |        |
|  | 2015   | 2014       | 2013   |
| In thousands   |  |            |        |
| Currency contracts that hedge revenue                            | —  | (107)      | 280    |
| Currency contracts that hedge cost of revenue                    | —  | 59         | (263)  |
| Currency contracts that hedge technology and development expense | —  | 70         | 80     |
| Currency contracts that hedge general and administrative expense | —  | 12         | (1)    |
| Interest rate swaps  | (1,417)  | (1,319)    | 387    |
| Cross-currency swaps   | (7,779)  | —          | —      |
|  | \$ (9,196)   | \$ (1,285) | \$ 483 |

The following table presents reclassifications out of accumulated other comprehensive (loss) income for the years ended June 30, 2015, 2014 and 2013:

| Details about Accumulated Other Comprehensive (Loss) Income Components | Amount Reclassified from Accumulated Other Comprehensive (Loss) Income to Net Income Gain/(Loss) |          |        | Affected line item in the Statement of Operations              |
|--|--|----------|--------|--|
|  | Year Ended June 30,  |          |        |  |
|  | 2015   | 2014     | 2013   |  |
| In thousands   |  |          |        |  |
| Currency contracts that hedge revenue                                  | \$ —   | \$ (120) | \$ 293 | Revenue  |
| Currency contracts that hedge cost of revenue                          | —  | (112)    | (92)   | Cost of revenue  |
| Currency contracts that hedge technology and development expense       | —  | 122      | 27     | Technology and development expense                             |
| Currency contracts that hedge general and administrative expense       | —  | 11       | 1      | General and administrative expense                             |
| Interest rate swaps  | (1,087)  | (372)    | 189    | Interest expense, net  |
| Total before income tax  | (1,087)  | (471)    | 418    | Income (loss) before income taxes and loss in equity interests |
| Income tax   | 272  | 75       | (21)   | Income tax provision   |
| Total  | \$ (815)   | \$ (396) | \$ 397 |  |

The following table presents the adjustment to fair value recorded within the consolidated statements of operations for derivative instruments for which we did not elect hedge accounting, as well as the effect of our de-designated derivative financial instruments that no longer qualify as hedging instruments in the period:

| Derivatives not classified as hedging instruments | Amount of Gain (Loss) Recognized in Income |                   |              | Location of Gain (Loss) Recognized in Income<br>(Ineffective Portion) |
|---|--|-------------------|--------------|---|
|   | Year Ended June 30,                        |                   |              |   |
|   | 2015                                       | 2014              | 2013         |   |
| In thousands                                      |  |                   |              |   |
| Currency contracts                                | \$ 9,370                                   | \$ (7,473)        | \$ 29        | Other income (expense), net   |
| Interest rate swaps                               | (53)                                       | —                 | —            | Other income (expense), net   |
|   | <u>\$ 9,317</u>                            | <u>\$ (7,473)</u> | <u>\$ 29</u> |   |

## 5. Accumulated Other Comprehensive (Loss) Income

The following table presents a roll forward of amounts recognized in accumulated other comprehensive (loss) income by component, net of tax of \$195 and \$218, for the years ended June 30, 2015 and June 30, 2014, respectively:

|   | Gains (losses) on<br>cash flow hedges | Gains (losses) on<br>available for sale<br>securities | Losses on pension<br>benefit obligation | Translation<br>adjustments, net of<br>hedges (1) | Total              |
|---|---------------------------------------|---|---|--|--------------------|
| Balance as of June 30, 2013   | \$ 86                                 | \$ —  | \$ —                                    | \$ (11,642)                                      | \$ (11,556)        |
| Other comprehensive (loss) income before reclassifications                            | (1,285)                               | 9,246   | (2,724)                                 | 8,036  | 13,273             |
| Amounts reclassified from accumulated other comprehensive (loss) income to net income | 396                                   | —   | —                                       | —  | 396                |
| Net current period other comprehensive (loss) income                                  | (889)                                 | 9,246   | (2,724)                                 | 8,036  | 13,669             |
| Balance as of June 30, 2014   | (803)                                 | 9,246   | (2,724)                                 | (3,606)  | 2,113              |
| Other comprehensive (loss) income before reclassifications                            | (1,417)                               | (6,275)   | (388)                                   | (93,757)   | (101,837)          |
| Amounts reclassified from accumulated other comprehensive (loss) income to net income | 815                                   | —   | —                                       | —  | 815                |
| Net current period other comprehensive (loss) income                                  | (602)                                 | (6,275)   | (388)                                   | (93,757)   | (101,022)          |
| Balance as of June 30, 2015   | <u>\$ (1,405)</u>                     | <u>\$ 2,971</u>                                       | <u>\$ (3,112)</u>                       | <u>\$ (97,363)</u>                               | <u>\$ (98,909)</u> |

(1) Translation adjustment is inclusive of the effects of our net investment hedges, of which, unrealized losses, net of tax of \$7,779 have been included in other comprehensive (loss) income for the year ended June 30, 2015. There was no effect for the year ended June 30, 2014.

## 6. Waltham and Lexington Lease Arrangements

In July 2013, we executed a lease agreement to move our Lexington, Massachusetts, USA operations to a yet to be constructed facility in Waltham, Massachusetts, USA. The Waltham lease will commence upon completion of the building, scheduled for the first quarter of fiscal 2016, and will extend eleven years from the commencement date. We expect to pay approximately \$131,769 in cash ratably over the initial 11-year term of the lease, starting in September 2015.

Concurrent with the Waltham lease negotiations, we amended our current Lexington lease, as both leases are held with the same landlord. The amendment to the Lexington lease contained a contingent feature to shorten the current term of the lease to coincide with the rent commencement date of the Waltham lease, and a second contingent feature to adjust the remaining annual rental amounts. Both of the arrangements were contingent upon the lessor obtaining certain building permits for the Waltham lease. During the quarter ended March 31, 2014, the lessor obtained all of the requisite building permits for the Waltham building construction.

For accounting purposes, we are deemed to be the owner of the Waltham building during the construction period and, accordingly, as of June 30, 2015 and 2014 we have recorded \$104,315 and \$18,117 of construction project costs incurred by the landlord as an asset with a corresponding financing obligation, respectively. The asset is included as construction in progress in property, plant and equipment, net in the consolidated balance sheet. We



do not believe that the Waltham lease will meet the criteria for "sale-leaseback" treatment. We will finalize our assessment once the construction is completed in the first quarter of fiscal 2016 and accordingly depreciate the asset and incur interest expense related to the financing obligation recorded on our consolidated balance sheet.

Although we will not begin making cash lease payments until the lease commencement date, a portion of the Waltham lease obligation attributable to the land is treated for accounting purposes as an operating lease that commenced during the second quarter of fiscal 2014. We bifurcated our future lease payments pursuant to the lease into (i) a portion that is allocated to the building and (ii) a portion that is allocated to the land on which the building is being constructed, which will be recorded as rental expense during the construction period. We recognized non-cash rent expense of \$1,197 and \$875 in our consolidated statements of operations for the land operating lease during the years ended June 30, 2015 and 2014, respectively.

## 7. Property, Plant and Equipment, Net

Property, plant and equipment, net consists of the following:

|  | Estimated useful lives                              | June 30,   |            |
|--|---|------------|------------|
|  |   | 2015       | 2014       |
| Land improvements  | 10 years  | \$ 2,146   | \$ 2,382   |
| Building and building improvements                                     | 10 - 30 years                                       | 162,468    | 144,658    |
| Machinery and production equipment                                     | 4 - 10 years  | 251,366    | 229,927    |
| Machinery and production equipment under capital lease                 | 4 - 10 years  | 27,693     | 13,513     |
| Computer software and equipment  | 3 - 5 years   | 125,520    | 112,815    |
| Furniture, fixtures and office equipment                               | 5 - 7 years   | 22,957     | 21,780     |
| Leasehold improvements   | Shorter of lease term or expected life of the asset | 36,747     | 28,327     |
| Construction in progress   |   | 138,582    | 59,627     |
|  |   | 767,479    | 613,029    |
| Less accumulated depreciation, inclusive of assets under capital lease |   | (331,209)  | (293,145)  |
|  |   | 436,270    | 319,884    |
| Land   |   | 31,241     | 32,337     |
| Property, plant, and equipment, net                                    |   | \$ 467,511 | \$ 352,221 |

Depreciation expense, inclusive of assets under capital leases, totaled \$62,970, \$54,060 and \$50,602 for the years ended June 30, 2015, 2014 and 2013, respectively.

## 8. Business Combinations

### Fiscal 2015 Acquisitions

#### Acquisition of Exagroup SAS

On April 15, 2015, we completed our acquisition of 70% of the shares of Exagroup SAS, a French simplified joint stock company, for a purchase price of €91,305 (\$97,012 based on the exchange rate as of the date of acquisition), plus an estimated post-closing adjustment of €4,549 (\$4,832 based on the exchange rate as of the date of acquisition) based on Exagroup's working capital and debt to be paid during the first quarter of fiscal 2016. All shareholders of Exagroup sold the entirety of their Exagroup holdings to us at the closing, with the exception of Nicolas Dematté and Marise Dematté (the "Remaining Shareholders"), who each retained a 15% ownership interest in Exagroup. We utilized proceeds from our credit facility to finance the acquisition. The acquisition supports our strategy of building a software-enabled operational platform that aggregates and optimizes the supply chain and production of mass customized products such as signage, printing, apparel and promotional products. Exagroup brings a large variety of high quality products and a sophisticated network of outsourcing partners that we expect, over time, to significantly expand the breadth and depth of the selection available on our mass customization platform.

Our consolidated financial statements include Exagroup from April 15, 2015, the date of acquisition. Exagroup's revenue included in our consolidated revenues for the year ended June 30, 2015 was \$18,155. Exagroup's net income included in our consolidated net income attributable to Cimpress N.V. for the year ended June 30, 2015 was \$563, inclusive of amortization of identifiable intangible assets.

#### Noncontrolling Interest

At the closing, we entered into reciprocal put and call options with the Remaining Shareholders with respect to the 30% of Exagroup shares held by the Remaining Shareholders, pursuant to which each of the Remaining Shareholders has the right to put his or her Exagroup shares to us for a period of 30 days beginning on April 15, 2019. If one or both of the Remaining Shareholders does not exercise his or her put option, then we have the right to exercise our call option on such Remaining Shareholder's Exagroup shares for a period of 30 days beginning on January 10, 2020. If the put or call options are exercised, the aggregate purchase and sale price for such shares will be €39,000. We may pay an additional €8,000 contingent payment that is dependent on Exagroup's achievement of certain revenue targets for calendar year 2017, as well as the continued employment of the Remaining Shareholders. As this potential additional payment is contingent upon the Remaining Shareholders' post-acquisition employment it will be recognized as compensation expense over the vesting period (through December 31, 2017). We estimate the value of the potential payment as of June 30, 2015 to be \$1,243, which will be accrued over the vesting period. We have recognized an immaterial amount in general and administrative expense for the year ended June 30, 2015.

The table below details the consideration transferred to acquire Exagroup:

|                                     |           |                |
|-------------------------------------|-----------|----------------|
| Cash paid                           | \$        | 97,012         |
| Working capital and debt adjustment |           | 4,832          |
| <b>Total consideration</b>          | <b>\$</b> | <b>101,844</b> |

The excess of the purchase price paid over the fair value of Exagroup's net assets was recorded as goodwill, which is primarily attributable to cost synergies expected from manufacturing and tax efficiency opportunities, as well as the value of the workforce of Exagroup. Goodwill is not expected to be deductible for tax purposes, and has been attributed to our All Other Business Units reportable segment. The fair value of the assets acquired and liabilities assumed was:

|  | Amount            | Weighted Average<br>Useful Life in Years |
|--|-------------------|--|
| <b>Tangible assets acquired and liabilities assumed:</b> |                   |  |
| Cash and cash equivalents                                | \$ 18,991         | n/a                                      |
| Other current assets (1)                                 | 14,318            | n/a                                      |
| Non-current assets                                       | 18,711            | n/a                                      |
| Accounts payable and other current liabilities           | (21,008)          | n/a                                      |
| Deferred tax liability                                   | (21,655)          | n/a                                      |
| Other long term liabilities                              | (9,966)           | n/a                                      |
| <b>Identifiable intangible assets:</b>                   |                   |  |
| Customer relationships                                   | 35,434            | 7-9                                      |
| Trade name   | 11,900            | 10-14                                    |
| Developed technology                                     | 9,669             | 3  |
| Noncontrolling interest                                  | (43,354)          |  |
| Goodwill   | 88,804            | n/a                                      |
| <b>Total purchase price</b>                              | <b>\$ 101,844</b> |  |

(1) Includes real estate assets classified as held for sale of \$1,971.

## Other fiscal 2015 acquisitions

### *FotoKnudsen AS*

On July 1, 2014, we acquired 100% of the outstanding shares of FotoKnudsen AS, a Norwegian photo product company focused primarily on the Norwegian markets. This acquisition expands our presence in the European home and family market. At closing, we paid €14,045 (\$19,224 based on the exchange rate as of the date of acquisition) in cash, subject to certain post-acquisition escrow adjustments. We have recognized the assets and liabilities on the basis of their fair values at the date of our acquisition, with any excess of the purchase price paid over the fair value of the net assets recorded as goodwill. Of the total purchase price of \$19,224, \$11,754 was allocated to goodwill, \$9,218 to acquired intangible assets and \$1,748 to net liabilities. Goodwill is not expected to be deductible for tax purposes, and has been attributed to our All Other Business Units reportable segment. The revenue and earnings included in our consolidated financial statements since the acquisition date are not material for the year ended June 30, 2015.

### *FL Print SAS*

On April 9, 2015, we acquired 100% of the outstanding shares of FL Print SAS (which we refer to as Easyflyer), a French web-to-print business focused primarily on large format products. At closing, we paid €4,800 (\$5,174 based on the exchange rate as of the date of acquisition) in cash, subject to certain post-acquisition escrow adjustments. We have recognized the assets and liabilities on the basis of their fair values at the date of our acquisition, with any excess of the purchase price paid over the fair value of the net assets recorded as goodwill. Of the total purchase price of \$5,174, \$3,592 was allocated to goodwill, \$2,003 to acquired intangible assets and \$421 to net liabilities. Goodwill is not expected to be deductible for tax purposes, and has been attributed to our All Other Business Units reportable segment. The revenue and earnings included in our consolidated financial statements since the acquisition date are not material for the year ended June 30, 2015.

In addition, we agreed to two additional payments based on Easyflyer's calendar year 2015 and 2018 revenue and EBITDA targets. As these additional payments are contingent upon the sellers' post-acquisition employment, they are not included as part of the consideration but will be recognized as compensation expense over the required employment period.

### *druck.at Druck-und Handelsgesellschaft mbH*

On April 17, 2015, we acquired 100% of the outstanding shares of druck.at Druck-und Handelsgesellschaft mbH (which we refer to as druck.at), a web-to-print business focused primarily on the Austrian market. This acquisition supports our strategy to leverage a common platform across multiple brands like druck.at, which offers a wide variety of high quality printed products. We paid €20,000 (\$21,537 based on the exchange rate as of the date of acquisition) in cash at closing, and we will pay a fixed deferred payment of €3,300 (\$3,554 based on the exchange rate as of the date of acquisition) in cash or ordinary shares of Cimpress N.V., at our option. The deferred payment is payable in July 2017 if the seller continues to be employed by druck.at through the payable date or in April 2019 if the sellers are no longer employed by druck.at. As the timing of the deferred payment is contingent upon the sellers post-acquisition employment, an immaterial portion of the deferred payment is not included as part of the acquisition consideration but will be recognized as compensation expense over the required employment period. The fair value of the deferred payment of \$2,980 was included as a component of the purchase price utilizing a present value model and excluding the compensation component of \$233.

We have recognized the assets and liabilities 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. Of the total purchase price of \$24,517, \$10,877 was allocated to goodwill, \$12,491 to acquired intangible assets and \$1,149 to net assets. Goodwill is not expected to be deductible for tax purposes, and has been attributed to our All Other Business Units reportable segment. The revenue and earnings included in our consolidated financial statements since the acquisition date are not material for the year ended June 30, 2015.

We utilized proceeds from various debt sources to finance our fiscal 2015 acquisitions. In connection with these acquisitions, we incurred transaction costs related to investment banking, legal, financial, and other professional services of \$2,576 and \$394 which were recorded during the year ended June 30, 2015 and 2014, respectively, in general and administrative expenses. Pro forma results of the operations have not been presented because the effects of the fiscal 2015 acquisitions are not material to the consolidated financial statements.

## **Fiscal 2014 Acquisitions**

### **Acquisition of Pixartprinting S.p.A.**

On April 3, 2014, we acquired 97% of the outstanding corporate capital of Pixartprinting S.p.A., a joint stock corporation incorporated under the laws of Italy, as follows;

- We acquired all of the Pixartprinting corporate capital held by Alcedo III, a close-ended investment fund, representing 72.75% of Pixartprinting's outstanding corporate capital.
- We acquired a portion of the Pixartprinting corporate capital held by Cap2 S.r.l., a company controlled by Pixartprinting's founder, representing 21.25% of Pixartprinting's outstanding corporate capital, and Cap2 retained 3% of Pixartprinting's outstanding corporate capital (the "Cap2 Retained Equity").
- We acquired all of the Pixartprinting corporate capital held by Alessandro Tenderini, Pixartprinting's Chief Executive Officer, at closing representing 3% of Pixartprinting's outstanding corporate capital. Mr. Tenderini had the right to purchase 1% of the corporate capital of Pixartprinting from Cimpress (the "CEO Retained Equity") for an aggregate purchase price of €10 during the 10 business days after April 3, 2015, so long as Mr. Tenderini remained a Cimpress Italy employee on that date, and Mr. Tenderini exercised this purchase right in April 2015.

Cimpress agreed to pay an aggregate base purchase price of €127,850 (\$175,896 based on the exchange rate as of the date of acquisition) in cash, subject to working capital and other adjustments, and a sliding-scale earn-out of up to €9,600 (\$13,208 based on the exchange rate as of the date of acquisition) in cash on or after December 31, 2014 based upon the acquired business achieving certain revenue and EBITDA targets for calendar year 2014. The estimated fair value of the earn-out payment of \$4,953 was included as a component of the purchase price based on an evaluation of the likelihood of achievement of the contractual conditions and weighted probability assumptions of these outcomes. Based on Pixartprinting's 2014 results, we paid the maximum amount achievable of €9,600 (\$10,890 based on the exchange rate as of the date of payment) during the fourth quarter of fiscal 2015.

Our consolidated financial statements include the accounts of Pixartprinting from April 3, 2014, the date of acquisition. Pixartprinting's revenue included in our consolidated revenues for the year ended June 30, 2014 was \$27,208. Pixartprinting's net income included in our consolidated net income attributable to Cimpress N.V. for the year ended June 30, 2014 was \$2,687, inclusive of amortization of identifiable intangible assets.

### *Noncontrolling Interest*

We entered into a Put and Call Option Agreement with Cap2, with respect to the Cap2 Retained Equity. Pursuant to the Put and Call Option Agreement, Cap2 has the right to sell to us all (but not less than all) of the Cap2 Retained Equity at the end of Pixartprinting's fiscal years ending June 30, 2015, 2016 and 2017 for a purchase price based on Pixartprinting's EBITDA and net financial position (as reflected in its annual financial statements) for the fiscal year as to which the put option is exercised. We have the right to buy from Cap2 all (but not less than all) of the Cap2 Retained Equity at the end of Pixartprinting's fiscal years ending June 30, 2017 and 2018 for a purchase price based on Pixartprinting's EBITDA and net financial position (as reflected in its annual financial statements) for the fiscal year as to which the call option is exercised. The parties' put and call rights are also triggered by certain other events and are exercisable during 30-day periods following the determination of the option purchase price for the relevant fiscal year. Due to the presence of the put arrangement, the noncontrolling interest is presented as temporary equity in our consolidated balance sheet. Upon acquisition, we recognized the noncontrolling interest at fair value of \$5,728 and will adjust the balance for the pro rata impact of the Pixartprinting earnings or loss, as well as adjustments to increase the balance to the redemption value, if necessary.

### *CEO Retained Equity*

We entered into a Put and Call Option Agreement with Mr. Tenderini with respect to the CEO Retained Equity. Because this purchase right is contingent upon Mr. Tenderini's post-acquisition employment, it is not included as part of the consideration but will be recognized as share-based compensation over the vesting period. The award is considered a liability award and will be marked to fair value each reporting period. In order to estimate the fair value of the award we utilize a lattice model with a Monte Carlo simulation. Pursuant to the Put and Call

Option Agreement, Mr. Tenderini has the right to sell to us all (but not less than all) of the CEO Retained Equity at the end of Pixartprinting's fiscal years ending June 30, 2015, 2016 and 2017 for a purchase price based on Pixartprinting's EBITDA and net financial position (as reflected in its annual financial statements) for the fiscal year as to which the put option is exercised. We have the right to buy from Mr. Tenderini all (but not less than all) of the CEO Retained Equity at the end of Pixartprinting's fiscal years ending June 30, 2017 and 2018 for a purchase price based on Pixartprinting's EBITDA and net financial position (as reflected in its annual financial statements) for the fiscal year as to which the call option is exercised. The parties' put and call rights are also triggered by certain other events and are exercisable during 30-day periods following the determination of the option purchase price for the relevant fiscal year. The total fair value of the award as of June 30, 2015 is \$2,616 and we have recognized \$2,177 and \$439 in general and administrative expense for the year ended June 30, 2015 and 2014, respectively.

The table below details the consideration transferred to acquire Pixartprinting:

|  |    |                |
|--|----|----------------|
| Cash paid                              | \$ | 175,896        |
| Shareholder loans assumed              |    | 20,227         |
| Fair value of contingent consideration |    | 4,953          |
| Total consideration                    | \$ | <u>201,076</u> |

The excess of the purchase price paid over the fair value of Pixartprinting's net assets was recorded as goodwill, which is primarily attributable to expected synergies and the value of the workforce of Pixartprinting. Goodwill is not expected to be deductible for tax purposes, and has been attributed to our All Other Business Units reportable segment. The fair value of the assets acquired and liabilities assumed was:

|   | Amount            | Weighted Average<br>Useful Life in Years |
|---|-------------------|--|
| Tangible assets acquired and liabilities assumed: |                   |  |
| Cash and cash equivalents                         | \$ 6,913          | n/a                                      |
| Other current assets                              | 5,601             | n/a                                      |
| Non-current assets                                | 20,582            | n/a                                      |
| Accounts payable and other current liabilities    | (17,681)          | n/a                                      |
| Deferred tax liability                            | (20,640)          | n/a                                      |
| Other long-term liabilities                       | (9,943)           | n/a                                      |
| Identifiable intangible assets:                   |                   |  |
| Customer relationships                            | 42,375            | 6  |
| Trade name  | 16,372            | 10                                       |
| Developed technology                              | 8,943             | 3  |
| Noncontrolling interest                           | (5,728)           |  |
| Goodwill  | 154,282           | n/a                                      |
| Total purchase price                              | <u>\$ 201,076</u> |  |

#### Acquisition of Printdeal B.V. (formerly known as People & Print Group B.V.)

On April 1, 2014, we acquired 100% of the outstanding shares of Printdeal B.V. (formerly known as People & Print Group B.V.), an online Dutch printing company focused primarily on the Dutch and Belgian markets. At the closing, we paid €20,545 (\$28,300 based on the exchange rate as of the date of acquisition) in cash, subject to working capital and other adjustments, and an additional €4,000 (\$5,509 based on the exchange rate as of the date of acquisition), is payable in Cimpress shares in January 2016 subject to warranties and claims made by the seller. In addition to the initial purchase consideration, we agreed to a sliding scale earn-out that is based on calendar year 2015 revenue and EBITDA targets. The estimated acquisition date fair value of the earn-out payment of \$9,053 was included as a component of the purchase price based on an evaluation of the likelihood of achievement of the contractual conditions and weighted probability assumptions of these outcomes. During the third quarter of fiscal 2015, we amended the terms to pay a fixed amount of €15,000, of which €8,000 was paid in March 2015 (\$8,270 based on the exchange rate as of the date of payment) and the remaining €7,000 (\$7,833 based on the exchange rate as of June 30, 2015) is payable during the fourth quarter of fiscal 2016.

We recognized the assets and liabilities on the basis of their fair values at the date of our the acquisition, with any excess of the purchase price paid over the fair value of the net assets recorded as goodwill. Of the total purchase price of \$42,862, \$20,605 was allocated to goodwill, \$23,968 to acquired intangible assets and \$1,711 to net liabilities. Goodwill is not expected to be deductible for tax purposes, and has been attributed to our All Other Business Units reportable segment. The revenue and earnings included in our fiscal 2014 consolidated financial statements since the acquisition date are not material.

We utilized proceeds from our credit facility to finance our fiscal 2014 acquisitions. In connection with these acquisitions, we incurred transaction costs related to investment banking, legal, financial, and other professional services of approximately \$4,530 in the year ended June 30, 2014, which were recorded in general and administrative expenses.

### 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.

## 9. Goodwill and Acquired Intangible Assets

### Goodwill

The carrying amount of goodwill by segment as of June 30, 2014 and June 30, 2015 is as follows:

|  | Vistaprint Business Unit | All Other Business Units | Total      |
|--|--------------------------|--------------------------|------------|
| Balance as of June 30, 2013 (1)                | \$ 135,122               | \$ 5,771                 | \$ 140,893 |
| Acquisitions (2)                               | —                        | 174,887                  | 174,887    |
| Effect of currency translation adjustments (3) | 2,885                    | (1,478)                  | 1,407      |
| Balance as of June 30, 2014 (1)                | 138,007                  | 179,180                  | 317,187    |
| Acquisitions (2)                               | —                        | 122,319                  | 122,319    |
| Adjustments                                    | —                        | (113)                    | (113)      |
| Effect of currency translation adjustments (3) | (9,353)                  | (29,411)                 | (38,764)   |
| Balance as of June 30, 2015                    | \$ 128,654               | \$ 271,975               | \$ 400,629 |

(1) Our segment reporting has been revised as of July 1, 2014 and, as such, we have re-allocated our goodwill by segment for the periods ended June 30, 2014 and 2013. See Note 17 for additional details.

(2) See Notes 8 and 16 for additional details.

(3) Relates to goodwill held by subsidiaries whose functional currency is not the U.S. Dollar.

## Acquired Intangible Assets

|                                | June 30, 2015         |                          |                     | June 30, 2014         |                          |                     |
|--------------------------------|-----------------------|--------------------------|---------------------|-----------------------|--------------------------|---------------------|
|                                | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Trade Name                     | \$ 45,743             | \$ (7,581)               | \$ 38,162           | \$ 32,092             | \$ (4,495)               | \$ 27,597           |
| Developed Technology           | 33,270                | (15,466)                 | 17,804              | 27,205                | (13,404)                 | 13,801              |
| Customer Relationships         | 114,616               | (21,966)                 | 92,650              | 77,774                | (12,164)                 | 65,610              |
| Customer Network               | 4,829                 | (2,382)                  | 2,447               | 4,876                 | (1,670)                  | 3,206               |
| <b>Total Intangible Assets</b> | <b>\$ 198,458</b>     | <b>\$ (47,395)</b>       | <b>\$ 151,063</b>   | <b>\$ 141,947</b>     | <b>\$ (31,733)</b>       | <b>\$ 110,214</b>   |

Acquired intangible assets amortization expense for the years ended June 30, 2015, 2014 and 2013 was \$24,264, \$12,723 and \$10,778, respectively. Estimated intangible assets amortization expense for each of the five succeeding fiscal years is as follows:

|      |           |                |
|------|-----------|----------------|
| 2016 | \$        | 33,351         |
| 2017 |           | 25,329         |
| 2018 |           | 21,680         |
| 2019 |           | 16,469         |
| 2020 |           | 13,471         |
|      | <b>\$</b> | <b>110,300</b> |

## 10. Other Balance Sheet Components

Accrued expenses included the following:

|   | June 30, 2015     | June 30, 2014     |
|---|-------------------|-------------------|
| Compensation costs (1)                        | \$ 62,759         | \$ 46,375         |
| Income and indirect taxes                     | 25,495            | 23,190            |
| Advertising costs                             | 20,275            | 19,299            |
| Acquisition-related consideration payable (2) | 17,400            | 6,276             |
| Interest                                      | 5,731             | 375               |
| Shipping costs                                | 2,471             | 4,104             |
| Purchases of property, plant and equipment    | 3,030             | 3,687             |
| Professional costs                            | 2,396             | 2,224             |
| Other (3)                                     | 33,269            | 15,647            |
| <b>Total accrued expenses</b>                 | <b>\$ 172,826</b> | <b>\$ 121,177</b> |

(1) The increase in compensation costs is primarily due to an increase in accrued bonus and long-term incentive payments of \$10,097, as well as an increase of \$4,282 due to the operations we acquired in fiscal 2015.

(2) The increase is due to the reclassification of the contingent consideration liability of \$7,833 and deferred consideration payable in shares of \$4,477 to short-term as of June 30, 2015, as well as the working capital and net debt adjustment relating to our Exagroup acquisition of \$5,090, partially offset by a contingent consideration payment during the period.

(3) The increase is primarily due to the vesting of certain liability based equity awards, as well as an increase in miscellaneous accruals from the operations we acquired in fiscal 2015.

Other current liabilities included the following:

|  | June 30, 2015    | June 30, 2014 |
|--|------------------|---------------|
| Short-term portion of lease financing obligation | \$ 10,475        | \$ —          |
| Short-term capital lease obligations             | 7,497            | —             |
| Other  | 3,498            | 888           |
| <b>Total other current liabilities</b>           | <b>\$ 21,470</b> | <b>\$ 888</b> |

Other liabilities included the following:

|                                     | June 30, 2015    | June 30, 2014    |
|-------------------------------------|------------------|------------------|
| Long-term capital lease obligations | \$ 18,304        | \$ 8,875         |
| Long-term derivative liabilities    | 9,816            | 665              |
| Other                               | 23,953           | 34,880           |
| <b>Total other liabilities</b>      | <b>\$ 52,073</b> | <b>\$ 44,420</b> |

## 11. Debt

|                                      | June 30, 2015     | June 30, 2014     |
|--------------------------------------|-------------------|-------------------|
| 7.0% Senior unsecured notes due 2022 | \$ 275,000        | \$ —              |
| Senior secured credit facility (1)   | 231,507           | 426,859           |
| Other (2)                            | 11,536            | —                 |
| Uncommitted credit facility          | 4,500             | 21,200            |
| <b>Total debt outstanding</b>        | <b>522,543</b>    | <b>448,059</b>    |
| Less short-term debt (1)             | 22,602            | 37,575            |
| <b>Long-term debt</b>                | <b>\$ 499,941</b> | <b>\$ 410,484</b> |

(1) Balances as of June 30, 2015 are inclusive of short-term and long-term debt discounts of \$116 and \$377, respectively.

(2) Balance as of June 30, 2015 represents various term loans assumed in conjunction with certain fiscal 2015 acquisitions.

### *Our Debt*

Our various debt arrangements described below contain customary representations, warranties and events of default. As of June 30, 2015, we were in compliance with all financial and other covenants related to our debt.

### *Indenture and Senior Unsecured Notes due 2022*

On March 24, 2015, we completed a private placement of \$275,000 in aggregate principal amount of 7.0% senior unsecured notes due 2022 (the "Notes"). We issued the Notes pursuant to a senior notes indenture dated as of March 24, 2015 among Cimpress N.V., our subsidiary guarantors, and MUFG Union Bank, N.A., as trustee (the "Indenture"). We used the proceeds from the Notes to pay outstanding indebtedness under our unsecured line of credit and our senior secured credit facility and for general corporate purposes.

The Notes bear interest at a rate of 7.0% per annum and mature on April 1, 2022. Interest on the Notes is payable semi-annually on April 1 and October 1 of each year, commencing on October 1, 2015, to the holders of record of the Notes at the close of business on March 15 and September 15, respectively, preceding such interest payment date.

The 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 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 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.



At any time prior to April 1, 2018, we may redeem some or all of the 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 April 1, 2018, we may redeem up to 35% of the aggregate outstanding principal amount of the Notes at a redemption price equal to 107.0% 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 Cimpres. At any time on or after April 1, 2018, 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.

#### *Senior Secured Credit Facility*

As of June 30, 2015, we have a senior secured credit facility of \$844,000 as follows:

- Revolving loans of \$690,000 with a maturity date of September 23, 2019
- Term loan of \$154,000 amortizing over the loan period, with a final maturity date of September 23, 2019

Under the terms of our credit agreement, borrowings bear interest at a variable rate of interest based on LIBOR plus 1.50% to 2.25% 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, 2015, the weighted-average interest rate on outstanding borrowings was 2.43%, inclusive of interest rate swap rates. We must also pay a commitment fee on unused balances of 0.225% to 0.400% 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, 2015.

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 intercompany activities or certain fundamental organizational changes, 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, 2019. The credit agreement also contains financial covenants calculated on a trailing twelve month, or TTM, basis that:

- our total leverage ratio, which is the ratio of our consolidated total indebtedness to our TTM consolidated EBITDA, will not exceed 4.50 to 1.00.
- 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.
- our interest coverage ratio, which is the ratio of our consolidated EBITDA to our consolidated interest expense, will be at least 3.00 to 1.00.

#### *Additional line of credit*

We have an uncommitted line of credit with Santander Bank, N.A, and under the terms of the agreement we may borrow up to \$25,000 at any time, with a maturity date of up to 90 days from the loan origination date. Under the terms of our uncommitted line of credit, borrowings bear interest at a variable rate of interest that may change from time to time. As of June 30, 2015 the weighted-average interest rate on outstanding borrowings of \$4,500 was 1.35%.

## **12. Shareholders' Equity**

### ***Share purchases***

On December 11, 2014, we announced that our Supervisory Board authorized the purchase of up to 6,400,000 of our ordinary shares. We have not repurchased any shares under this program through June 30, 2015.

### ***Share-based awards***

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 provides for non-employee directors to receive share option grants 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 one additional plan with options outstanding from which we will not grant any additional awards. An aggregate of 2,387,435 ordinary shares are available for future awards under all of our share-based award plans as of June 30, 2015. A combination of new shares and treasury shares has historically been used in fulfillment of option exercises and issuance of shares upon RSU award vesting.

### Share options

We grant options 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 quarterly over 3 years for non-employee directors and 25% after one year and quarterly for 12 quarters thereafter 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, net of estimated forfeitures based on historical experience. 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 on an accelerated basis over the requisite service period.

Weighted-average values used for option grants in fiscal 2015, 2014 and 2013 were as follows:

|  | Year Ended June 30, |          |          |
|--|---------------------|----------|----------|
|  | 2015                | 2014     | 2013     |
| Risk-free interest rate                        | 1.67%               | 1.56%    | 0.81%    |
| Expected dividend yield                        | —%                  | —%       | —%       |
| Expected term (years)                          | 6.00                | 5.75     | 6.00     |
| Expected volatility                            | 50%                 | 56%      | 58%      |
| Weighted average fair value of options granted | \$ 35.84            | \$ 28.14 | \$ 17.23 |

A summary of our share option activity and related information for the year ended June 30, 2015 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          | 3,959,353                  | \$ 38.43                        | 5.1   |                           |
| Granted   | 18,135                     | 73.28                           |   |                           |
| Exercised   | (1,057,015)                | 20.58                           |   |                           |
| Forfeited/cancelled                                 | (7,081)                    | 51.84                           |   |                           |
| Outstanding at the end of the period                | <u>2,913,392</u>           | \$ 45.09                        | 4.3   | \$ 113,840                |
| Vested or expected to vest at the end of the period | 2,811,830                  | \$ 44.90                        | 4.3   | \$ 110,396                |
| Exercisable at the end of the period                | 1,686,223                  | \$ 41.34                        | 3.8   | \$ 72,207                 |

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, 2015. The total intrinsic value of options exercised during the fiscal years ended June 30, 2015, 2014 and 2013 was \$61,531, \$14,860, and \$6,648, respectively.

#### **Restricted share units**

The fair value of RSU grants is equal to the fair market value of our ordinary shares on the date of grant and is recognized as expense on a straight-line basis over the requisite service period, net of estimated forfeitures based on historical experience. RSUs generally vest quarterly for two to three years for non-employee directors and 25% after one year and quarterly for 12 quarters thereafter for employees. For awards with a performance condition, we recognize compensation cost on an accelerated basis over the requisite service period when achievement of the performance condition is deemed probable. As of June 30, 2015, we had 210,000 RSUs outstanding that vest based on the achievement of various performance targets through fiscal 2022. The performance criteria for 180,000 of these RSUs are currently deemed not probable of achievement. Future changes in our probability conclusions could result in volatility of our share-based compensation expense as the awards have a maximum compensation of \$7,169.

A summary of our unvested RSU activity and related information for the fiscal year ended June 30, 2015 is as follows:

|   | RSUs           | Weighted-Average Grant Date Fair Value | Aggregate Intrinsic Value |
|---|----------------|--|---------------------------|
| Unvested at the beginning of the period | 837,131        | \$ 42.10                               |                           |
| Granted                                 | 310,255        | 63.28                                  |                           |
| Vested and distributed                  | (297,054)      | 42.72                                  |                           |
| Forfeited                               | (83,052)       | 44.20                                  |                           |
| Unvested at the end of the period       | <u>767,280</u> | \$ 50.19                               | \$ 64,574                 |

The weighted average fair value of RSUs granted during the fiscal years ended June 30, 2015, 2014 and 2013 was \$63.28, \$48.06 and \$39.72, respectively. The total intrinsic value of RSUs vested during the fiscal years ended June 30, 2014, 2013 and 2012 was \$19,846, \$20,629 and \$12,397, respectively.

#### **Restricted share awards**

In conjunction with the December 2011 acquisition of Webs, we granted RSAs to the founding shareholders of Webs that vested 50% on December 28, 2012 and 50% on December 28, 2013, subject to continued employment on each vesting date with possible accelerated vesting or forfeiture under certain circumstances. The fair value of the RSAs of \$15,843 was determined based on our share price on the date of acquisition and was recognized as share-based compensation expense over the two year vesting period.

### Share-based compensation

Total share-based compensation costs were \$24,075, \$27,786 and \$32,928 for the years ended June 30, 2015, 2014 and 2013, respectively. See footnotes 8 and 17 for information related to liability based awards issued in conjunction with our acquisition of Pixartprinting and our capital investment in our variable interest entity Printi LLC. Share-based compensation costs capitalized as part of software and website development costs were \$477, \$254 and \$130 for the years ended June 30, 2015, 2014 and 2013, respectively.

As of June 30, 2015, there was \$40,272 of total unrecognized compensation cost related to non-vested, share-based compensation arrangements, net of estimated forfeitures. This cost is expected to be recognized over a weighted average period of 2.7 years.

### 13. Employees' Savings Plans

#### 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 \$8,619, \$8,178 and \$7,158 for our government mandated and defined contribution plans in the years ended June 30, 2015, 2014 and 2013, respectively. Our expenses from these plans have increased during the year ended June 30, 2015 due to increased headcount, as well as the full year impact of our business acquisitions during the prior period.

#### 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, 2015 and 2014, the plan had an unfunded net pension obligation of approximately \$4,252 and \$3,338, respectively and plan assets which totaled approximately \$9,596 and \$11,602, respectively. For the years ended June 30, 2015, 2014 and 2013 we recognized expense totaling \$2,043, \$1,921, and \$1,417, respectively, related to our Swiss plan. During fiscal 2015, a component of the total expense relates to a settlement loss of \$456 as a result of headcount reductions in our Switzerland office.

### 14. Income Taxes

The following is a summary of our income before income taxes and loss in equity interests by geography:

|          | Year Ended June 30, |           |           |
|----------|---------------------|-----------|-----------|
|          | 2015                | 2014      | 2013      |
| U.S.     | \$ 21,567           | \$ 14,382 | \$ 8,730  |
| Non-U.S. | 78,186              | 42,228    | 32,002    |
| Total    | \$ 99,753           | \$ 56,610 | \$ 40,732 |

The components of the provision (benefit) for income taxes are as follows:

|                       | Year Ended June 30, |                  |                 |
|-----------------------|---------------------|------------------|-----------------|
|                       | 2015                | 2014             | 2013            |
| <b>Current:</b>       |                     |                  |                 |
| U.S. Federal          | \$ 12,680           | \$ 10,438        | \$ 6,816        |
| U.S. State            | 2,313               | 3,880            | 1,762           |
| Non-U.S.              | 12,496              | 8,273            | 3,477           |
| <b>Total current</b>  | <b>27,489</b>       | <b>22,591</b>    | <b>12,055</b>   |
| <b>Deferred:</b>      |                     |                  |                 |
| U.S. Federal          | (4,505)             | (3,754)          | (274)           |
| U.S. State            | (1,070)             | (897)            | (163)           |
| Non-U.S.              | (11,473)            | (7,350)          | (2,231)         |
| <b>Total deferred</b> | <b>(17,048)</b>     | <b>(12,001)</b>  | <b>(2,668)</b>  |
| <b>Total</b>          | <b>\$ 10,441</b>    | <b>\$ 10,590</b> | <b>\$ 9,387</b> |

The following is a reconciliation of the standard U.S. federal statutory tax rate and our effective tax rate:

|   | Year Ended June 30, |               |               |
|---|---------------------|---------------|---------------|
|   | 2015                | 2014          | 2013          |
| U.S. federal statutory income tax rate                      | 35.0 %              | 35.0 %        | 35.0 %        |
| State taxes, net of federal effect                          | 0.8                 | 3.4           | 2.6           |
| Tax rate differential on non-U.S. earnings                  | (24.0)              | (19.3)        | (23.8)        |
| Compensation related items                                  | 1.1                 | 4.3           | 6.5           |
| Increase in valuation allowance                             | 8.0                 | 4.8           | 5.0           |
| Nondeductible (taxable) acquisition-related payments        | 3.7                 | 0.3           | (0.3)         |
| Notional interest deduction (Italy)                         | (2.5)               | (0.1)         | —             |
| Net tax (benefit) expense on intellectual property transfer | (12.2)              | (16.4)        | 3.2           |
| Tax benefit from Canadian tax currency election             | —                   | —             | (4.7)         |
| Nondeductible loss on investment in Namex                   | —                   | 3.8           | —             |
| Other   | 0.6                 | 2.9           | (0.5)         |
| <b>Effective income tax rate</b>                            | <b>10.5 %</b>       | <b>18.7 %</b> | <b>23.0 %</b> |

For the year ended June 30, 2015, our effective tax rate is 10.5% as compared to the prior year effective tax rate of 18.7%. The main causes for this decrease are higher tax benefits in fiscal 2015 related to the transfer of intellectual property described in further detail below, combined with an increase in our consolidated pre-tax income and a more favorable geographical mix of earnings as compared to fiscal 2014. These benefits to the fiscal 2015 tax rate were partially offset by greater losses incurred in fiscal 2015 as compared to fiscal 2014 in certain jurisdictions where we are unable to recognize a tax benefit. For the year ended June 30, 2014, we recognized a loss on our investment in Namex for which there was no tax benefit and this adversely impacted the effective tax rate for fiscal 2014.

On October 1, 2013, we made changes to our corporate entity operating structure, including transferring our intellectual property among certain of our subsidiaries, primarily to align our corporate entities with our evolving operations and business model. The transfer of assets occurred between wholly owned legal entities within the Cimpress group that are based in different tax jurisdictions. As the impact of the transfer was the result of an intra-entity transaction, any resulting gain or loss and immediate tax impact on the transfer is eliminated and not recognized in the consolidated financial statements under U.S. GAAP. The transferor entity recognized a gain on the transfer of assets that was not subject to income tax in its local jurisdiction. However, the recipient entity will receive a tax benefit associated with the future amortization of the fair market value of the intellectual property received, which for tax purposes will occur over a period of five years in accordance with the applicable tax laws.

In the year ended June 30, 2012, one of our subsidiaries purchased certain intellectual property and intangible assets of Webs, Inc., and we recognize the tax expense associated with the intra-entity transfer of these assets over a period equal to the expected economic lives of the assets. We elected to fund the transfer of these assets using an installment obligation payable over a 7.5-year period, and accordingly we recorded a deferred tax liability for the entire tax liability owed but not yet paid as of the date of the transaction with a corresponding asset in "Other Assets" to reflect the deferred tax charge to be recognized over the expected remaining lives of the assets.

Significant components of our deferred income tax assets and liabilities consist of the following at June 30, 2015 and 2014:

|                                  | Year Ended June 30, |             |
|----------------------------------|---------------------|-------------|
|                                  | 2015                | 2014        |
| <b>Deferred tax assets:</b>      |                     |             |
| Net operating loss carryforwards | \$ 31,547           | \$ 15,066   |
| Depreciation and amortization    | 836                 | 373         |
| Accrued expenses                 | 4,691               | 5,112       |
| Share-based compensation         | 15,580              | 14,712      |
| Credit and other carryforwards   | 114                 | 146         |
| Derivative financial instruments | 2,396               | 142         |
| Other                            | 1,598               | 1,227       |
| Subtotal                         | 56,762              | 36,778      |
| Valuation allowance              | (16,612)            | (6,890)     |
| Total deferred tax assets        | 40,150              | 29,888      |
| <b>Deferred tax liabilities:</b> |                     |             |
| Depreciation and amortization    | (55,026)            | (35,639)    |
| IP installment obligation        | (13,325)            | (16,557)    |
| Capital Leases                   | (1,345)             | (1,162)     |
| Other                            | (772)               | (75)        |
| Total deferred tax liabilities   | (70,468)            | (53,433)    |
| Net deferred tax liabilities     | \$ (30,318)         | \$ (23,545) |

The current portion of the net deferred taxes at June 30, 2015 and 2014 consisted of an asset of \$1,559 and \$717, respectively, included in prepaid expenses and other current assets and a liability of \$1,043 and \$2,178, respectively, which is included in current liabilities in the accompanying consolidated balance sheet.

In assessing the realizability of deferred tax assets, we consider whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The increase in the valuation allowance from the prior year relates primarily to losses incurred in certain jurisdictions (mainly Brazil, India, Japan and the Netherlands) for which management has determined, based on current profitability projections, that it is more likely than not that these losses will not be utilized within the applicable carryforward periods available under local law. We have not recorded a valuation allowance against \$10,578 of deferred tax asset associated with current and 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 more likely than not 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 an additional valuation allowance 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.

Additionally, we have recorded a full valuation allowance against the \$2,396 deferred tax asset related to an interest rate derivative instrument for which management has determined, based on current profitability projections, that it is more likely than not that it will not be recognized in the foreseeable future. The impact of this deferred tax asset and associated valuation allowance has been recorded in accumulated other comprehensive (loss) income on the balance sheet.

No valuation allowance has been recorded against the \$15,580 deferred tax asset associated with share-based compensation charges at June 30, 2015. 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, 2015, management believes that it is more likely than not 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.

A reconciliation of the beginning and ending amount of the valuation allowance for the year ended June 30, 2015 is as follows:

|                               |    |               |
|-------------------------------|----|---------------|
| Balance at June 30, 2014      | \$ | 6,890         |
| Charges to earnings (1)       |    | 7,940         |
| Charges to other accounts (2) |    | 1,782         |
| Balance at June 30, 2015      | \$ | <u>16,612</u> |

(1) Amount is primarily related to non-U.S. net operating losses.

(2) Amount is primarily related to unrealized losses on cross-currency swap contracts included in other comprehensive income (loss) and non-U.S. net operating losses recorded in purchase accounting, partially offset by a decrease in deferred tax assets on non-U.S. net operating losses due to currency exchange rate changes.

The deferred tax liabilities increased by \$28,010 in fiscal 2015 as a result of intangible and other assets from our fiscal 2015 acquisitions.

As of June 30, 2015, we had gross U.S. federal and state net operating losses of approximately \$1,850 that expire on various dates from fiscal 2030 through fiscal 2034. We had gross non-U.S. net operating loss and other carryforwards of \$180,263, a significant amount of which expire in fiscal 2021, with the remaining amounts expiring on various dates from fiscal 2019 through fiscal 2031. The benefits of these carryforwards are dependent upon the generation of taxable income in the jurisdictions where they arose. During fiscal 2015, we recognized excess tax deductions related to share-based compensation resulting in a net operating loss that can be carried back to reclaim prior year taxes paid. Accordingly, we have recorded a receivable of \$7,617 in prepaid expenses and other current assets and recognized the benefit through shareholders' equity. In addition, we have \$28,777 of state net operating losses and \$1,031 of federal and state R&D credit carryforwards as a result of excess tax deductions related to share-based compensation. We will realize the benefit of these excess tax deductions through increases to shareholders' equity in the periods in which these carryforward losses are utilized to reduce cash tax payments.

As of June 30, 2015, no tax provision has been made for \$59,010 of undistributed earnings of certain of our subsidiaries as these earnings are considered indefinitely reinvested. If, in the future, we decide to repatriate the undistributed earnings from these subsidiaries in the form of dividends or otherwise, we could be subject to withholding taxes payable in the range of \$7,000 to \$8,000 at that time. A deferred tax liability of \$361 has been recorded attributable to undistributed earnings of recently-acquired subsidiaries that we have deemed are not indefinitely reinvested. The remaining undistributed earnings of our subsidiaries are not deemed to be indefinitely reinvested and 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:

|  |    |         |
|--|----|---------|
| Balance at June 30, 2013   | \$ | 5,682   |
| Additions based on tax positions related to the current tax year |    | 152     |
| Additions based on tax positions related to prior tax years      |    | 1,244   |
| Reductions due to audit settlements                              |    | (334)   |
| Balance at June 30, 2014   | \$ | 6,744   |
| Additions based on tax positions related to the current tax year |    | 208     |
| Additions based on tax positions related to prior tax years      |    | 73      |
| Reductions based on tax positions related to prior tax years     |    | (1,240) |
| Reductions due to audit settlements                              |    | (75)    |
| Balance at June 30, 2015   | \$ | 5,710   |

For the years ended June 30, 2015 and 2014, the amount of unrecognized tax benefits (exclusive of interest) that, if recognized, would impact the effective tax rate is \$2,383 and \$3,061, respectively. 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, 2015 and 2014 were \$110 and \$298, respectively.

It is reasonably possible that a further change in unrecognized tax benefits may occur within the next twelve months related to the settlement of one or more audits or the lapse of applicable statutes of limitations. However, an estimated range of the impact on the unrecognized tax benefits cannot be quantified at this time. 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 2012 through 2014 remain open for examination by the United States Internal Revenue Service ("IRS") and the years 2006 through 2014 remain open for examination in the various states and non-US tax jurisdictions in which we file tax returns.

We are currently under income tax audit in various jurisdictions globally. One of our subsidiaries, Vistaprint Limited, had recently been under income tax audit and subsequent administrative appeal by the IRS for the 2007 to 2009 tax years. In November 2014, we received Form 870-AD from the IRS Office of Appeals that presented a finding of no additional tax owed by Vistaprint Limited. Accordingly, this audit is now closed with no tax adjustments. Additionally, Cimpress USA Incorporated (formerly known as Vistaprint USA, Incorporated) was under audit by the IRS for the 2012 and 2013 tax years. This audit was concluded in March 2015 with no material tax adjustments to the financial statements.

Cimpress USA Incorporated is also currently under income tax audit by the Massachusetts Department of Revenue ("DOR"). Cimpress USA Incorporated received Notices of Assessment from the DOR for the tax years 2006-2008 and 2010-2011. The Notices contain adjustments to taxable income for these years. The issue in dispute is whether the DOR has the right to impute royalty income to Cimpress USA Incorporated in the years at issue associated with the use of certain intangible property by Vistaprint Limited, even though that intangible property was transferred for a lump-sum payment to Vistaprint Limited in an earlier year that is closed to adjustment by virtue of the governing statute of limitations. In July 2014, we filed an Application for Abatement with the DOR Office of Appeals to appeal the DOR's findings; however, our appeal was denied. In August 2014, we filed a petition to have our case heard by the Massachusetts Appellate Tax Board. The hearing for our case is set to begin in December 2015. We continue to believe that the DOR's position has no merit, and we intend to contest these assessments to the fullest extent possible.

We continuously evaluate our income tax reserves in light of recent developments in our income tax audits and believe that the positions reported on our tax returns will be sustained on their technical merits. However, final resolution is uncertain and there is a possibility that the final resolution could have a material impact on our financial condition, results of operations or cash flows.

## 15. Noncontrolling Interests

In certain of our strategic investments we have purchased a controlling equity stake, but there remains a minority portion of the equity that is owned by a third party. 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 operations to exclude the noncontrolling interests' proportionate share of results. We present the proportionate share of equity attributable to the redeemable noncontrolling interests as temporary equity within our consolidated balance sheet and the proportionate share of noncontrolling interests not subject to a redemption provision that is outside of our control as equity.

#### *Redeemable noncontrolling interests*

On April 15, 2015 we acquired 70% of the outstanding shares of Exagroup. The remaining 30% is considered a redeemable noncontrolling equity interest, as it is redeemable in the future and not solely within our control. The redeemable noncontrolling interest was recorded at its fair value as of the acquisition date and will be adjusted to its redemption value on a periodic basis, if that amount exceeds its fair value. As of June 30, 2015, the redemption value is less than the carrying value and therefore no adjustment has been made. For additional details please refer to Note 8 Business Combinations.

On April 3, 2014 we acquired 97% of the outstanding corporate capital of Pixartprinting S.p.A. The remaining 3% is considered a redeemable noncontrolling equity interest, as it is redeemable for cash based on future financial results and not solely within our control. The redeemable noncontrolling interest was recorded at its fair value as of the acquisition date and will be adjusted to its redemption value on a periodic basis, if that amount exceeds its fair value. As of June 30, 2015, the redemption value is less than carrying value and therefore no adjustment has been made. For additional details please refer to Note 8 Business Combinations.

We own a 51% controlling interest in a joint business arrangement with Plaza Create Co. Ltd., a leading Japanese retailer of photo products, to expand our market presence in Japan. During fiscal 2014, we contributed \$4,891 in cash and \$1,100 in assets, and Plaza Create made an initial capital contribution of \$4,818 in cash and \$955 in assets. We have a call option to acquire the remaining 49% of the business if Plaza Create materially breaches any of its contracts with us. If we materially breach any of our contracts with Plaza Create, Plaza Create has an option to put its shares to us. As the exercise of this put option is not solely within our control, the noncontrolling equity interest in the business is presented as temporary equity in our consolidated balance sheet. As of June 30, 2015, it is not probable that the noncontrolling interest will be redeemable.

#### *Noncontrolling interest*

On August 7, 2014, we made a capital investment in Printi LLC as described in Note 16. The noncontrolling interest was recorded at its estimated fair value as of the investment date. The net income (loss) of the operations allocated to the noncontrolling interest considers our stated liquidation preference in applying the income or loss to each party.

The following table presents the reconciliation of changes in our noncontrolling interests:

|   | Redeemable noncontrolling<br>interests | Noncontrolling interest |
|---|--|-------------------------|
| Balance as of June 30, 2013                       | \$ —                                   | \$ —                    |
| Capital contribution from noncontrolling interest | 5,773                                  | —                       |
| Adjustment to noncontrolling interest             | 56                                     | —                       |
| Acquisition of noncontrolling interest            | 5,728                                  | —                       |
| Net loss attributable to noncontrolling interest  | (380)                                  | —                       |
| Foreign currency translation                      | (17)                                   | —                       |
| Balance as of June 30, 2014                       | \$ 11,160                              | \$ —                    |
| Capital contribution from noncontrolling interest | 4,160                                  | —                       |
| Acquisition of noncontrolling interest            | 42,951                                 | 2,867                   |
| Dividend paid to noncontrolling interest          | (118)                                  | —                       |
| Net loss attributable to noncontrolling interest  | (700)                                  | (2,200)                 |
| Foreign currency translation                      | 285                                    | (155)                   |
| Balance as of June 30, 2015                       | \$ 57,738                              | \$ 512                  |

## 16. Variable Interest Entities ("VIE")

### *VIE of which we are the Primary Beneficiary*

#### *Investment in Printi LLC*

On August 7, 2014, we made a capital investment in Printi LLC, which operates in Brazil. This investment provides us access to a new market and the opportunity to drive longer-term growth in Brazil. We paid \$5,360 in cash for preferred shares and made a \$2,850 capital contribution in exchange for a 41.6% equity interest in Printi with call options to increase our ownership incrementally over a 9-year period by purchasing equity interests either directly from Printi or from certain employee shareholders. We exercised the first contingent call option in the fourth quarter of fiscal 2015 to acquire newly issued preferred shares which increased our ownership to 49.99% as of June 30, 2015.

Based upon the level of equity investment at risk, Printi is considered a variable interest entity. The shareholders share profits and voting control on a pro-rata basis. While we do not manage the day to day operations of Printi, we do have the unilateral ability to exercise participating voting rights for specific transactions and as such no one shareholder is considered to be the primary beneficiary. However, certain significant shareholders cannot transfer their equity interests without our approval and as a result are considered de facto agents on our behalf in accordance with ASC 810-10-25-43.

In aggregating our rights, as well as those of our de facto agents, the group as a whole has both the power to direct the activities that most significantly impact the entity's economic performance and the obligation to absorb losses and the right to receive benefits from the entity. In situations where a de facto agency relationship is present, one party is required to be identified as the primary beneficiary and the evaluation requires significant judgment. The factors considered include the presence of a principal/agent relationship, the relationship and significance of activities to the reporting entity, the variability associated with the VIE's anticipated economics and the design of the VIE. The analysis is qualitative in nature and is based on weighting the relative importance of each of the factors in relation to the specifics of the VIE arrangement. Upon our investment we performed an analysis and concluded that we are the party that is most closely associated with Printi, as we are most exposed to the variability of the economics and therefore considered the primary beneficiary.

As we are the primary beneficiary, our consolidated financial statements include the accounts of Printi from August 7, 2014. The results are immaterial to our consolidated statements of operations for the year ended June 30, 2015. We have recognized the assets and liabilities on the basis of their fair values at the date of our investment, with any excess of the purchase price paid over the fair value of the net assets recorded as goodwill. Of the total purchase price of \$5,360, \$7,469 was allocated to goodwill, \$2,465 to noncontrolling interests, \$697 to acquired intangible assets and \$341 to net liabilities.

We have call options to increase our ownership in Printi incrementally over a nine-year period with certain employee shareholders. As the employees' restricted stock in Printi is contingent on post-acquisition employment, share-based compensation will be recognized over the four-year vesting period. The awards are considered liability awards and will be marked to fair value each reporting period. In order to estimate the fair value of the award as of June 30, 2015, we utilized a lattice model with a Monte Carlo simulation. The current fair value of the award is \$6,066 and we have recognized \$1,405 in general and administrative expense for the year ended June 30, 2015.

### *VIE of Which We are Not the Primary Beneficiary*

#### *Namex Limited*

In the fourth quarter of fiscal 2014, we disposed of our investment in Namex Limited and its related companies, as discussions with management identified different visions in the execution of the long-term strategic direction of the business. We sold all of our Namex shares to Namex's majority shareholder and recognized a loss of \$12,681, in other income (expense), net in our consolidated statement of operations for the year ended June 30, 2014. Prior to the sale, our investment was accounted for using the equity method, as the investment was considered a VIE and we were not the primary beneficiary. We recorded in net income a proportionate share of the earnings or losses of Namex, as well as related amortization, with a corresponding increase or decrease in the

carrying value of the investment. For the years ended June 30, 2014 and 2013 we recorded a loss of \$2,704 and \$1,910 respectively, attributable to Namex in our consolidated statement of operations.

## 17. Segment Information

During the first quarter of fiscal 2015 we revised our internal management organizational and reporting structure to better align to our strategy of delivering mass customized products to multiple customer segments via various brands. Our operating segments are based upon our internal organization structure, 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. The CODM measures and evaluates the performance of our operating segments based on revenue and income (loss) from operations. We have identified several operating segments under our new management reporting structure which are reported in the following two reportable segments:

- *Vistaprint Business Unit* - Aggregates the operations of our core Vistaprint-branded business in 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.
- *All Other Business Units* - Includes the operations of our Albumprinter, druck.at, Exagroup, Easyflyer, Printdeal, Pixartprinting, and Most of World business units. Our Most of World business unit is focused on our emerging market portfolio, including operations in Brazil, India and Japan. These business units have been combined into one reportable segment based on materiality.

Consistent with our historical reporting, the cost of our global legal, human resource, finance, facilities management, software and manufacturing engineering, and the global component of our IT operations functions are generally not allocated to the reporting segments and are instead reported and disclosed under the caption "Corporate and global functions." Corporate and global functions is a cost center and does not meet the definition of an operating segment.

During the fourth quarter of fiscal 2015, we transferred a group of software and manufacturing engineers from the corporate and global functions cost center to the Vistaprint Business Unit due to changes in our internal organizational structure. We have revised our presentation of all prior periods presented to reflect our revised segment reporting.

There are no internal revenue transactions between our operating segments, and we do not allocate non-operating income to our segment results. All intersegment transfers are recorded at cost for presentation to the CODM, for example, we allocate costs related to products manufactured by our global network of production facilities to the applicable operating segment. There is no intercompany profit or loss recognized on these transactions.

The following factors, among others, may limit the comparability of income from operations by segment:

- We do not allocate support costs across operating segments or corporate and global functions.
- Some of our recently acquired business units are burdened by the costs of their local finance, HR, and other administrative support functions, whereas other business units leverage our global functions and do not receive an allocation for these services.
- Our All Other Business Units reporting segment includes our Most of World business unit, which has operating losses as it is in its early stage of investment relative to the scale of the underlying business. It also includes amortization of intangible assets resulting from our various acquisitions.

Our balance sheet information is not presented to the CODM on an allocated basis, and therefore we do not present asset information by segment.

Revenue by segment is based on the business unit-specific websites through which the customer's order was transacted. The following tables set forth revenue and income from operations by reportable segment.

|                          | Year Ended June 30, |                     |                     |
|--------------------------|---------------------|---------------------|---------------------|
|                          | 2015                | 2014                | 2013                |
| <b>Revenue:</b>          |                     |                     |                     |
| Vistaprint Business Unit | \$ 1,194,393        | \$ 1,144,030        | \$ 1,091,900        |
| All Other Business Units | 299,813             | 126,206             | 75,578              |
| Total revenue            | <u>\$ 1,494,206</u> | <u>\$ 1,270,236</u> | <u>\$ 1,167,478</u> |

|                                       | Year Ended June 30, |                  |                  |
|---------------------------------------|---------------------|------------------|------------------|
|                                       | 2015                | 2014             | 2013             |
| <b>Income (loss) from operations:</b> |                     |                  |                  |
| Vistaprint Business Unit              | \$ 346,161          | \$ 314,255       | \$ 246,863       |
| All Other Business Units              | (12,379)            | (17,930)         | (14,921)         |
| Corporate and global functions        | (237,458)           | (210,411)        | (185,818)        |
| Total income from operations          | <u>\$ 96,324</u>    | <u>\$ 85,914</u> | <u>\$ 46,124</u> |

|                                       | Year Ended June 30, |                  |                  |
|---------------------------------------|---------------------|------------------|------------------|
|                                       | 2015                | 2014             | 2013             |
| <b>Depreciation and amortization:</b> |                     |                  |                  |
| Vistaprint Business Unit              | \$ 40,075           | \$ 34,782        | \$ 34,789        |
| All Other Business Units              | 39,797              | 19,154           | 12,460           |
| Corporate and global functions        | 17,628              | 18,346           | 17,076           |
| Total depreciation and amortization   | <u>\$ 97,500</u>    | <u>\$ 72,282</u> | <u>\$ 64,325</u> |

Enterprise Wide Disclosures:

The following tables set forth revenues by geographic area and groups of similar products and services:

|                       | Year Ended June 30, |                     |                     |
|-----------------------|---------------------|---------------------|---------------------|
|                       | 2015                | 2014                | 2013                |
| United States         | \$ 718,072          | \$ 653,216          | \$ 606,246          |
| Non-United States (1) | 776,134             | 617,020             | 561,232             |
| Total revenue         | <u>\$ 1,494,206</u> | <u>\$ 1,270,236</u> | <u>\$ 1,167,478</u> |

|   | Year Ended June 30, |                     |                     |
|---|---------------------|---------------------|---------------------|
|   | 2015                | 2014                | 2013                |
| Physical printed products and other (2) | \$ 1,423,110        | \$ 1,189,905        | \$ 1,084,698        |
| Digital products/services               | 71,096              | 80,331              | 82,780              |
| Total revenue                           | <u>\$ 1,494,206</u> | <u>\$ 1,270,236</u> | <u>\$ 1,167,478</u> |

(1) Our non-United States revenue includes the Netherlands, our country of domicile. Revenue earned in any other individual country other than the United States was not greater than 10% of consolidated revenue for the periods presented.

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

The following tables set forth long-lived assets by geographic area:

|                        | June 30,<br>2015  | June 30,<br>2014  |
|------------------------|-------------------|-------------------|
| Long-lived assets (3): |                   |                   |
| Canada                 | \$ 99,474         | \$ 100,369        |
| Netherlands            | 98,288            | 106,918           |
| Switzerland            | 41,357            | 31,201            |
| United States          | 31,417            | 30,920            |
| Italy                  | 28,548            | 20,356            |
| Australia              | 26,908            | 35,367            |
| Jamaica                | 23,814            | 25,431            |
| France                 | 21,449            | —                 |
| Japan                  | 16,219            | —                 |
| Other                  | 29,946            | 26,202            |
| <b>Total</b>           | <b>\$ 417,420</b> | <b>\$ 376,764</b> |

(3) Excludes goodwill of \$400,629 and \$317,187, intangible assets, net of \$151,063 and \$110,214, project construction costs of \$104,315 and \$18,117 related to our Waltham lease, and deferred tax assets of \$17,172 and \$8,762 as of June 30, 2015 and 2014, respectively.

## 18. Commitments and Contingencies

### Lease Commitments

We have commitments under operating leases for our facilities that expire on various dates through 2026, including the Waltham lease arrangement discussed in Note 6. Total lease expense, net of sublease income for the years ended June 30, 2015, 2014 and 2013 was \$16,926, \$14,151 and \$11,720, respectively.

We also lease certain machinery and plant equipment under both capital and operating lease agreements that expire at various dates through 2020. The aggregate carrying value of the leased equipment under capital leases included in property, plant and equipment, net in our consolidated balance sheet at June 30, 2015, is \$27,693, net of accumulated depreciation of \$4,681; 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, 2015 amounts to \$23,633.

Future minimum payments required for our lease obligations for the next five fiscal years and thereafter are as follows at June 30, 2015:

|              | Operating lease<br>obligations | Build-to-suit lease<br>obligations (1) | Capital lease obligations |
|--------------|--------------------------------|--|---------------------------|
| 2016         | \$ 7,697                       | \$ 10,475                              | \$ 9,150                  |
| 2017         | 6,169                          | 12,569                                 | 7,083                     |
| 2018         | 4,300                          | 12,569                                 | 4,854                     |
| 2019         | 3,775                          | 12,569                                 | 2,419                     |
| 2020         | 4,345                          | 12,569                                 | 562                       |
| Thereafter   | 12,941                         | 71,018                                 | 35                        |
| <b>Total</b> | <b>\$ 39,227</b>               | <b>\$ 131,769</b>                      | <b>\$ 24,103</b>          |

(1) Minimum payments relate to our Waltham lease obligation, please refer to Note 6 for additional details.

### Purchase Obligations

At June 30, 2015, we had unrecorded commitments under contract of \$27,052, which were principally composed of inventory purchase commitments of approximately \$1,924, production and computer equipment purchases of approximately \$14,519, and other unrecorded purchase commitments of \$10,609.

## Debt

The required principal payments due during the next five years and thereafter under our outstanding long-term debt obligations (excluding our short-term uncommitted credit facility) at June 30, 2015 are as follows:

|            |    |                |
|------------|----|----------------|
| 2016       | \$ | 18,217         |
| 2017       |    | 17,995         |
| 2018       |    | 23,585         |
| 2019       |    | 78,995         |
| 2020       |    | 102,819        |
| Thereafter |    | 276,925        |
| Total      | \$ | <u>518,536</u> |

## Other Obligations

We have an outstanding installment obligation of \$13,325 related to the fiscal 2012 intra-entity transfer of the intellectual property of our subsidiary Webs, Inc., which results in tax being paid over a 7.5 year term and has been classified as a deferred tax liability in our consolidated balance sheet as of June 30, 2015. Other obligations also include the remaining fixed contingent consideration payment related to our fiscal 2014 acquisition of Printdeal of \$7,833 payable during the fourth quarter of fiscal 2016 and the deferred payment for our fiscal 2015 acquisition of druck.at of \$2,980.

## 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.

## 19. Quarterly Financial Data (unaudited)

| Year Ended June 30, 2015                                   | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
|--|---------------|----------------|---------------|----------------|
| Revenue  | \$ 333,932    | \$ 439,905     | \$ 339,901    | \$ 380,468     |
| Cost of revenue  | 130,221       | 156,620        | 125,540       | 156,218        |
| Net income (loss)  | 23,417        | 62,862         | 7,925         | (4,892)        |
| Net income (loss) attributable to Cimpress N.V.            | 23,694        | 63,609         | 8,611         | (3,702)        |
| Net income (loss) per share attributable to Cimpress N.V.: |               |                |               |                |
| Basic  | \$ 0.73       | \$ 1.96        | \$ 0.26       | \$ (0.11)      |
| Diluted  | \$ 0.71       | \$ 1.89        | \$ 0.25       | \$ (0.11)      |

| Year Ended June 30, 2014                            | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
|---|---------------|----------------|---------------|----------------|
| Revenue   | \$ 275,089    | \$ 370,807     | \$ 286,185    | \$ 338,155     |
| Cost of revenue                                     | 95,790        | 120,789        | 100,903       | 133,611        |
| Net income  | 412           | 40,875         | 1,341         | 688            |
| Net income attributable to Cimpress N.V.            | 412           | 40,875         | 1,375         | 1,034          |
| Net income per share attributable to Cimpress N.V.: |               |                |               |                |
| Basic   | \$ 0.01       | \$ 1.24        | \$ 0.04       | \$ 0.03        |
| Diluted   | \$ 0.01       | \$ 1.18        | \$ 0.04       | \$ 0.03        |

Basic and diluted net income (loss) per share attributable to Cimpres N.V. are computed independently for each of the quarters presented. Therefore, the sum of quarterly basic and diluted per share information may not equal annual basic and diluted net income per share.

## **20. Subsequent Event**

Pursuant to the share repurchase authorization approved on December 11, 2014 we have purchased 1,027,625 of our ordinary shares subsequent to June 30, 2015 and through August 13, 2015 for a total cost of \$69,751, inclusive of transaction costs.

## **Item 9. Changes in and Disagreement with Accountants on Accounting and Financial Disclosure**

None.

### **Item 9A. Controls and Procedures**

#### **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, 2015. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under 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 chief executive officer and chief financial officer, 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, 2015, 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 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 quarter ended June 30, 2015 that have 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 the company’s supervisory board, 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, 2015 excluded an assessment of the internal control over financial reporting of FotoKnudsen AS, Exagroup SAS and its subsidiaries, and druck.at Druck-und Handelsgesellschaft mbH, which we acquired during fiscal 2015. The results of these acquired companies are included in our 2015 consolidated financial statements and represent approximately \$74.3 million and \$17.3 million of consolidated total assets and net assets, respectively, as of June 30, 2015 and \$44.1 million and \$0.9 million of consolidated revenue and net income attributable to Cimpress N.V., respectively, for the year then ended.



Our management assessed the effectiveness of our internal control over financial reporting as of June 30, 2015. 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, 2015, our internal control over financial reporting is effective based on criteria in *Internal Control - Integrated Framework* (2013) issued by the COSO.

PricewaterhouseCoopers LLP, our independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of June 30, 2015, as stated in their report included on page 48.

**Item 9B. Other Information**

None.

**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance**

The information required by this item is incorporated by reference to the information in the sections captioned “Information about our Supervisory Board members and Executive Officers,” “Corporate Governance” and “Section 16(a) Beneficial Ownership Reporting Compliance” contained in our definitive proxy statement for our 2015 Annual General Meeting of Shareholders, which we refer to as our 2015 Proxy Statement.

We have adopted a written code of business conduct and ethics that applies to all of our employees, including our principal executive officer, principal financial officer and principal accounting officer, and is available on our website at [www.cimpress.com](http://www.cimpress.com). We did not waive any provisions of this code during the fiscal year ended June 30, 2015. If we amend, or grant a waiver under, our code of business conduct and ethics that applies to our principal executive, financial or accounting officers, or persons performing similar functions, we will post information about such amendment or waiver on our website at [www.cimpress.com](http://www.cimpress.com).

**Item 11. Executive Compensation**

The information required by this item is incorporated by reference to the information contained in the sections of our 2015 Proxy Statement captioned “Executive Compensation,” “Compensation of Supervisory Board Members” and “Compensation Committee Interlocks and Insider Participation.”

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by this item is incorporated by reference to the information contained in the sections of our 2015 Proxy Statement captioned “Security Ownership of Certain Beneficial Owners and Management” and “Securities Authorized for Issuance Under Equity Compensation Plans.”

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by this item is incorporated by reference to the information contained in the sections of our 2015 Proxy Statement captioned “Certain Relationships and Related Transactions” and “Corporate Governance.”

**Item 14. Principal Accountant Fees and Services**

The information required by this item is incorporated by reference to the information contained in the section of our 2015 Proxy Statement captioned “Independent Registered Public Accounting Firm Fees and Other Matters.”

**PART IV**

**Item 15. Exhibits, Financial Statement Schedules**

(a) Consolidated Financial Statements.

For a list of the consolidated financial information included herein, see Index to the Consolidated Financial Statements on page 47 of this Report.

(b) List of Exhibits.

See the Exhibit Index attached to this Report.

(c) Financial Statement Schedules.

All schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the accompanying consolidated financial statements or notes thereto.



## EXHIBIT INDEX

| Exhibit No. | Description  |
|-------------|--|
| 3.1         | Articles of Association of Cimpress N.V., as amended, is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2014   |
| 4.1         | Senior Notes Indenture (including Form of Notes), dated as of March 24, 2015, between Cimpress N.V., certain subsidiaries of Cimpress N.V. as guarantors thereto, and MUFG Union Bank, N.A., as trustee, is incorporated by reference to our Current Report on Form 8-K filed with the SEC on March 24, 2015 |
| 10.1*       | 2005 Non-Employee Directors' Share Option Plan, as amended, is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2010 (File No. 000-51539)   |
| 10.2*       | Form of Nonqualified Share Option Agreement under our 2005 Non-Employee Directors' Share Option Plan is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2009 (File No. 000-51539)  |
| 10.3*       | Amended and Restated 2005 Equity Incentive Plan, as amended, is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2010 (File No. 000-51539)  |
| 10.4*       | Form of Nonqualified Share Option Agreement under our Amended and Restated 2005 Equity Incentive Plan is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2009 (File No. 000-51539)   |
| 10.5*       | 2011 Equity Incentive Plan is incorporated by reference to Appendix A to our Definitive Proxy Statement on Schedule 14A dated and filed with the SEC on June 8, 2011   |
| 10.6*       | Form of Nonqualified Share Option Agreement under our 2011 Equity Incentive Plan is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2011   |
| 10.7*       | Form of Restricted Share Unit Agreement for employees and executives under our 2011 Equity Incentive Plan is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2011  |
| 10.8*       | Form of Restricted Share Unit Agreement for Supervisory Board members under our 2011 Equity Incentive Plan   |
| 10.9*       | 2015 Inducement Share Plan   |
| 10.10*      | Form of Restricted Share Award Agreement under 2015 Inducement Share Plan  |
| 10.11*      | Amended and Restated Performance Incentive Plan for Covered Employees is incorporated by reference to Appendix A to our Definitive Proxy Statement on Schedule 14A dated and filed with the SEC on October 16, 2013  |
| 10.12*      | Form of Annual Award Agreement for fiscal year 2015 under our Performance Incentive Plan for Covered Employees is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2014   |
| 10.13*      | Form of Four-Year Award Agreement for fiscal years 2012-2015 under our Performance Incentive Plan for Covered Employees is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2011  |
| 10.14*      | Form of Indemnification Agreement between Cimpress N.V. and each of our executive officers and members of our Supervisory Board and Management Board is incorporated by reference to our Current Report on Form 8-K filed with the SEC on August 31, 2009 (File No. 000-51539)                               |
| 10.15*      | Amended and Restated Executive Retention Agreement between Cimpress N.V. (formerly Vistaprint N.V.) and Robert S. Keane dated as of October 23, 2009 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2009 (File No. 000-51539)                  |
| 10.16*      | Executive Retention Agreement between Cimpress N.V. and Ernst Teunissen dated as of March 1, 2011 is incorporated by reference to our Annual Report on Form 10-K for the fiscal year ended June 30, 2011   |
| 10.17*      | Form of Executive Retention Agreement between Cimpress N.V. and each of Katryn Blake and Donald Nelson is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2009 (File No. 000-51539)  |
| 10.18*      | Employment Agreement between Cimpress USA Incorporated (formerly Vistaprint USA, Incorporated) and Robert S. Keane effective September 1, 2009 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2010 (File No. 000-51539)                            |
| 10.19*      | Amendment No. 1 to Employment Agreement between Cimpress USA Incorporated and Robert S. Keane dated June 14, 2010 is incorporated by reference to our Annual Report on Form 10-K for the fiscal year ended June 30, 2010 (File No. 000-51539)  |
| 10.20*      | Amendment No. 2 to Employment Agreement between Cimpress USA Incorporated and Robert S. Keane dated September 28, 2011 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2011   |
| 10.21*      | Amendment No. 3 to Employment Agreement between Cimpress USA Incorporated and Robert S. Keane dated July 25, 2012 is incorporated by reference to our Annual Report on Form 10-K for the fiscal year ended June 30, 2012   |
| 10.22*      | Amendment No. 4 to Employment Agreement between Cimpress USA Incorporated and Robert S. Keane dated September 1, 2013 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2013  |
| 10.23*      | Amendment No. 5 to Employment Agreement between Cimpress USA Incorporated and Robert S. Keane dated September 30, 2014 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2014   |

- 10.24\* Memorandum clarifying relative precedence of agreements between Cimpress N.V. and Robert S. Keane dated May 6, 2010 is incorporated by reference to our Annual Report on Form 10-K for the fiscal year ended June 30, 2010 (File No. 000-51539)
- 10.25\* Employment Agreement between Cimpress USA Incorporated and Ernst Teunissen effective July 1, 2011 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2011
- 10.26\* Amendment No. 1 to Employment Agreement between Cimpress USA Incorporated and Ernst Teunissen dated July 24, 2012 is incorporated by reference to our Annual Report on Form 10-K for the fiscal year ended June 30, 2012
- 10.27\* Amendment No. 2 to Employment Agreement between Cimpress USA Incorporated and Ernst Teunissen dated September 1, 2013 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2013
- 10.28\* Amendment No. 3 to Employment Agreement between Cimpress USA Incorporated and Ernst Teunissen dated September 30, 2014 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2014
- 10.29\* Form of Invention and Non-Disclosure Agreement between Cimpress and each of Robert Keane, Katryn Blake, and Donald Nelson is incorporated by reference to our Registration Statement on Form S-1, as amended (File No. 333-125470)
- 10.30\* Form of Confidential Information and Non-Competition Agreement between Cimpress and each of Robert S. Keane, Katryn Blake, and Donald Nelson is incorporated by reference to our Registration Statement on Form S-1, as amended (File No. 333-125470)
- 10.31\* Summary of Compensatory Arrangements with Members of the Supervisory Board is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2013
- 10.32 Amendment and Restatement Agreement dated as of February 8, 2013 among Cimpress N.V., Vistaprint Limited, Cimpress Schweiz GmbH (formerly Vistaprint Schweiz GmbH), Vistaprint B.V., and Cimpress USA Incorporated (formerly Vistaprint USA, Incorporated), as borrowers (the "Borrowers"); the lenders named therein as lenders (the "Lenders"); and JPMorgan Chase Bank N.A., as administrative agent for the Lenders (the "Administrative Agent"), which amends and restates the senior Credit Agreement dated as of October 21, 2011, as amended, among the Borrowers, the Lenders, and the Administrative Agent is incorporated by reference to our Current Report on Form 8-K filed with the SEC on February 13, 2013
- 10.33 Amendment No. 1 dated as of January 17, 2014 to Credit Agreement dated as of October 21, 2011, as amended and restated as of February 8, 2013, among Cimpress N.V., Vistaprint Limited, Cimpress Schweiz GmbH, Vistaprint B.V., and Cimpress USA Incorporated, as borrowers; the lenders named therein as lenders; and JPMorgan Chase Bank N.A., as administrative agent for the lenders is incorporated by reference to our Current Report on Form 8-K filed with the SEC on January 22, 2014
- 10.34 Amendment No. 2 dated as of September 23, 2014 to Credit Agreement dated as of October 21, 2011, as amended and restated as of February 8, 2013, among Cimpress N.V., Vistaprint Limited, Cimpress Schweiz GmbH, Vistaprint B.V., and Cimpress USA Incorporated, as borrowers; the lenders named therein as lenders; and JPMorgan Chase Bank N.A., as administrative agent for the lenders, is incorporated by reference to our Current Report on Form 8-K filed with the SEC on September 25, 2014
- 10.35 Amendment No. 3 dated as of March 10, 2015 to Credit Agreement dated as of October 21, 2011, as amended and restated as of February 8, 2013, among Cimpress N.V., Vistaprint Limited, Cimpress Schweiz GmbH, Vistaprint B.V., and Cimpress USA Incorporated, as borrowers; the lenders named therein as lenders; and JPMorgan Chase Bank N.A., as administrative agent for the lenders, is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2015
- 10.36 Form of Pledge and Security Agreement dated as of February 8, 2013 between each of Cimpress USA Incorporated and Webs, Inc. and the Administrative Agent is incorporated by reference to our Current Report on Form 8-K filed with the SEC on February 13, 2013
- 10.37 Call Option Agreement between Cimpress N.V. and Stichting Continuïteit Cimpress (formerly Stichting Continuïteit Vistaprint) dated November 16, 2009 is incorporated by reference to our Current Report on Form 8-K filed with the SEC on November 19, 2009 (File No. 000-51539)
- 21.1 Subsidiaries of Cimpress N.V.
- 23.1 Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm
- 23.2 Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm
- 31.1 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Rule 13a-14(a)/15d-14(a), by Chief Executive Officer
- 31.2 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Rule 13a-14(a)/15d-14(a), by Chief Financial Officer
- 32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Chief Executive Officer and Chief Financial Officer
- 101 The following materials from this Annual Report on Form 10-K, formatted in Extensible Business Reporting Language (XBRL): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Cash Flows, and (iv) Notes to Condensed Consolidated Financial Statements.

---

\* Management contract or compensatory plan or arrangement

Form of  
2011 Equity Incentive Plan  
Restricted Share Unit Agreement

1. Grant of Award. This Agreement evidences the grant by Cimpress N.V., a Netherlands company (the “Company”), on %%OPTION\_DATE, 'Month DD, YYYY'%% to %%FIRST\_NAME%% %%LAST\_NAME%% (the “Participant”) of %%TOTAL\_SHARES\_GRANTED%% restricted share units (the “Units”) with respect to a total of %%TOTAL\_SHARES\_GRANTED%% ordinary shares of the Company, €0.01 par value per share (the “Shares”), on the terms of this Agreement and the Company’s 2011 Equity Incentive Plan (the “Plan”).

Except as otherwise indicated by the context, the term “Participant,” as used in this award, is deemed to include any person who acquires rights under this award validly under its terms.

2. Vesting.

(a) Subject to the terms and conditions of this award, the Units vest as to 12.5% of the original number of Units at the end of each successive three-month period after the date set forth in Section 1 above until the second anniversary of such date. On each vesting date, each Unit becoming vested is automatically converted into a Share on a one-to-one basis.

(b) This vesting schedule requires that, at the time any Units vest, the Participant is, and has been at all times since the date in Section 1 above on which the Units were granted, an employee, officer or director of, or consultant or advisor to, the Company or any parent or subsidiary of the Company as defined in Section 424(e) or (f) of the **United States** Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the “Code”). Therefore, the Participant expressly accepts and agrees that any termination of his or her relationship with the Company for any reason whatsoever (including without limitation unfair or objective dismissal, permanent disability, resignation or desistance) automatically means the forfeiture of all of his or her unvested Units, with no compensation whatsoever. The Participant acknowledges and accepts that this is an essential condition of this Agreement and expressly agrees to this condition. If the Participant serves as an employee, officer or director of, or consultant or advisor to, a parent or subsidiary of the Company, any references in this Agreement to such relationship with the Company or termination of such relationship with the Company are instead deemed to refer to such parent or subsidiary.

(c) If for any reason the Participant ceases to be an employee, officer or director of, or consultant or advisor to, the Company or any parent or subsidiary of the Company as defined in Section 2(b) above, then the vesting of Units ceases and the Participant has no further rights with respect to any unvested Units. If the Participant violates the non-competition or confidentiality provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Participant and the Company or a parent or subsidiary of the Company, then the vesting of Units ceases, and this award terminates immediately upon such violation.

3. Timing and Form of Distribution. The Company shall distribute to the Participant Shares on a one-to-one basis with respect to the Units that become vested on each vesting date, as soon as practicable after each vesting date but in no event later than 45 days after the applicable vesting date, except that in the case of Participants who are not subject to U.S. income taxes on this award, the Distribution Date may be a later date if required by local law. Each date of distribution of Shares is referred to as the “Distribution Date.” The Participant receives distributions only with respect to his or her vested Units and has no right to a distribution of Shares with respect to unvested Units unless and until such Units vest. Once a Share with respect to a vested Unit has been distributed pursuant to this award, the Participant has no further rights with respect to that Unit.

4. Withholding. The Participant is required to satisfy the payment of any Withholding Taxes required to be withheld with respect to the vesting of Units. "Withholding Taxes" includes, as applicable and without limitation, federal, state, local, foreign and provincial income tax, social insurance contributions, payroll tax, payment on account or other tax-related items. The Participant acknowledges that the ultimate liability for all taxes relating to this award is and remains the Participant's responsibility and may exceed the amount that the Company withholds. The Company has no obligation to structure the terms of this award to reduce or eliminate the Participant's liability for Withholding Taxes or to achieve any particular tax result. Furthermore, if the Participant is subject to tax in more than one jurisdiction, the Participant acknowledges that the Company may be required to withhold or account for Withholding Taxes in more than one jurisdiction. In order to satisfy the Withholding Taxes owed with respect to the vesting of Units, the Participant agrees as follows:

(a) Unless the Company, in its sole discretion, determines that the procedure set forth in this Section 4(a) is not advisable or unless the Participant is subject to Swiss income taxes on any income from this award, at the Distribution Date the Company shall withhold a number of Shares with a fair market value equal to the amount necessary to satisfy the minimum amount of Withholding Taxes due on such Distribution Date.

(b) If the Company, in its sole discretion, determines that the procedure set forth in Section 4(a) is not advisable or sufficient or if the Participant is subject to Swiss income taxes on any income from this award, then the Participant, as a condition to receiving any Shares upon the vesting of Units, shall (i) pay to the Company, by cash or check, or in the sole discretion of the Company, payroll deduction, an amount sufficient to satisfy any Withholding Taxes or otherwise make arrangements satisfactory to the Company for the payment of such amounts (including through offset of any amounts otherwise payable by the Company to the Participant, including salary or other compensation); or (ii) if the Company permits, make an arrangement that is acceptable to the Company with a creditworthy broker to sell, at the market price on the applicable Distribution Date, the number of Shares that the Company has instructed such broker is necessary to obtain proceeds sufficient to satisfy the Withholding Taxes applicable to the Shares to be distributed to the Participant on the Distribution Date (based on the fair market value of Shares on the Distribution Date) and to remit such proceeds to the Company; or (iii) only if the Participant is subject to Swiss income taxes on any income from this award, instruct the Company to withhold Shares as set forth in Section 4(a) above. The Participant agrees to execute and deliver such documents as may be reasonably required in connection with the sale of any Shares pursuant to this Section 4(b).

5. Nontransferability of Award. The Participant shall not sell, assign, transfer, pledge or otherwise encumber this award, either voluntarily or by operation of law, except by will or the laws of descent and distribution. However, with respect to any award that is exempt from the provisions of Section 409A of the Code and the guidance thereunder ("Section 409A") or with respect to a Participant who is not subject to U.S. income taxes on any income from this award, the Participant may transfer the award (a) pursuant to a qualified domestic relations order or (b) if the Company consents, to or for the benefit of any immediate family member, family trust, family partnership or family limited liability company established solely for the benefit of the holder and/or an immediate family member of the holder, if, in each case, as a condition to the transfer the transferee agrees to be subject to, and bound by, the terms of this Agreement. However, the Participant shall not transfer this award to any proposed transferee if, with respect to such proposed transferee, the Company would not be eligible to use a Form S-8 for the registration of the issuance and sale of the Shares subject to this award under the United States Securities Act of 1933, as amended.

6. No Right to Employment or Other Status. This award shall not be construed as giving the Participant the right to employment or any other relationship with the Company or any parent or subsidiary of the Company. The Company and any parent or subsidiary of the Company expressly reserve the right to dismiss or otherwise terminate its relationship with the Participant free from any liability or claim under the Plan or this award, except as expressly provided in this award.

7. No Rights as Shareholder. The Participant has no rights as a shareholder with respect to any Shares distributable under this award until such Shares are issued to the Participant.

8. Provisions of the Plan. This award is subject to the provisions of the Plan, a copy of which is furnished to the Participant with this award.
9. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the Units and on any Shares acquired under the Plan to the extent the Company determines it is necessary or advisable in order to comply with federal, state, local, foreign or provincial laws or to facilitate the administration of the Plan, except that with respect to awards that are subject to Section 409A, to the extent so permitted under Section 409A. Furthermore, the parties hereto agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement and the Plan.
10. Data Privacy Notice and Consent. The Participant understands that the Company and its subsidiaries hold certain personal information about the Participant, including the Participant's name, home address and telephone number, date of birth, social security number or identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all equity awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the purpose of managing and administering the Plan ("Data"). The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of his or her Data by the Company and its subsidiaries and affiliates and understands and agrees that the Company and/or its subsidiaries will transfer Data amongst themselves as necessary for employment purposes, including implementation, administration and management of the Participant's participation in the Plan, and that the Company and/or any of its subsidiaries may each further transfer Data to E\*Trade Financial Services, Inc. or another stock plan service provider or other third parties assisting the Company with processing of Data. The Participant understands that these recipients may be located in the United States, and that the recipient's country may have different data privacy laws and protections than in the Participant's country. The Participant authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes described in this Section, including any requisite transfer to E\*Trade Financial Services, Inc., or such other stock plan service provider or other third party as may be required for the administration of the Plan or the subsequent holding of Shares on the Participant's behalf. The Participant understands that he or she may, at any time, request access to the Data, request any necessary amendments to it or refuse or withdraw the consents in this Section, in any case without cost, by contacting in writing his or her local human resources representative. The Participant understands, however, that withdrawal of consent may affect the Participant's ability to participate in or realize benefits from the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, the Participant understands that he or she may contact the Company's General Counsel.

11. Change in Control Events.

(a) Upon the occurrence of a Change in Control Event (as defined below), regardless of whether such event also constitutes a Reorganization Event (as defined in the Plan), except to the extent specifically otherwise provided in another agreement between the Company and the Participant, all of the then unvested Units become vested upon the consummation of the Change in Control Event without any action on the part of the Company, the acquiring or succeeding corporation or the Participant.

(b) For purposes of this Agreement, "Change in Control Event" means:

- (i) the acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the United States Securities Exchange Act of 1934) (a "Person") of beneficial ownership of any capital shares or equity of the Company if, after such acquisition, such Person beneficially owns (within the meaning of Rule 13d-3 promulgated under such Securities Exchange Act) 50% or more of either (x) the then-outstanding ordinary shares of the Company (the "Outstanding Company Ordinary Shares") or (y) the combined voting power of the then-outstanding securities of the Company entitled to vote generally in the election of the members of the Supervisory Board (the "Outstanding Company Voting Securities"), except that for purposes of this subsection (i), the following acquisitions do not constitute a Change in Control Event: (A) any



acquisition directly from the Company (excluding an acquisition pursuant to the exercise, conversion or exchange of any security exercisable for, convertible into or exchangeable for ordinary shares or voting securities of the Company, unless the Person exercising, converting or exchanging such security acquired such security directly from the Company or an underwriter or agent of the Company), (B) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (C) any acquisition by any corporation pursuant to a Business Combination (as defined below) that complies with clauses (x) and (y) of subsection (ii) of this definition; or

(ii) the consummation of a merger, consolidation, reorganization, recapitalization or share exchange involving the Company or a sale or other disposition of all or substantially all of the assets of the Company (a “Business Combination”), unless, immediately after such Business Combination, each of the following two conditions is satisfied: (x) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Ordinary Shares and Outstanding Company Voting Securities immediately before such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding ordinary shares and the combined voting power of the then-outstanding securities entitled to vote generally in the election of the members of the Supervisory Board or the members of the Board of Directors, as the case may be, of the resulting or acquiring corporation in such Business Combination (which includes, without limitation, a corporation that as a result of such transaction owns the Company or substantially all of the Company’s assets either directly or through one or more subsidiaries) (such resulting or acquiring corporation is referred to as the “Acquiring Corporation”) in substantially the same proportions as their ownership of the Outstanding Company Ordinary Shares and Outstanding Company Voting Securities immediately before such Business Combination and (y) no Person (excluding the Acquiring Corporation or any employee benefit plan or related trust maintained or sponsored by the Company or by the Acquiring Corporation) beneficially owns, directly or indirectly, 30% or more of the then-outstanding ordinary shares of the Acquiring Corporation, or of the combined voting power of the then-outstanding securities of such corporation entitled to vote generally in the election of the members of the Supervisory Board or the members of the Board of Directors, as the case may be, (except to the extent that such ownership existed before the Business Combination).

12. Section 409A.

(a) This award is intended to comply with or be exempt from the requirements of Section 409A and shall be construed consistently therewith. Subject to Sections 10(f) and 11(d) of the Plan, the Company reserves the right, to the extent the Company deems necessary or advisable in its sole discretion, to unilaterally amend the Plan or this Agreement to prevent this award from becoming subject to the requirements of Section 409A. However, the Company makes no representations or warranties and has no liability to the Participant or to any other person if any of the provisions of or payments under this award are determined to constitute nonqualified deferred compensation subject to Section 409A but do not satisfy the requirements of Section 409A.

(b) If the Units are considered to be “nonqualified deferred compensation” within the meaning of Section 409A, and the Participant is considered a “specified employee” within the meaning of Section 409A, then notwithstanding anything to the contrary in this Agreement, the Company shall not deliver to the Participant any Shares required to be delivered upon vesting of Units that occurs upon a termination of employment until the earlier of (i) the six-month and one-day anniversary of the Participant’s termination of employment and (ii) the Participant’s death. In addition, solely to the extent that the Units are considered to be “nonqualified deferred compensation” and solely to the extent that another agreement between the Participant and the Company provides for vesting of the Units and delivery of the Shares upon a “change in control,” such event must constitute a “change in control event” within the meaning of Treasury Regulation Section 1.409A-3(i)(5) (i) in order for the Shares to be delivered.

(c) For purposes of Section 12(b) of this Agreement, “termination of employment” and similar terms mean “separation from service” within the meaning of Section 409A. The determination of whether and when Participant’s separation from service from the Company has occurred shall be made in a manner consistent with, and based on the presumptions set forth in, Treasury Regulation Section 1.409A-1(h). Solely for purposes of this Section 12(c), “Company” includes all persons with whom the Company would be considered a single employer under Section 414(b) and 414(c) of the Code.

13. Language. If the Participant receives this Agreement or any other document related to the Plan translated into a language other than English, the English version controls.

14. Electronic Delivery. The Company may, in its sole discretion, deliver any documents related to current or future participation in the Plan by electronic means. The Participant consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

15. Addendum. The Units and the Shares acquired under the Plan are subject to any country-specific terms and conditions set forth in any addendum to this Agreement or the Plan, and in the event of a conflict between this Agreement and any such addendum, the addendum governs. If the Participant relocates his or her residence to one of the countries included in any such addendum, the terms and conditions of such applicable addendum apply to the Participant to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Each such addendum, if any, constitutes part of this Agreement.

The parties have executed this Agreement.

**CIMPRESS N.V.**

**PARTICIPANT**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

**CIMPRESS N.V.**  
**2015 INDUCEMENT SHARE PLAN**

**SECTION 1. GENERAL PURPOSE OF THE PLAN; DEFINITIONS**

The name of the plan is the Cimpress N.V. 2015 Inducement Share Plan (the “Plan”). The purpose of the Plan is to enable Cimpress N.V., a public limited company (*naamloze vennootschap*) incorporated under the laws of the Netherlands (the “Company”), and its Subsidiaries to grant equity awards to induce certain prospective officers and employees who are not currently employed by the Company and its Subsidiaries to accept employment (subject to the prior consummation of the transactions contemplated by the Share Purchase Agreement (as defined below)). The Company intends that the Plan be reserved for persons to whom the Company may issue securities without shareholder approval as an inducement pursuant to Rule 5635(c)(4) of the Marketplace Rules of the Nasdaq Stock Market, Inc.

The following terms are defined as set forth below:

“*Administrator*” means either the Board or the compensation committee of the Board or a similar committee performing the functions of the compensation committee that comprises no fewer than two directors who are independent and not employees of the Company or any Subsidiary.

“*Award*” or “*Awards*” means a restricted share award made under the Plan entitling the recipient to acquire, at such purchase price (which may be zero, which may be paid in kind, or which may be a consideration equivalent to market value) as determined by the Administrator, Shares subject to such restrictions and conditions as the Administrator may determine at the time of grant and set out in the Plan and in an Award Agreement entered into between the Company and the recipient.

“*Award Agreement*” means a written or electronic document setting forth the terms and provisions applicable to an Award granted under the Plan. Each Award Agreement is subject to the terms and conditions of the Plan.

“*Board*” means the Company’s Management Board and/or Supervisory Board, as may be permitted by applicable law in any particular instance.

“*Change in Control Event*” means (i) the acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934) (a “Person”) of beneficial ownership of any capital shares or equity of the Company if, after such acquisition, such Person beneficially owns (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934) 50 percent or more of either (x) the then-outstanding Shares (the “Outstanding Company Ordinary Shares”) or (y) the combined voting power of the then-outstanding securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that for purposes of this subsection (i), the following acquisitions do not constitute a Change in Control Event: (A) any acquisition directly from the Company (excluding an acquisition pursuant to the exercise, conversion or exchange of any security exercisable for, convertible into or exchangeable for Shares or voting securities of the Company, unless the Person exercising, converting or exchanging such security acquired such security directly from the Company or an underwriter or agent of the Company), (B) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (C) any acquisition by any corporation pursuant to a Business Combination (as defined below) that complies with clauses (x) and (y) of subsection (ii) of this definition; or (ii) the consummation of a merger, consolidation, reorganization, recapitalization or share exchange involving the Company or a sale or other disposition of all or substantially all of the assets of the Company (a “Business Combination”), unless, immediately following such Business Combination, each of the following two conditions is satisfied: (x) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Ordinary Shares and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50

percent of the then-outstanding ordinary shares and the combined voting power of the then-outstanding securities entitled to vote generally in the election of directors, respectively, of the resulting or acquiring corporation in such Business Combination (which includes, without limitation, a corporation that as a result of such transaction owns the Company or substantially all of the Company's assets either directly or through one or more subsidiaries) (such resulting or acquiring corporation is referred to herein as the "Acquiring Corporation") in substantially the same proportions as their ownership of the Outstanding Company Ordinary Shares and Outstanding Company Voting Securities, respectively, immediately prior to such Business Combination and (y) no Person (excluding the Acquiring Corporation or any employee benefit plan (or related trust) maintained or sponsored by the Company or by the Acquiring Corporation) beneficially owns, directly or indirectly, 30% or more of the then-outstanding ordinary shares of the Acquiring Corporation, or of the combined voting power of the then-outstanding securities of such corporation entitled to vote generally in the election of directors (except to the extent that such ownership existed prior to the Business Combination).

"*Reorganization Event*" means (i) any merger or consolidation of the Company with or into another entity as a result of which the Shares are converted into or exchanged for the right to receive cash, securities or other property; or (ii) any exchange of shares of the Company for cash, securities or other property pursuant to a share exchange transaction.

"*Share Purchase Agreement*" means a share purchase agreement expected to be entered into on or about July 31, 2015, between Cimpres UK Limited (a company incorporated in England & Wales with registered number 08708460 with registered office at 2 Pancras Square, Kings Cross, London N1C 4AG) and Paul Anderson.

"*Shares*" means the Company's ordinary shares, par value €0.01 per share, of the Company, subject to adjustments pursuant to Section 3.

"*Subsidiary*" means any corporation or other entity (other than the Company) in which the Company has at least a 50 percent interest, either directly or indirectly.

## SECTION 2. ADMINISTRATION OF PLAN; ADMINISTRATOR AUTHORITY TO SELECT GRANTEEES AND DETERMINE AWARDS

(a) Administration of Plan. The Administrator shall administer the Plan.

(b) Powers of Administrator. The Administrator has the power and authority to grant Awards consistent with the terms of the Plan, including the power and authority: (i) to select the individuals to whom Awards may from time to time be granted; (ii) to determine the time or times of grant, and the extent, of Awards, granted to any one or more grantees; (iii) to determine the number of Shares to be covered by any Award; (iv) to determine from time to time the terms and conditions, including restrictions, not inconsistent with the terms of the Plan, of any Award, which terms and conditions may differ among individual Awards and grantees, and to approve the forms of Award Agreements evidencing the same; (v) to accelerate at any time the vesting of all or any portion of any Award; (vi) at any time to adopt, alter and repeal such rules, guidelines and practices for administration of the Plan and for its own acts and proceedings as it deems advisable, provided that such adoption, alteration or repeal does not in any way prejudice or adversely affect any rights of any recipient in terms of any existing Award or Award Agreement without such recipient's consent; (vii) to interpret the terms and provisions of the Plan and any Award (including related written instruments); (viii) to make all determinations it deems advisable for the administration of the Plan, subject to the limitations set forth in the Plan and the Award Agreement; (ix) to decide all disputes on behalf of the Company arising in connection with the Plan; and (x) to otherwise supervise the administration of the Plan. All decisions and interpretations of the Administrator are binding on all persons, including the Company and Plan grantees, subject to the terms of any Award Agreement.

(c) Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award which may include, without limitation, the term of an Award and the provisions applicable if employment or service terminates.

(d) Indemnification. Neither the Board nor the Administrator, nor any member of either or any delegate thereof, is liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan, and the members of the Board and the Administrator (and any delegate thereof) are entitled in all cases to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, reasonable attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under the Company's articles or bylaws or any directors' and officers' liability insurance coverage that may be in effect from time to time and/or any indemnification agreement between such individual and the Company. For the avoidance of doubt, the foregoing exclusion of liability shall not limit, exclude or prejudice the liability of the Company to any recipient in respect of any act, omission, interpretation, construction or determination made by the Administrator in relation to the Plan.

SECTION 3. Shares ISSUABLE UNDER THE PLAN; changes in shares; reorganization and change in control events

(a) Shares Issuable. The maximum number of Shares reserved and available for issuance under the Plan is the number of Shares underlying Awards that are to be granted to eligible grantees pursuant to the terms of: (i) an Exchange Agreement between the Company and Paul Anderson expected to be entered into on or about July 31, 2015; and (ii) the Share Purchase Agreement; subject to adjustment as provided in this Section 3. For purposes of this limitation, the Shares underlying any Awards that are forfeited, canceled or otherwise terminated are not added back to the Shares available for issuance under the Plan. If the Company repurchases Shares on the open market, such Shares are not added to the Shares available for issuance under the Plan. The Shares available for issuance under the Plan may be authorized but unissued Shares or Shares reacquired by the Company.

(b) Changes in Shares. Subject to Section 3(c) hereof, if, as a result of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Company's capital stock, the outstanding Shares are increased or decreased or are exchanged for a different number or kind of shares or other securities of the Company, or additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such Shares or other securities, or, if, as a result of any merger or consolidation, sale of all or substantially all of the assets of the Company, the outstanding Shares are converted into or exchanged for securities of the Company or any successor entity (or a parent or subsidiary thereof), the Administrator (acting fairly and reasonably) shall make an equitable and proportionate adjustment in (i) the maximum number of Shares reserved for issuance under the Plan and (ii) the number and kind of shares or other securities subject to any then outstanding Awards under the Plan. The Administrator (acting fairly and reasonably) shall also make equitable and proportionate adjustments in the number of shares subject to outstanding Awards and the terms of outstanding Awards to take into consideration cash dividends paid other than in the ordinary course or any other extraordinary corporate event. The adjustment by the Administrator is final, binding and conclusive. No fractional Shares shall be issued under the Plan resulting from any such adjustment, but the Administrator in its discretion may make a cash payment in lieu of fractional shares.

(c) Reorganization and Change in Control Events. Except as the Administrator may otherwise specify with respect to particular Awards in the relevant Award Agreement:

(i) Reorganization Event that is not a Change in Control Event. Upon the occurrence of a Reorganization Event that is not a Change in Control Event, the conditions of vesting attached to any Shares under any Award and other rights of the Company under each outstanding Award inure to the benefit of the Company's successor and apply to the cash, securities or other property into which Shares were converted or exchanged pursuant to such Reorganization Event in the same manner and to the same extent as they applied to the Shares subject to such Award.

(ii) Change in Control Event. In the case of and subject to the consummation of a Change in Control Event (regardless of whether such event also constitutes a Reorganization Event), the parties thereto shall cause the assumption or continuation of Awards theretofore granted by the successor entity, or the substitution of such

Awards with new Awards of the successor entity or parent thereof, with appropriate adjustment as to the number and kind of shares, as such parties agree.

#### SECTION 4. ELIGIBILITY

Grantees under the Plan will only be such full- or part-time officers and other employees (including prospective employees) to whom the Company may issue securities without shareholder approval in accordance with Rule 5635(c)(4) of the Marketplace Rules of the Nasdaq Stock Market, Inc.

#### SECTION 5. RESTRICTED SHARE AWARDS

(a) Nature of Awards. The Administrator shall determine the restrictions and conditions applicable to each Award at the time of grant and such restrictions and conditions will be specified in the Award Agreement. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and/or other objectives. The Administrator shall determine the terms and conditions of each such Award Agreement, and such terms and conditions may differ among individual Awards and grantees.

(b) Rights as a Shareholder. Upon the grant of the Award and payment of any applicable purchase price, a grantee has the rights of a shareholder with respect to dividends and to the voting of the unvested Shares subject to the Award, subject to such conditions contained in the Award Agreement.

#### SECTION 6. AMENDMENTS AND TERMINATION

The Board may, at any time, amend or discontinue the Plan and the Administrator may, at any time, amend or cancel any outstanding Award for the purpose of satisfying changes in law or for any other lawful purpose, but no such action shall in any respect prejudice, limit or adversely affect rights under any outstanding Award without the holder's consent. Nothing in this Section 6 limits the Administrator's authority to take any action permitted pursuant to Section 3(b) or 3(c).

#### SECTION 7. GENERAL PROVISIONS

(a) Delivery of Shares. Uncertificated Shares are deemed delivered for all purposes when the Company or a transfer agent of the Company has given to the grantee by electronic mail (with proof of receipt) or by United States mail, addressed to the grantee, at the grantee's last known address on file with the Company, notice of issuance and recorded the issuance in its records (which may include electronic "book entry" records). The Company may impose restrictions applicable to the Shares with the Company's transfer agent. In addition to the terms and conditions provided herein, the Company may require that an individual execute and deliver to the Company such other certificates and instruments as may be necessary or advisable in order to comply with applicable law.

(b) Shareholder Rights. Until Shares are deemed delivered in accordance with Section 7(a), no right to vote or receive dividends or any other rights of a shareholder will exist with respect to Shares to be issued in connection with an Award, notwithstanding any other action by the grantee with respect to an Award.

(c) Other Compensation Arrangements; No Employment Rights. Nothing contained in this Plan prevents the Board from adopting other or additional compensation arrangements, including trusts, and such arrangements may be either generally applicable or applicable only in specific cases. The adoption of this Plan and the grant of Awards do not confer upon any employee any right to continued employment with the Company or any Subsidiary.

(d) Trading Policy Restrictions. Awards are subject to the Company's insider trading policies and procedures.

SECTION 8. EFFECTIVE DATE OF PLAN

This Plan becomes effective upon approval by the Administrator. No Awards may be made hereunder after the tenth anniversary of such date.

SECTION 9. GOVERNING LAW

This Plan and all Awards and actions taken thereunder are be governed by, and construed in accordance with, the laws of the Netherlands, applied without regard to conflict of law principles.

DATE APPROVED BY THE ADMINISTRATOR: July 31, 2015

RESTRICTED SHARE AWARD AGREEMENT  
UNDER THE CIMPRESS N.V.  
2015 INDUCEMENT SHARE PLAN

Name of Grantee: [•]

Number of Shares: [•]

Grant Date: [•]

Pursuant to the Cimpres N.V. 2015 Inducement Share Plan (the "Plan"), Cimpres N.V., a public limited company (*naamloze vennootschap*) incorporated under the laws of the Netherlands (the "Company"), hereby transfers to the Grantee named above the number of ordinary shares, par value €0.01 per share (the "Shares"), of the Company specified above in accordance with Section 2:86c of the Dutch Civil Code, subject to the restrictions and conditions set forth herein and in the Plan (the "Award"), and the Grantee accepts the Shares transferred in accordance with this Award Agreement. This Award is intended to be an award of Shares described in Rule 5635(c)(4) of the Marketplace Rules of the NASDAQ Stock Market, Inc. and is being made to the Grantee as an inducement material to the Grantee's entering into employment with the Company or its Subsidiary after giving effect to, and pursuant to, (i) a Share Purchase Agreement, dated as of July 31, 2015, between Cimpres UK Limited (a wholly-owned subsidiary of the Company) and the Grantee (the "Purchase Agreement"); and (ii) an Exchange Agreement, dated as of July 31, 2015, between the Company and the Grantee (the "Exchange Agreement").

1. Award. The Grantee shall hold the Shares and shall be entered as the shareholder of record on the books of the Company. The Grantee has all the rights of a shareholder with respect to the Shares, including voting and dividend rights, subject, however, to the restrictions and conditions specified in Section 2 below. To the extent that any of the Shares have not yet vested pursuant to Section 3 below, such unvested Shares shall be deemed to be and are hereinafter referred to as "Restricted Shares". Immediately upon vesting, such vested Shares shall cease to be Restricted Shares and the book entries for the Shares shall be free and clear of any and all restrictions imposed by the Company (it being understood that the transferability of such vested Shares shall continue to be subject to (a) the Grantee's compliance with applicable securities laws and (b) for so long as the Grantee's employment relationship with the Company or any of its Subsidiaries or affiliates remains in effect, the Company's insider trading policy). On the date hereof, the Grantee shall deliver to the Company a power of attorney endorsed in blank in the form set forth on Exhibit A hereto. If any of the events specified in Section 4(a) below occur prior the date on which the applicable Shares vest pursuant to Section 3, then in such circumstances the Grantee shall sign all other instruments and documents and take all actions that the Company may deem necessary or desirable in order to transfer the Restricted Shares to the Company as set forth in Section 4 below.

2. Restrictions and Conditions.

(a) The book entries for the Restricted Shares granted herein shall note that the Restricted Shares are subject to the restrictions set forth herein and in the Plan.

(b) Subject to Section 8 below, the Grantee shall not sell, assign, transfer, pledge or otherwise encumber or dispose of the Restricted Shares granted herein prior to vesting. The Restricted Shares



shall not be subject, in whole or in part, to attachment, execution or levy of any kind, and any purported transfer in violation hereof shall be null and void.

3. Vesting of Restricted Shares. Subject to Section 4 below, the restrictions and conditions in Section 2 of this Award Agreement shall lapse on the vesting dates specified in the following schedule:

Incremental Number of  
Shares Vested

Vesting Date

Upon the applicable vesting date, (a) the corresponding number of Shares shall no longer be deemed Restricted Shares, (b) the Company shall promptly, at its sole cost and expense, remove all restrictions from the book entries for the corresponding vested Shares, and (c) promptly following the written request of the Grantee, the Company shall take such steps as are reasonably necessary to cause such vested Shares to be transmitted by the Company's transfer agent to the Grantee by crediting the account of the Grantee's primary broker with the Depository Trust Company as directed by the Grantee. The Administrator may at any time accelerate the vesting schedule specified in this Section 3, and will notify the Grantee in writing immediately upon any such acceleration.

4. Obligation to Transfer Restricted Shares in Prescribed Circumstances.

(a) If any of the following occurs prior to the vesting of the Restricted Shares granted herein, the Grantee shall immediately transfer the Restricted Shares that have not vested as of the effective date of such occurrence to the Company, without payment of consideration therefor and without any requirement of notice to the Grantee or other action by or on behalf of the Company: (i) the Grantee's employment with the Company and its Subsidiaries or affiliates is terminated by the Grantee, except on the grounds of the Grantee's "Disability" (as defined below); (ii) the Grantee's employment with the Company and its Subsidiaries or affiliates is terminated by the Company or its Subsidiaries or affiliates with "Cause" (as defined below); or (iii) after a termination of the Grantee's employment for any reason, the Grantee materially breaches the non-competition, non-solicitation or confidentiality provisions of any employment contract, confidentiality agreement, non-competition agreement or other agreement between the Grantee and the Company or any of its Subsidiaries. For clarity, except as otherwise provided in the immediately preceding sentence, the Restricted Shares shall continue to vest as set forth in Section 3 after a termination of the Grantee's employment with the Company or its Subsidiaries or affiliates for any other reason (including by reason of the death of the Grantee).

(b) For purposes of this Award Agreement, "Disability" means that the Grantee, based upon reasonable medical evidence, has become physically or mentally incapacitated so as to render him or her incapable of performing his or her usual and customary duties, with or without reasonable accommodation, for 180 days or more within a 365 day consecutive period. The Grantee shall also be considered to have a Disability for the purposes of this Award Agreement if he or she is found to be disabled within the meaning of the Company's long-term disability insurance coverage as then in effect (or would be so found if he or she applied for the coverage or benefits).

(c) For purposes of this Award Agreement, "Cause" means a dismissal as a result of (i) the Grantee engaging in any act of (A) theft, fraud or embezzlement or (B) misappropriation of funds or property of the Company or any of its Subsidiaries (other than the occasional, customary and de minimis use of company property for personal purposes); (ii) any gross misconduct, material violation of the

Company's written contractual employment policies, or wilful and deliberate non-performance of duty by the holder in connection with the business affairs of the Company or any of its Subsidiaries, which is not cured within ten (10) days after receipt of written notice from the Company or any of its Subsidiaries detailing the Grantee's alleged failure with reasonable particularity (it being understood that the Grantee may not cure the same or a substantially similar gross misconduct or violation more than one time and, in the case of any such subsequent gross misconduct or violation, the Grantee shall not be entitled to a cure period provided such prior violation was documented in writing); (iii) the Grantee's unreasonable failure to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities after being instructed by the Company to cooperate, or the willful destruction or failure to preserve documents or other materials known to be relevant to such investigation; or (iv) the Grantee's material breach of any of the material provisions set forth in any non-competition, non-solicitation or confidentiality obligation to which the Grantee is subject.

(d) For purposes of the Award, the following events are not deemed a termination of employment: (i) a transfer to the employment of the Company from a Subsidiary or affiliate of the Company or from the Company to a Subsidiary or affiliate, or from one Subsidiary or affiliate of the Company to another; or (ii) an approved leave of absence for military service or sickness, or for any other purpose approved by the Company, if the employee's right to re-employment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Administrator otherwise so provides in writing.

5. Investment Representations.

(a) Purchase Entirely for Own Account. The Grantee hereby confirms that the Grantee is acquiring the Shares for investment for the Grantee's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that the Grantee has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Award Agreement, the Grantee further represents that the Grantee does not presently have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person with respect to any of the Shares.

(b) Disclosure of Information. The Grantee has had an opportunity to discuss the Company's business, management, financial affairs and the terms and conditions of the offering of the Shares with the Company's management. The future value of the Shares is unknown and cannot be predicted with certainty. If the Grantee receives Shares upon vesting, the value of such Shares may increase or decrease in value.

(c) Restricted Securities. The Grantee understands that the Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of the Grantee's representations as expressed herein. The Grantee understands that the Shares are "restricted securities" under applicable U.S. federal and state securities laws and that, pursuant to these laws, the Grantee must hold the Shares indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities, or an exemption from such registration and qualification requirements is available. The Grantee acknowledges that the Company has no obligation to register or qualify the Shares for resale. The Grantee further acknowledges that if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for the Shares, and requirements

relating to the Company that are outside of the Grantee's control and that the Company is under no obligation and may not be able to satisfy.

(d) No General Solicitation. Neither the Grantee, nor any of its agents or partners has either directly or indirectly, including through a broker or finder (i) engaged in any general solicitation, or (ii) published any advertisement in connection with the offer and sale of the Shares.

(e) Residence. The Grantee resides in the United Kingdom, is not a U.S. person as defined in Rule 902(k) of Regulation S promulgated under the Securities Act of 1933, and is not acquiring the Shares for the account or benefit of a U.S. person.

6. Dividends. If at any time the Company declares and pays any dividends, the Company shall pay such dividends on the Shares to the Grantee at the same time as it pays dividends to its other shareholders.

7. Incorporation of Plan.

(a) Subject to Section 7(b) below, this Award is subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Award Agreement have the meaning specified in the Plan, unless a different meaning is specified herein.

(b) In the event of any conflict or ambiguity between the terms of this Award Agreement and the Plan, the terms of this Award Agreement shall prevail.

8. Transferability.

(a) Subject to Section 8(b) below, this Award Agreement is personal to the Grantee, is non-assignable and is not transferable in any manner, by operation of law or otherwise.

(b) This Award Agreement shall be binding on and shall survive for the benefit of the Grantee's successors in the event of the death of the Grantee.

9. Election Under Section 431. The Grantee and the Company agree that they shall, within 10 days of this award, make a joint election pursuant to section 431 Income Tax (Earnings and Pensions) Act 2003 for the full disapplication of Chapter 2 of Part 7 of that Act. The Grantee acknowledges that he or she is responsible for obtaining the advice of his or her tax advisers with regard to the section 431 election and that he or she is relying solely on such advisors and not on any statements or representations of the Company or any of its agents with regard to such election.

10. No Obligation to Continue Employment. Neither the Company nor any Subsidiary or affiliate is obligated by or as a result of the Plan or this Award Agreement to continue the Grantee's employment, and neither the Plan nor this Award Agreement interferes in any way with the right of the Company or any Subsidiary or affiliate to terminate the employment of the Grantee at any time.

11. Company Representations. The Company hereby represents and warrants to the Grantee that:

(a) The Company's execution and delivery of this Award Agreement and the consummation by it of the transactions contemplated hereby (including, but not limited to, the transfer of the Shares to the Grantee following the parties' execution and delivery of this Award Agreement) have been

duly authorized by all necessary action on the part of the Company, and no further action is required by the Company, its board of directors or its shareholders in connection therewith.

(b) The Shares, when transferred to the Grantee in accordance with the terms of this Award Agreement, will be duly and validly issued, fully paid and free and clear of all liens, other than restrictions on transfer provided for in this Award Agreement, and shall not be subject to preemptive or similar rights. Assuming the accuracy of the representations and warranties of the Grantee to the Company, the Shares will be transferred to the Grantee in compliance with all applicable U.S. federal and state securities laws.

12. Data Privacy Notice and Consent. The Grantee understands that the Company and its subsidiaries hold certain personal information about the Grantee, including the Grantee's name, home address and telephone number, date of birth, social security number or identification number (or equivalent), salary, nationality, job title, any Shares or directorships held in the Company, details of all equity awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the purpose of managing and administering the Plan ("Data"). The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of his or her Data by the Company and its subsidiaries and affiliates and understands and agrees that the Company and/or its subsidiaries will transfer Data amongst themselves as necessary for employment purposes, including implementation, administration and management of the Grantee's participation in the Plan, and that the Company and/or any of its subsidiaries may each further transfer Data to E\*Trade Financial Services, Inc. or another stock plan service provider or other third parties assisting the Company with processing of Data. The Grantee understands that these recipients may be located in the United States, and that the recipient's country may have different data privacy laws and protections than in the Grantee's country. The Grantee authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes described in this Section, including any requisite transfer to E\*Trade Financial Services, Inc., or such other stock plan service provider or other third party as may be required for the administration of the Plan or the subsequent holding of Shares on the Grantee's behalf. The Grantee understands that he or she may, at any time, request access to the Data, request any necessary amendments to it or refuse or withdraw the consents in this Section, in any case without cost, by contacting in writing his or her local human resources representative. The Grantee understands, however, that withdrawal of consent may affect the Grantee's ability to participate in or realize benefits from the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, the Grantee understands that he or she may contact his or her local human resources representative.

13. Integration. This Agreement, the Plan, the Purchase Agreement and the Exchange Agreement constitute the entire agreement between the parties with respect to this Award and supersede all prior agreements and discussions between the parties concerning such subject matter.

14. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

15. Electronic Delivery. The Company may, in its sole discretion, deliver any documents related to current or future participation in the Plan by electronic means. The Grantee consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

EXECUTED as of the date first set forth above.

CIMPRESS N.V.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Member of the Management Board

**[Signature Page to Restricted Share Award Agreement]**

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned.

Dated: \_\_\_\_\_

\_\_\_\_\_

[•]

Grantee's Address:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Grant Number: \_\_\_\_\_

**Exhibit A**

**Power of Attorney**

dated \_\_\_\_\_ 2015

**THE UNDERSIGNED:**

first name(s): \_\_\_\_\_

surname: \_\_\_\_\_

date of birth: \_\_\_\_\_

place of birth: \_\_\_\_\_

**WHEREAS:**

- (A) on or about the date of this power of attorney the undersigned (the “**Grantee**”) and Cimpres N.V., a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands (“**Cimpres**”), entered into a restricted share award agreement under the Cimpres N.V. 2015 inducement share plan (the “**Agreement**”), a copy of which Agreement is listed hereto as Annex 1; and
- (B) in the circumstances specified in Section 4 of the Agreement, the Grantee shall immediately transfer the Restricted Shares that have not vested as of the effective date of such occurrence to Cimpres without payment of consideration therefor and without any requirement of notice to the Grantee or other action by or on behalf of Cimpres.

**HEREBY GRANTS AN IRREVOCABLE POWER OF ATTORNEY TO:**

Cimpres to effectuate a transfer on behalf of the Grantee to Cimpres of any of the Restricted Shares, if and when the Grantee is obliged to transfer any of the Restricted Shares to Cimpres under the Agreement.

This power of attorney is irrevocable.

This power of attorney can also be exercised and is valid even if there is a conflict or potential conflict of interest within the meaning of section 3:68 of the Netherlands Civil Code (*Selbsteintritt*).

This power of attorney is governed by and is to be construed in all respects in accordance with the laws of the Netherlands.

\_\_\_\_\_  
By: [•]

## **ANNEX 1**

Restricted share award agreement under the Cimpress N.V. 2015 inducement share plan



## SUBSIDIARIES OF CIMPRESS N.V.

| Subsidiary                                   | Jurisdiction of Incorporation |
|--|-------------------------------|
| AlbumPrinter B.V.                            | The Netherlands               |
| AlbumPrinter Holding B.V.                    | The Netherlands               |
| AlbumPrinter Norway AS                       | Norway                        |
| AlbumPrinter Productions B.V.                | The Netherlands               |
| AlbumPrinter Services B.V.                   | The Netherlands               |
| Araprint B.V.                                | The Netherlands               |
| Cimpress Australia Pty Ltd                   | Australia                     |
| Cimpress Detroit Incorporated                | Delaware, USA                 |
| Cimpress France SARL                         | France                        |
| Cimpress India Private Limited               | India                         |
| Cimpress Investments B.V.                    | The Netherlands               |
| Cimpress Jamaica Limited                     | Jamaica                       |
| Cimpress Schweiz GmbH                        | Switzerland                   |
| Cimpress UK Limited                          | England and Wales             |
| Cimpress USA Incorporated                    | Delaware, USA                 |
| Cimpress Windsor Corporation                 | Nova Scotia, Canada           |
| Del Camino SCI                               | France                        |
| Druck.at Druck- und Handelsgesellschaft GmbH | Austria                       |
| Drukwerkdeal.nl B.V.                         | The Netherlands               |
| E-Factory SAS                                | France                        |
| Exagroup SAS                                 | France                        |
| FL Print SAS                                 | France                        |
| FM Impressos Personalizados Ltda             | Brazil                        |
| FotoKnudsen AS                               | Norway                        |
| La Mougère SCI                               | France                        |
| Pixartprinting S.p.A.                        | Italy                         |
| Printdeal B.V.                               | The Netherlands               |
| Printi LLC                                   | Delaware, USA                 |
| Pure Services SARL                           | France                        |
| Vistaprint B.V.                              | The Netherlands               |
| Vistaprint España, S.L.                      | Spain                         |
| Vistaprint Italy S.R.L.                      | Italy                         |
| Vistaprint Japan Co., Ltd                    | Japan                         |
| Vistaprint Limited                           | Bermuda                       |
| Vistaprint Netherlands B.V.                  | The Netherlands               |

Vistaprint Technologies Private Limited

Vistaprint Tunisie SARL

Webs, Inc.

India

Tunisia

Delaware, USA

**Consent of Independent Registered Public Accounting Firm**

We hereby consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 333-129912, 333-133797, 333-147753, and 333-176421) pertaining to the Amended and Restated 2000-2002 Share Incentive Plan, the Amended and Restated 2005 Equity Incentive Plan, the 2005 Non-Employee Directors' Share Option Plan and the 2011 Equity Incentive Plan of Cimpress N.V. of our report dated August 14, 2015 relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP  
Boston, MA  
August 14, 2015

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-8 No. 333-129912) pertaining to the Amended and Restated 2000-2002 Share Incentive Plan of Cimpres N.V.
- (2) Registration Statement (Form S-8 No. 333-133797) pertaining to the Amended and Restated 2005 Equity Incentive Plan of Cimpres N.V.
- (3) Registration Statement (Form S-8 No. 333-147753) pertaining to the , 2005 Non-Employee Directors' Share Option Plan of Cimpres N.V.
- (4) Registration Statement (Form S-8 No. 333-176421) pertaining to the 2011 Equity Incentive Plan of Cimpres N.V.

of our report dated August 15, 2014 (except for Notes 9 and 17, as to which the date is August 14, 2015), with respect to the consolidated financial statements of Cimpres N.V. (formerly known as Vistaprint N.V.), included in this Annual Report (Form 10-K) of Cimpres N.V. for the year ended June 30, 2015.

/s/ Ernst & Young LLP  
Boston, Massachusetts  
August 14, 2015

## CERTIFICATION

I, Robert S. Keane, certify that:

1. I have reviewed this Annual Report on Form 10-K of Cimpress N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2015

/s/ Robert S. Keane

---

Robert S. Keane  
Chief Executive Officer

## CERTIFICATION

I, Ernst J. Teunissen, certify that:

1. I have reviewed this Annual Report on Form 10-K of Cimpress N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2015

/s/ Ernst J. Teunissen

---

**Ernst J. Teunissen**  
**Chief Financial Officer**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-K of Cimpress N.V. (the "Company") for the fiscal year ended June 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Robert S. Keane, Chief Executive Officer, and Ernst J. Teunissen, Chief Financial Officer, of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to his knowledge on the date hereof:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2015

/s/ Robert S. Keane

---

**Robert S. Keane**  
**Chief Executive Officer**

Date: August 14, 2015

/s/ Ernst J. Teunissen

---

**Ernst J. Teunissen**  
**Chief Financial Officer**