Cimpress plc

Directors' Report and Financial Statements

For the Financial Year Ended June 30, 2021

This Directors’ Report and Financial Statements of Cimpress plc for the financial year ended June 30, 2021 was prepared in accordance with Irish law, and therefore, the financial statements in this report are different from Cimpress plc’s financial statements contained in our Annual Report on Form 10-K for the year ended June 30, 2021 (as filed with the United States Securities and Exchange Commission), which were prepared in accordance with United States generally accepted accounting principles. As an Irish company, we are required by Irish law to send this report to our registered shareholders.

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For the Financial Year Ended June 30, 2021

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DIRECTORS' REPORT
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BACKGROUND

The following discussion of the financial condition and results of operations of Cimpress plc and its subsidiaries (“we,” “us”, “Cimpress” or the "Company") is provided to assist readers in understanding our financial performance during the financial year ended June 30, 2021. This information should be considered with our consolidated financial statements and related notes included in this Directors' Report and Financial Statements ("Annual Report"). The directors have elected to prepare the consolidated financial statements in accordance with Section 279 of the Companies Act ("Companies Act"), which provides that a true and fair view of the assets and liabilities, financial position and profit or loss may be given by preparing the financial statements in accordance with U.S. accounting standards ("U.S. GAAP"), as defined in that section to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of Part 6 of the Companies Act.

PRINCIPAL BUSINESS

Overview & Strategy

Cimpress is a strategically focused group of more than a dozen businesses that specialize in mass customization, via which we deliver large volumes of individually small-sized customized orders for a broad spectrum of print, signage, photo merchandise, invitations and announcements, writing instruments, packaging, apparel and other categories. Mass customization is a core element of the business model of each Cimpress business and is a competitive strategy which seeks to produce goods and services to meet individual customer needs with near mass production efficiency. We discuss mass customization in more detail further below.

We have grown substantially over our history, from $0.2 billion of revenue in fiscal year 2006 to $2.6 billion of revenue in fiscal year 2021, and as we have grown we have achieved important benefits of scale. However, we also believe it is critical for us to “stay small as we get big”. By this we mean that we need to serve customers and act and compete with focus, nimbleness and speed that is typical of smaller, entrepreneurial firms but often not typical of larger firms. This is because we face intense competition across all our businesses, and we must constantly and rapidly improve the value we deliver to customers. To stay small as we get big, our strategy calls for us to pursue a deeply decentralized organizational structure which delegates responsibility, authority and resources to the CEOs and managing directors of our various businesses.

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

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

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

We limit all other central activities to only those which must be performed centrally. Out of more than 14,000 employees we have fewer than 80 who work in central activities that fall into this category, which includes tax, treasury, internal audit, general counsel, sustainability, corporate communications, consolidated reporting and compliance, investor relations, capital allocation and the functions of our CEO and CFO. We seek to avoid bureaucratic behavior in the corporate center; however we have developed, through experience, guardrails and accountability mechanisms in key areas of governance including cultural aspects such as a focus on customers or being socially responsible, as well as operational aspects such as the processes by which we set strategy and financial budgets and review performance, or the policies by which we ensure compliance with information privacy laws.

This strategy has proven to be of great value to us during the COVID-19 crisis; we could not have reacted as proactively, effectively or quickly had we not put in place our strategy and organizational structure several years ago. Our decentralized model allowed our businesses to respond quickly to local restrictions, customer needs, and the health and safety of our team members, and leaders shared information and best practices across the group. Our shared strategic capabilities in procurement helped us to address supply chain risks and partner with our suppliers to delay our payments to them, the mass customization platform helped us to route orders between production facilities when needed due to temporary closures, and our central finance and legal teams secured the financial flexibility to navigate this period of uncertainty.

Our Uppermost Financial Objective

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

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

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

Mass Customization

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

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

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

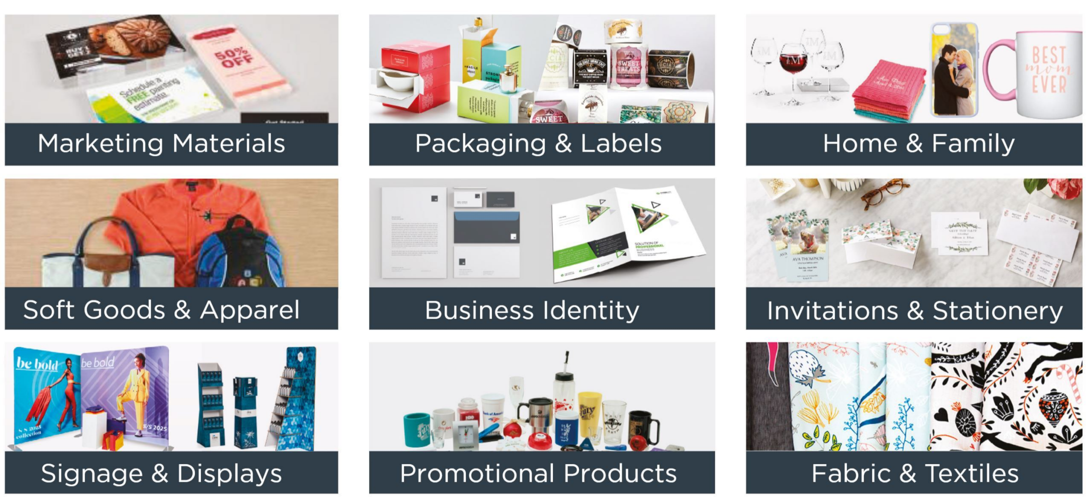
Mass customization delivers a breakthrough in customer value particularly well in markets in which the worth of a physical product is inherently tied to a specific, unique use or application. For instance, there is limited value to a sign that is the same as is used by many other companies: the business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

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

Market and Industry Background

Mass Customization Opportunity

Mass customization is not a market itself, but rather a business model that can be applied across global geographic markets, to customers from varying businesses (micro, small, medium and large), graphic designers, resellers, printers, teams, associations, groups, consumers and families, to which we offer products such as the following:



Large traditional markets undergoing disruptive innovation

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

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

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

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

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

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

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

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

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

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

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

Cimpress’ recent acquisition of 99designs, which operates within our Vistaprint business, combined with organic investment in design services, has extended our total addressable market. Vistaprint researched the design spend in two of its largest markets, the U.S. and Germany, and found that small businesses spend approximately $6 billion annually on design services in these two markets, exclusive of the purchases of the print or digital products that the designs enhance. Even more importantly, this research found that small businesses in these markets that purchase design services represent the majority of the addressable market for print and digital marketing materials. We believe that a broader complement of design services should enable Vistaprint to retain customers longer as their needs evolve, as well as both attract new customers and serve existing customers with more complex products and therefore access more of our total addressable market.

Our Businesses

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

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

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

Our businesses operate production facilities throughout the geographies listed above, with over 3.3 million square feet of production space in the aggregate across our owned and operated facilities. We also work extensively with several hundred external fulfillers located across the globe. We believe that the improvements we have made and the future improvements we intend to make in software technologies that support the design, sortation, scheduling, production and delivery processes provide us with significant competitive advantage. In many cases our businesses can produce and ship an order the same day they receive it. Our supply chain systems and processes seek to reduce inventory and working capital and improve delivery speeds to customers relative to traditional suppliers. In certain of our company-owned manufacturing facilities, software schedules the near-simultaneous production of different customized products that have been ordered by the same customer, allowing us to produce and deliver multi-part orders quickly and efficiently.

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

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

1. **Vistaprint**:

Consists of the operations of our Vistaprint-branded websites in North America, Europe, Australia, New Zealand, India and Japan. This business also includes our Vistaprint Corporate Solutions business which serves medium-sized businesses and large corporations and our 99designs business which provides graphic design services.

Our Vistaprint business helps more than 15 million micro businesses (companies with fewer than 10 employees) create attractive, professional-quality marketing products at affordable prices and at low volumes. With Vistaprint, small businesses are able to create and customize their marketing with easy-to-use digital tools and design-templates, or by receiving expert graphic design support. In October 2020, Vistaprint acquired 99designs to expand its design offering via a worldwide community of more than 150,000 talented designers to make it easy for designers and clients to work together to create designs they love. Vistaprint's average order value is about $50, and customers spend about $100 per year; yet Vistaprint has historically had gross margins of about 60% and advertising spend as a percent of revenue of about 15%. Vistaprint has had strong free cash flow conversion as its e-commerce model leads to collections from customers prior to the production and shipment of customer orders.

Upload & Print:

Our Upload & Print businesses are organized in two sub-groups. We refer to these reportable segments as PrintBrothers and The Print Group, each of which focuses on serving graphic professionals: local printers, print resellers, graphic artists, advertising agencies and other customers with professional desktop publishing skill sets. Upload and print businesses have an average order value of about €100 and annual per customer revenue of over €600. Gross margins vary by business but average about 30% due to wholesale-like pricing and the wide variety of products produced both in owned facilities as well as via third-party fulfillers. Advertising spend as a percent of revenue is about 5%.

2. **PrintBrothers:** Consists of our druck.at, Printdeal, and WIRmachenDRUCK businesses. PrintBrothers businesses serve customers throughout Europe, and primarily in Austria, Belgium, Germany, the Netherlands, and Switzerland.

3. **The Print Group:** Consists of our Easyflyer, Exaprint, Pixartprinting, and Tradeprint businesses. The Print Group businesses serve customers throughout Europe, and primarily in France, Italy, Spain and the UK.

4. **National Pen**:

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

National Pen serves more than a million small businesses annually across more than 20 countries. Marketing methods are typically direct mail and telesales, as well as a growing e-commerce site. National Pen operates several brands focused on customized writing instruments and promotional products, apparel and gifts for small- and medium-sized businesses. National Pen's average order value is about $200 - $250, and annual revenue per customer is about $300. Gross margins have historically been about 55% with highly seasonal profits driven in the December quarter. Significant inventory and customer invoicing requirements in this business drive different working capital needs compared to our other businesses.

5. **All Other Businesses**:

Includes a collection of businesses combined into one reportable segment based on materiality: BuildASign, the largest of the these businesses with strong profitability and cash flow, and Printi and YSD, small early-stage businesses operating at modest losses, by which Cimpress is expanding into new markets.

BuildASign is an e-commerce provider of canvas-print wall décor, business signage and other large-format printed products, based in Austin, Texas. In the fourth quarter of fiscal year 2021, we closed a small acquisition under BuildASign in a new product category.

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

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

Central Procurement

Given the scale of purchasing that happens across Cimpress' businesses, there is significant value to coordinating our negotiations and purchasing to gain the benefit of scale. Our central procurement team negotiates and manages Cimpress-wide contracts for large-scale capital equipment, shipping services and major categories of raw materials (e.g., paper, plates, ink). The Cimpress procurement team is also available on an as-requested basis to help with procurement improvements, tools and approaches across other aspects of our businesses' purchases.

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

Technology

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

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

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

Each of our businesses uses a mix of proprietary and third-party technology that supports the specific needs of that business. Their technology intensity ranges from significant to light, depending on their specific needs. Over the past few years, an increasing number of our businesses have begun to modernize and modularize their business-specific technology to enable them to launch more new products faster, provide a better customer experience, more easily connect to our MCP technologies, and leverage third-party technologies where we do not need to bear the cost of developing and maintaining proprietary technologies. For example, our businesses are increasingly using third-party software for capabilities such as content management, multivariate testing tools and data warehousing, which are areas that specialized best-in-class technologies are better than the proprietary technologies they have replaced. This allows our own engineering and development talent to focus on artwork technologies, product information management and marketplace technologies from which we derive competitive advantage.

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

Information Privacy and Security

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

Shared Talent Infrastructure

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

Competition

We estimate that Cimpress has a total addressable market of over $100 billion in North America and Europe, where it is the market leader in the transformation from traditional highly fragmented off-line production to online/mass customized approaches that deliver higher quality, faster speed and lower cost. We believe that this market is at least $150 billion annually if you include other geographies and consumer products. Additionally, as described above, through the acquisition of 99designs and organic investment in Vistaprint, we have also expanded this total addressable market to now include the large market for design services. Though Cimpress is the largest business in our space, we still represent a small fraction of the overall market, and believe there is significant room for growth over the long-term future.

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

- traditional offline suppliers and graphic design providers
- online printing and graphic design companies
- office superstores, drug store chains, food retailers, and other major retailers targeting small business and consumer markets
- wholesale printers
- self-service desktop design and publishing using personal computer software
- email marketing services companies
- website design and hosting companies
- suppliers of customized apparel, promotional products, gifts, and packaging
- online photo product companies

- internet retailers
- online providers of custom printing services that outsource production to third party printers
- providers of digital marketing such as social media and local search directories

Today's market has evolved to be much tougher in terms of competition. This evolution, which has been going on for 20 years, has led to major benefits for customers in terms of lower prices, faster lead times, and easier customer experience. Cimpress and its businesses have proactively driven, and benefited from, this dynamic. The mass customization business model first took off with small format products like business cards, post cards and flyers, and consumer products like holiday cards. As the model has become better understood and more prevalent, and online advertising approaches more common, the competition has become more intense. We are seeing these types of small format products growing at rates slower than some other product categories, and we continue to derive significant profits from these small format products. Conversely, there are other product areas that have only more recently begun to benefit from mass customization, such as signage, promotional products, apparel and gifts, textiles and packaging. Here, we see higher rates of growth, but with a wider variety of profit outcomes as we continue to scale our offering in these areas. There is also a geographic overlay to these trends. For example, in developing markets like India and Brazil where these products are more recently available in an online marketplace, we see stronger growth across all product areas, whereas the market in countries such as Germany is far more mature and therefore more slow growing. Some of these trends were distorted over the last year because of the pandemic, which temporarily altered demand and behavior patterns.

We anticipate that the overall competitive landscape described above has already begun to change as a result of the pandemic, in the following ways:

- **New business formation**: Economic data shows that new business formation has increased meaningfully during the pandemic in our top markets: U.S., UK, France, and Germany. This often happens in a recession out of necessity: people who lose employment need to make ends meet and so start their own businesses. We have an opportunity to serve millions of individuals who take up self-employment or freelance roles because of our ability to serve the needs of those customers – we have demonstrated this in past recessions and expect to be able to do so again.
- **E-commerce acceleration**: We believe that the shift from traditional to mass customized models has accelerated as shelter-at-home experiences are making e-commerce and service-at-a-distance experiences like ours more mainstream. For example, McKinsey has estimated in the U.S. that 10 years of e-commerce adoption was compressed into three months during the pandemic[1]. There are similar trends in other countries around the world, according to an OECD policy brief[2], among other sources.
- **Accelerated shift from traditional production to mass customized sources**: Conditions have been very difficult for small traditional suppliers and we believe some of these businesses are unlikely to last beyond the period of time that they are receiving government aid. We see this through industry news coverage[3] and research[4] and through some of our businesses that sell to these suppliers as bookings from those channels have been harder hit. One of the reasons for this is small traditional suppliers have a narrower range of products than Cimpress so as demand for those products dropped significantly, even if temporary, there was less room to maneuver.
- **Share gains versus online players**: Additionally, we believe that some of the online competitors that offer a more limited product portfolio or lack scale advantages have had less flexibility to navigate changing customer demand levels. We saw online competitors[5] who report their revenue publicly down year over year 35% - 40% during the 6-month period from July 1, 2020 to December 31, 2020, while our own revenue declined just 10% in the same period.

[1] https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/survey-us-consumer-sentiment-during-the-coronavirus-crisis#
[2] http://www.oecd.org/coronavirus/policy-responses/e-commerce-in-the-time-of-covid-19-3a2b78e8/
[3] https://www.printweek.com/news/article/industry-bodies-warn-on-carnage-in-print
[4] https://store.whattheythink.com/downloads/printing-outlook-2021/
[5] We note that we have three known competitors with publicly reported revenue

Intellectual Property

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

Seasonality

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

Employees

As of June 30, 2021, we had approximately 13,000 full-time and approximately 1,000 temporary employees worldwide.

Corporate Information

Cimpress plc was incorporated on July 5, 2017 as a private company limited by shares under the laws of Ireland and on November 18, 2019 was re-registered as a public limited company under the laws of Ireland. On December 3, 2019, Cimpress N.V., the former publicly traded parent company of the Cimpress group of entities, merged with and into Cimpress plc, with Cimpress plc surviving the merger and becoming the publicly traded parent company of the Cimpress group of entities. Cimpress N.V., the predecessor company to Cimpress plc, was incorporated under the laws of the Netherlands on June 5, 2009. The registered office of Cimpress plc is at Building D, Xerox Technology Park, Dundalk, Co. Louth, Ireland, and its telephone number at the registered office is +353-42-938-8500.

REVIEW OF PERFORMANCE

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

As of June 30, 2021, we have numerous operating segments under our management reporting structure that are reported in the following five reportable segments: Vistaprint, PrintBrothers, The Print Group, National Pen, and All Other Businesses. Refer to Note 3 in our accompanying consolidated financial statements for additional information relating to our reportable segments and our segment financial measures.

COVID-19

Throughout fiscal year 2021, the pandemic and related restrictions had a negative impact on most of our businesses, customers and the markets that we serve. We've experienced improving trends in customer demand throughout the fiscal year, and we have experienced stronger recovery in demand in markets where pandemic restrictions have been lifted or are less severe. During the second half of the fiscal year we've lapped the early periods of the pandemic which had the most severe impacts on customer demand. The improving trends give us confidence that demand will continue to pick up as activity resumes in our markets around the world. We continue to hire talent and make investments in technology, data, new product introduction, customer experience improvements, and branding that are designed to build on our competitive advantages and drive growth in our businesses as we come out of the pandemic, although we can't forecast how long that will take. We continue to maintain flexibility in our cost structure, while at the same time increasing investment in areas we believe will generate high return on investment beyond the pandemic.

Financial Summary

The primary financial metric by which we set quarterly and annual budgets both for individual businesses and Cimpress wide is our adjusted free cash flow before cash interest expense related to borrowing; however, in evaluating the financial condition and operating performance of our business, management considers a number of metrics including revenue growth, organic constant-currency revenue growth, operating income, adjusted EBITDA, cash flow from operations and adjusted free cash flow. A summary of these key financial metrics for the year ended June 30, 2021 as compared to the year ended June 30, 2020 follows:

Fiscal Year 2021

- Revenue increased by 4% to $2,576.0 million.
- Organic constant-currency revenue increased by 1% and decreased by 1% when excluding acquisitions completed in the last four quarters.
- Operating income increased by $67.5 million to $123.5 million.
- Adjusted EBITDA (a non-GAAP financial measure) decreased by $50.7 million to $349.1 million.
- Diluted net (loss) income per share attributable to Cimpress plc decreased to a loss per share in fiscal year 2021 of $2.99 from income per share of $3.00 in fiscal year 2020.
- Cash provided by operating activities decreased by $73.2 million to $265.2 million.
- Adjusted free cash flow (a non-GAAP financial measure) decreased by $78.2 million to $165.8 million.

For fiscal year 2021, the increase in reported revenue is primarily due to positive exchange rate fluctuations that benefited revenue, as well as the addition of the revenue of 99designs, which was acquired on October 1, 2020 and is included in our Vistaprint business. Organic constant-currency revenue decreased as we continued to realize negative impacts from COVID-19, as pandemic-related restrictions in certain markets throughout the year reduced customer demand. As restrictions started to ease in certain markets during the second half of the fiscal year, we began to see a strong correlation between markets with less pandemic-related restrictions and the recovery of customer demand. Revenue from event-driven small business products were most impacted during the fiscal year, and were partially offset by continued growth in revenue from home decor and packaging products, as well as contributions from new products introduced in reaction to the pandemic such as face masks. For fiscal year 2021, face masks contributed approximately 4% to total revenue, for which demand during the second half of fiscal year 2021 declined significantly due to increases in vaccination rates and reduction of mask requirements.

For the year ended June 30, 2021, operating income increased by $67.5 million, primarily driven by the non-recurrence of a $100.8 million goodwill impairment charge in the prior fiscal year, as well as variable cost controls, fixed cost savings and lower restructuring charges. These items were partially offset by increased organic investments in hiring, technology, and upper-funnel brand and performance-based advertising spend primarily in Vistaprint. Operating income was negatively impacted by $19.9 million of lease-related impairment and abandonment charges due to changes in our intended use of two leased locations, which we expect will deliver substantial cost savings in future periods.

Adjusted EBITDA decreased year over year, primarily due to the increased organic investments outlined above as well as the non-recurrence of temporary cost reductions and the salary restructuring program that benefited the fourth quarter of fiscal 2020 by $9.0 million, which more than offset the gross profit increase from reported revenue growth. Adjusted EBITDA excludes goodwill and other impairment charges, restructuring charges and share-based compensation expense, and includes the realized gains or losses on our currency derivatives intended to hedge adjusted EBITDA. The net year-over-year impact of currency on consolidated adjusted EBITDA was unfavorable by approximately $14.7 million.

Diluted net (loss) income per share attributable to Cimpress plc decreased to a loss per share in fiscal year 2021 of $2.99 from income per share of $3.00 in fiscal year 2020. The decrease is primarily due to the non-recurrence of a prior year tax benefit, the recognition in fiscal year 2021 of a loss on extinguishment of debt of $48.3 million, as well as increased interest expense and negative year-over-year realized and unrealized currency impacts.

Consolidated Review of Performance

Consolidated Revenue

Our businesses generate revenue primarily from the sale and shipment of customized manufactured products. We also generate revenue, to a much lesser extent (and primarily in our Vistaprint business), from digital services, graphic design services, website design and hosting, and email marketing services, as well as generate a small percentage of revenue from order referral fees and other third-party offerings. For additional discussion relating to segment revenue results, refer to the "Reportable Segment Results" section included below.

Total revenue and revenue growth by reportable segment for the years ended June 30, 2021 and 2020 are shown in the following table:

In thousands

	Year Ended June 30,			Currency Impact:	Constant-Currency	Impact of Acquisitions/ Divestitures:	Constant-Currency Revenue Growth
	2021	2020	% Change	(Favorable)/ Unfavorable	Revenue Growth (1)	(Favorable)/ Unfavorable	Excluding Acquisitions/ Divestitures (2)
Vistaprint (3)	$ 1,428,254	$ 1,337,291	7%	(3)%	4%	(3)%	1%
PrintBrothers	421,766	417,921	1%	(7)%	(6)%	(1)%	(7)%
The Print Group	275,534	275,214	—%	(7)%	(7)%	—%	(7)%
National Pen	313,528	299,474	5%	(3)%	2%	—%	2%
All Other Businesses	192,038	173,789	11%	1%	12%	—%	12%
Inter-segment eliminations	(55,160)	(22,331)					
Total revenue	$ 2,575,960	$ 2,481,358	4%	(3)%	1%	(2)%	(1)%

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(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. Our reportable segments-related growth is inclusive of inter-segment revenues, which are eliminated in our consolidated results.

(2) Constant-currency revenue growth excluding acquisitions/divestitures, a non-GAAP financial measure, excludes revenue results for businesses in the period in which there is no comparable year-over-year revenue. Our reportable segments-related growth is inclusive of inter-segment revenues, which are eliminated in our consolidated results.

(3) The Vistaprint segment includes revenue from our 99designs business since its acquisition date of October 1, 2020.

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.

Consolidated Cost of Sales

Cost of sales includes materials used by our businesses to manufacture their products, payroll and related expenses for production and design services personnel, depreciation of assets used in the production process and in support of digital marketing service offerings, shipping, handling and processing costs, third-party production and design costs, costs of free products and other related costs of products our businesses sell.

In thousands

	Year Ended June 30,	
	2021	2020
Cost of sales	$ 1,299,889	$ 1,248,871
% of revenue	*50.5 %*	*50.3 %*

For the year ended June 30, 2021, consolidated cost of sales increased by $51.0 million, primarily due to changes in currency that negatively impacted the current fiscal year, as well as the addition of cost of revenue from our 99designs business that is included from the acquisition date of October 1, 2020. During the year ended June 30, 2021, we also recognized $12.2 million of losses associated with the decline in market demand and pricing for certain masks and related personal protective equipment (PPE) products, primarily in our National Pen and Vistaprint businesses. These increases were partially offset by reductions in demand-dependent cost of goods sold including third-party fulfillment, material, and shipping costs in our segments that experienced year-over-year pandemic-related revenue declines. For the years ended June 30, 2021 and 2020, we realized approximately

$10.9 million and $11.6 million, respectively, of wage offset benefits from government incentives in locations where demand decreased materially but roles were maintained.

Consolidated Operating Expenses

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

In thousands	Year Ended June 30, 2021	Year Ended June 30, 2020
Technology and development expense	$ 253,060	$ 253,252
% of revenue	*9.8 %*	*10.2 %*
Marketing and selling expense	$ 648,391	$ 574,041
% of revenue	*25.0 %*	*23.1 %*
General and administrative expense (1)	$ 195,652	$ 183,054
% of revenue	*7.5 %*	*7.4 %*
Amortization of acquired intangible assets (2)	$ 53,818	$ 51,786
% of revenue	*2.1 %*	*2.1 %*
Restructuring expense (3)	$ 1,641	$ 13,543
% of revenue	*0.1 %*	*0.5 %*
Impairment of Goodwill (2)	*$* —	$ 100,842
% of revenue	*— %*	*4.1 %*

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(1) General and administrative expense for the year ended June 30, 2021 includes lease impairment and abandonment charges for two leased locations totaling $19.9 million. Refer to Note 22 for additional details.

(2) Refer to Note 12 in our accompanying consolidated financial statements for additional details related to the amortization of acquired intangibles and goodwill impairment charges.

(3) Refer to Note 5 in our accompanying consolidated financial statements for additional details relating to restructuring expense.

Technology and development expense

Technology and development expense consists primarily of payroll and related expenses for employees engaged in software and manufacturing engineering, information technology operations and content development, as well as amortization of capitalized software and website development costs, including hosting of our websites, asset depreciation, patent amortization, 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.

Technology and development expenses decreased by $0.2 million for the year ended June 30, 2021, as compared to the prior comparative period. Both periods benefited from decreases in costs from our fiscal year 2020 reorganization of our central and Vistaprint technology teams as well as reductions in discretionary spend including travel and training expenses. These decreases were partially offset by increased investments during the second half of fiscal 2021, primarily in the Vistaprint business and our central technology group.

Marketing and selling expense

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

For the year ended June 30, 2021, marketing and selling expenses increased by $74.4 million, as compared to the prior year. The increase from the prior comparative period is primarily due to the increase of advertising and marketing spend in our Vistaprint business of $75.1 million. The increase was driven by new investments in brand sponsorships and upper-funnel advertising, expansion of our required return thresholds on our advertising spend, as well as investment in hiring new talent, including for user experience and data and analytics roles that should help us continue to improve the effectiveness of our marketing, merchandising, and customer care activities. The increase was also due to negative impacts from fluctuations in currency exchange rates. These increases were partially offset by a decrease in marketing costs in our National Pen business of $9.2 million, primarily due to reductions to direct mail prospecting activities and savings from initiatives to reduce costs in service centers.

General and administrative expense

General and administrative expense consists primarily of transaction costs, including third-party professional fees, insurance and payroll and related expenses of employees involved in executive management, finance, legal, strategy, human resources and procurement.

For the year ended June 30, 2021, general and administrative expenses increased by $12.6 million, as compared to the prior comparative period, due to $19.9 million of lease-related impairment and abandonment charges driven by changes in our office footprint at two leased locations. The changes to our leased facility footprint are expected to result in substantial cost savings in future periods. These increased expenses were partially offset by lower professional fees as a result of the non-recurrence of costs for strategic projects in our Vistaprint business, as well as the Cimpress cross-border merger to Ireland in fiscal year 2020. We also realized lower discretionary spend due to cost control measures implemented in response to the pandemic.

Other Consolidated Results

Other (expense) income, net

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

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

In thousands	Year Ended June 30,	
	2021	2020
(Losses) gains on derivatives not designated as hedging instruments	$ (20,728)	$ 20,564
Currency-related gains, net	8,523	2,309
Other gains	370	1
Total other (expense) income, net	$ (11,835)	$ 22,874

The decrease in other (expense) income, net was primarily due to the currency exchange rate volatility impacting our derivatives that are not designated as hedging instruments, of which our Euro and British Pound contracts are the most significant exposures that we economically hedge. We also recognize the impact from de-designated interest swap contracts that are no longer highly effective, which resulted in unrealized losses during the current period. We expect volatility to continue in future periods, as we do not apply hedge accounting for most of our derivative currency contracts.

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

Interest expense, net

Interest expense, net primarily consists of interest paid on outstanding debt balances, amortization of debt issuance costs, debt discounts, interest related to finance lease obligations and realized gains (losses) on effective interest rate swap contracts and certain cross-currency swap contracts.

Interest expense, net increased by $43.5 million during the year ended June 30, 2021, as compared to the prior year. This is primarily due to the additional $200.0 million offering of our 7.0% Senior Notes due 2026 (the "2026 Notes") in February 2020 and issuance of $300.0 million of our 12% Senior Secured Notes due 2025 (the

"Second Lien Notes") in May 2020. During the fourth quarter of fiscal year 2021, we amended and restated our senior secured credit agreement that resulted in borrowings under a Term Loan B and the early redemption of our Second Lien Notes in addition to paying down our Term Loan A due 2024 and the remaining amounts under our previous revolver due 2024. We expect interest expense to decrease during the next fiscal year due to the refinancing. Refer to Note 17 for additional details.

Loss on extinguishment of debt

As part of the amendment and restatement of our senior secured credit agreement described above, we redeemed all of the $300.0 million of our Second Lien Notes, which also required the payment of an early redemption premium of $9.0 million. The loss on extinguishment of debt of $48.3 million included $39.4 million related to the early redemption of our Second Lien Notes. This loss consisted of the early redemption premium, write-off of unamortized financing fees of $8.1 million and an accretion adjustment of $22.3 million to increase the carrying value of the Second Lien Notes to the principal amount. The accretion adjustment is driven primarily by the previous allocation of proceeds to the warrants we issued in conjunction with the Second Lien notes, which reduced the carrying value of the Second Lien Notes. As of June 30, 2021 the warrants remain outstanding. In addition, we recognized a loss of $8.9 million for unamortized financing fees associated with the senior secured credit agreement. Refer to Note 17 for additional details.

Income tax expense (benefit)

In thousands	Year Ended June 30,	
	2021	2020
Income tax expense (benefit)	$ 18,642	$ (80,731)
Effective tax rate	*(33.3)%*	*(2,688.3)%*

Income tax expense (benefit) for the year ended June 30, 2021 increased as compared to the prior year primarily due to significant Swiss Tax Reform benefits of $113.5 million recognized in the year ended June 30, 2020. Also, in addition to decreased pre-tax profits and a less favorable mix of earnings year over year, we recognized tax benefits of $2.1 million related to excess tax benefits from share based compensation, as compared to $15.7 million in fiscal year 2020. During the year ended June 30, 2021 we recognized a tax benefit of $6.7 million for the release of our valuation allowance in India as a result of increased profitability. Additionally in fiscal year 2020, we recognized tax benefits of $11.2 million for the re-measurement of U.S. tax losses that were carried back to tax years with higher U.S. federal tax rates under the US CARES Act and tax expense of $41.9 million to record a full valuation allowance against our U.S. deferred tax assets and a portion for our Irish deferred tax assets. The change in judgment to no longer recognize the deferred tax assets was driven by decreased profits due to impacts of the COVID-19 pandemic and goodwill impairments.

We believe that our income tax reserves are adequately maintained by taking into consideration both the technical merits of our tax return positions and ongoing developments in our income tax audits. However, the final determination of our tax return positions, if audited, is uncertain and therefore there is a possibility that final resolution of these matters could have a material impact on our results of operations or cash flows. Refer to Note 7 in our accompanying consolidated financial statements for additional discussion.

Reportable Segment Results

Our segment financial performance is measured based on segment EBITDA, which is defined as operating income plus depreciation and amortization; plus proceeds from insurance; plus share-based compensation expense related to investment consideration; plus earn-out related charges; plus certain impairments; plus restructuring related charges; less gain on purchase or sale of subsidiaries.

Vistaprint

In thousands	Year Ended June 30,		
	2021	2020	2021 vs. 2020
Reported Revenue	$ 1,428,254	$ 1,337,291	7%
Segment EBITDA	324,715	366,334	(11)%
% of revenue	*23 %*	*27 %*	

Segment Revenue

Vistaprint's reported revenue growth for the year ended June 30, 2021 was positively affected by a currency impact of 3%. When excluding the benefit from the recent acquisition of 99designs, Vistaprint's organic constant-currency revenue growth was 1%. Vistaprint's revenue continued to be influenced by the severity of pandemic-related restrictions. Our per-customer economics continued to improve, though our new and repeat customer count remain impacted by the pandemic. Revenue grew significantly year over year during the months of March through June 2021 as restrictions loosened in some markets and we lapped the earliest periods impacted by the pandemic in fiscal year 2020. Prior to March 2021, our revenue declined year over year because the prior-year comparable periods were not affected by the pandemic. Revenue during the current year benefited from the sale of pandemic-related products such as masks, but we do not expect to have significant revenue from these products in fiscal year 2022.

Segment Profitability

For the year ended June 30, 2021, the decline in segment EBITDA was due to the pandemic impacts on revenue, as well as increased organic growth investments. As our confidence in the recovery improved we expanded payback thresholds for performance based advertising and layered on upper-funnel advertising investment. We also increased investment in hiring particularly in the second half of the fiscal year as we increase our capabilities to deliver against our mission of establishing Vistaprint as the expert marketing and design partner for small businesses. These were partially offset by technology savings from our fiscal year 2020 restructuring, reduced spend for consulting projects compared to the prior year period, and year-over-year reductions in office-related costs as we reduced our office footprint in our move to a remote-first work approach. Vistaprint's segment EBITDA was positively impacted by currency movements during the current year. During each of the current and prior fiscal year, we received government incentives of more than $9.0 million to offset wages in locations where demand decreased materially but roles were maintained. We expect these government incentives to decrease in fiscal year 2022 if the effects of the pandemic continue to be less significant.

PrintBrothers

In thousands	Year Ended June 30,		
	2021	2020	2021 vs. 2020
Reported Revenue	$ 421,766	$ 417,921	1%
Segment EBITDA	43,144	39,373	10%
% of revenue	*10 %*	*9 %*	

Segment Revenue

PrintBrothers' reported revenue growth for the year ended June 30, 2021 was positively affected by a currency impact of 7%, resulting in a constant-currency revenue decline of 6%. The revenue decline was due to pandemic-related decreases in demand. Throughout the year, segment revenue was strongly influenced by the changing severity of restrictions in most European countries. The negative impacts of the pandemic were partially offset by a continued focus on new product introduction. Revenue grew significantly year over year during the fourth quarter of fiscal year 2021 as restrictions loosened in some markets and we lapped the earliest periods impacted by the pandemic in fiscal year 2020.

Segment Profitability

The increase in PrintBrothers' segment EBITDA during the year ended June 30, 2021, as compared to the prior period, was driven by variable and discretionary cost controls, production efficiencies and positive impacts from currency movements, which more than offset the decrease in gross profit that was driven by the constant-currency revenue decline described above.

The Print Group

In thousands	Year Ended June 30,		
	2021	2020	2021 vs. 2020
Reported Revenue	$ 275,534	$ 275,214	—%
Segment EBITDA	43,126	51,606	(16)%
% of revenue	*16 %*	*19 %*	

Segment Revenue

The Print Group's reported revenue for the year ended June 30, 2021 was positively affected by a currency impact of 7%, resulting in a decrease in revenue on a constant-currency basis of 7% due to pandemic-related decreases in demand. Despite these pressures, our businesses have found pockets of strength in demand and pivoted quickly over the last year to deliver quality offerings to help fill in some of the reduced demand in other areas, including the launch of new products for other Cimpress businesses. During the fourth quarter of fiscal 2021, revenue grew significantly year over year as restrictions loosened in some markets and we lapped the earliest periods impacted by the pandemic in fiscal year 2020.

Segment Profitability

The decrease in Print Group's segment EBITDA during the year ended June 30, 2021, as compared to the prior year, was primarily driven by the revenue decline described above. This was partially offset by discretionary cost controls and efficiency gains from leveraging our mass customization platform to shift production to lower-cost sources. The Print Group's segment EBITDA was positively impacted by currency movements as compared to the prior fiscal year.

National Pen

In thousands	Year Ended June 30,		
	2021	2020	2021 vs. 2020
Reported Revenue	$ 313,528	$ 299,474	5%
Segment EBITDA	11,644	7,605	53%
% of revenue	*4 %*	*3 %*	

Segment Revenue

National Pen's reported revenue growth for the year ended June 30, 2021 was positively affected by a currency impact of 3%, resulting in a constant-currency revenue growth of 2%. Product sales to other Cimpress businesses continued to supplement some of the lost volume from lower demand, but to a lesser extent during the second half of the fiscal year as the demand for face masks has declined. Revenue during the fourth quarter of fiscal year 2021 grew significantly year over year as we lapped the earliest periods impacted by the pandemic in fiscal year 2020, while also experiencing improving trends in customer demand as restrictions loosened in some markets.

Segment Profitability

The increase in National Pen's segment EBITDA for the year ended June 30, 2021 was due in part to the revenue increase described above, as well as reduced variable cost, advertising and other discretionary spend. Segment EBITDA increased for the fiscal year ended June 30, 2021 as a result of a focused effort to improve efficiency across multiple areas, including telesales and customer service. The improved profit was partially offset by a negative impact of $8.2 million of losses and reserves due to shifts in demand for masks and other PPE products, which led to us selling disposable masks at a loss and to record an inventory reserve to reduce the carrying value of certain PPE products. National Pen's segment EBITDA was positively impacted by currency movements for the year ended June 30, 2021.

All Other Businesses

In thousands	Year Ended June 30,		
	2021	2020	2021 vs. 2020
Reported Revenue (1)	$ 192,038	$ 173,789	11%
Segment EBITDA (1)	31,707	17,474	81%
% of revenue	*17 %*	*10 %*	

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(1) Our All Other Businesses segment includes the results of our VIDA acquisition from July 2, 2018 through the divestiture date of April 10, 2020.

This segment consists of BuildASign, which is a larger and profitable business, and smaller businesses through which Cimpress is expanding to new markets or new product categories, which continue to have operating losses as previously described and as planned.

Segment Revenue

All Other Businesses' constant-currency revenue excluding the impact of acquisitions increased by 12% during the year ended June 30, 2021. This was primarily driven by continued growth at BuildASign, whose home décor and certain applications for signage products continued to generate strong results. BuildASign's strong execution was aided by the business increasingly leveraging our mass customization platform to fulfill orders for other Cimpress businesses, avoid capacity constraints, drive new product introduction, and improve customer experience.

Segment Profitability

Each business within the All Other Businesses segment improved its profitability for the year ended June 30, 2021 as compared to the prior year, with the overall improvement primarily driven by revenue growth and manufacturing efficiency in BuildASign. Printi and YSD reduced losses through revenue growth and improved efficiency. Our divestiture of loss-making VIDA in the fourth quarter of fiscal year 2020 also contributed to year-over-year profit improvements in fiscal year 2021.

Central and Corporate Costs

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

Central and corporate costs decreased by $5.0 million during the year ended June 30, 2021, as compared to the prior year, due to lower professional fees, share-based compensation expense and discretionary spend, including travel and training costs, as well as savings from the prior year reorganization of our central technology team.

Liquidity and Capital Resources

Consolidated Statements of Cash Flows Data

In thousands	Year Ended June 30,	
	2021	2020
Net cash provided by operating activities	$ 265,221	$ 338,444
Net cash used in investing activities	(354,316)	(66,864)
Net cash provided by (used in) financing activities	224,128	(258,255)

The cash flows during the year ended June 30, 2021 related primarily to the following items:

Cash inflows:

- Adjustments for non-cash items of $285.3 million primarily related to positive adjustments for depreciation and amortization of $173.2 million, loss on early extinguishment of debt of $48.3 million, share-based compensation costs of $37.0 million, $19.9 million of lease-related long-lived asset impairments and unrealized currency-related losses of $10.0 million
- Proceeds from borrowings and the issuance of our Term Loan B of $251.9 million, net of borrowings and repayment of our senior secured revolver, term loan A, and Second Lien Notes and inclusive of debt issuance costs due to our May 2021 refinancing; a portion of these proceeds have resulted in an increase to our cash and marketable securities balances
- Total net working capital impacts of $54.9 million were a source of cash. Inventory, accounts payable, and accrued expenses inflows were partially offset by accounts receivable and other asset outflows

Cash outflows:

- Net loss of $74.9 million
- Purchase of held to maturity securities of $203.6 million, driven by the additional liquidity provided by the May 2021 refinancing
- Internal and external costs of $60.9 million for software and website development that we have capitalized
- Purchase consideration for acquisitions of $53.4 million, net of cash acquired, which primarily relates to our acquisition of 99designs, excluding the deferred payment and post-closing adjustment that are payable February 15, 2022
- Capital expenditures of $38.5 million of which the majority related to the purchase of manufacturing and automation equipment for our production facilities
- Payments for finance lease arrangements of $8.0 million
- Payment of withholding taxes in connection with share awards of $5.8 million
- Purchase of noncontrolling interest of $5.1 million and distribution to noncontrolling interest holders of $4.7 million

Additional Liquidity and Capital Resources Information. At June 30, 2021, we had $183.0 million of cash and cash equivalents, $203.0 million of marketable securities and $1,764.9 million of debt, excluding debt issuance costs and debt premiums and discounts. During the year ended June 30, 2021, we financed our operations and strategic investments through internally generated cash flows from operations and debt financing. We expect to finance our future operations through our cash, investments, operating cash flow and borrowings under our debt arrangements.

As of June 30, 2021, a portion of our cash and cash equivalents were held by our subsidiaries, and undistributed earnings of our subsidiaries that are considered to be indefinitely reinvested were $43.4 million. We do not intend to repatriate these funds as the cash and cash equivalent balances are generally used and available, without legal restrictions, to fund ordinary business operations and investments of the respective subsidiaries. If there is a change in the future, the repatriation of undistributed earnings from certain subsidiaries, in the form of dividends or otherwise, could have tax consequences that could result in material cash outflows.

Debt. As of June 30, 2021, we have borrowings under our amended and restated senior secured credit agreement dated as of May 17, 2021 (the "Restated Credit Agreement") of $1,152.0 million consisting of the Term Loan B, which amortizes over the loan period, with a final maturity date of May 17, 2028. Our $250.0 million revolver under our Restated Credit Agreement has $244.4 million unused as of June 30, 2021. There are no drawn amounts on the revolver that would trigger financial maintenance covenants, but our outstanding letters of credit reduce our unused balance. Our unused balance can be drawn at any time so long as we are in compliance with our debt covenants.

Debt Covenants. We used the proceeds of the Term Loan B under the Restated Credit Agreement to repay all outstanding borrowings under our previous credit facility, to redeem our Second Lien Notes and to bring our primary source of liquidity onto our balance sheet in the form of cash, cash equivalents and marketable securities. The Restated Credit Agreement contains covenants that restrict or limit certain activities and transactions by Cimpress and our subsidiaries. Refer to Note 17 in our accompanying consolidated financial statements for additional information.

Other Debt. Other debt primarily consists of term loans acquired through our various acquisitions or used to fund certain capital investments. As of June 30, 2021, we had $12.8 million outstanding for other debt payable through January 2026.

Contractual Obligations

Contractual obligations at June 30, 2021 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 (1)	$ 99,398	$ 28,407	$ 44,425	$ 19,667	$ 6,899
Purchase commitments	245,149	137,963	81,062	26,124	—
Senior unsecured notes and interest payments	810,000	42,000	84,000	684,000	—
Senior secured credit facility and interest payments (2)	1,495,424	66,821	126,690	119,850	1,182,063
Other debt	12,212	2,587	7,120	2,505	—
Finance leases, net of subleases (1)	46,668	31,570	9,643	4,463	992
Other	45,025	44,989	36	—	—
Total (3)	$ 2,753,876	$ 354,337	$ 352,976	$ 856,609	$ 1,189,954

(1) Operating and finance lease payments above include only amounts which are fixed under lease agreements. Our leases may also incur variable expenses which are not reflected in the contractual obligations above.

(2) Senior secured credit facility and interest payments include the effects of interest rate swaps, whether they are expected to be payments or receipts of cash.

(3) 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 $9.2 million as of June 30, 2021 have been excluded from the contractual obligations table above. See Note 7 in our accompanying consolidated financial statements for further information on uncertain tax positions.

Operating Leases. We rent office space under operating leases expiring on various dates through 2034. The terms of certain lease agreements require security deposits in the form of bank guarantees and letters of credit in the amount of $0.9 million in the aggregate.

Purchase Commitments. At June 30, 2021, we had unrecorded commitments under contract of $245.1 million. Purchase commitments consisted of third-party web services of $95.5 million, software of $47.7 million, inventory and third-party fulfillment purchase commitments of $55.5 million, advertising of $13.0 million, commitments for professional and consulting fees of $7.4 million, production and computer equipment purchases of $14.7 million and other unrecorded purchase commitments of $11.2 million.

Senior Unsecured Notes and Interest Payments. Our $600.0 million of 2026 Notes bear interest at a rate of 7.0% per annum and mature on June 15, 2026. Interest on the notes is payable semi-annually on June 15 and December 15 of each year and has been included in the table above.

Senior Secured Credit Facility and Interest Payments. At June 30, 2021, the Term Loan B of $1,152.0 million outstanding under our Restated Credit Agreement had repayments due on various dates through May 17, 2028, and we did not have any amounts drawn under our revolving credit facility due on May 17, 2026. Interest payable included in this table is based on the interest rate as of June 30, 2021, and assumes all LIBOR-based 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.

Other Debt. In addition, we have other debt which consists primarily of term loans acquired through our various acquisitions or used to fund certain capital investments, and as of June 30, 2021 we had $12.8 million outstanding for those obligations that have repayments due on various dates through January 2026.

Finance Leases. We lease certain machinery and plant equipment under finance lease agreements that expire at various dates through 2034. The aggregate carrying value of the leased equipment under finance leases included in property, plant and equipment, net in our consolidated balance sheet at June 30, 2021 is $35.4 million, net of accumulated depreciation of $37.9 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, 2021 amounts to $50.8 million.

Other Obligations. Other obligations include deferred payments related to previous acquisitions of $45.0 million in the aggregate. This balance includes the deferred payment related to the 99designs acquisition totaling $44.4 million. Refer to Note 4 in our accompanying consolidated financial statements for additional details.

FINANCIAL RISK MANAGEMENT

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

As of June 30, 2021, our cash and cash equivalents consisted of standard depository accounts which are held for working capital purposes, money market funds, and marketable securities with an original maturity of less than 90 days. We do not believe we have a material exposure to interest rate fluctuations related to our cash and cash equivalents.

As of June 30, 2021, we had $1,152.0 million of variable-rate debt. As a result, we have exposure to market risk for changes in interest rates related to these obligations. In order to mitigate our exposure to interest rate changes related to our variable rate debt, we execute interest rate swap contracts to fix the interest rate on a portion of our outstanding or forecasted long-term debt with varying maturities. As of June 30, 2021, a hypothetical 100 basis point increase in rates, inclusive of our outstanding interest rate swaps, would result in a $4.1 million impact to interest expense 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 currency risks through normal operating activities and, when deemed appropriate, through the use of derivative financial instruments. We have policies governing the use of derivative instruments and do not enter into financial instruments for trading or speculative purposes. The use of derivatives is intended to reduce, but does not entirely eliminate, the impact of adverse currency exchange rate movements. A summary of our currency risk is as follows:

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

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

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

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

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

- *Remeasurement of monetary assets and liabilities:* Transaction gains and losses generated from remeasurement of monetary assets and liabilities denominated in currencies other than the functional currency of a subsidiary are included in other (expense) income, net on the consolidated statements of operations. Certain of our subsidiaries hold intercompany loans denominated in a currency other than their functional currency. Due to the significance of these balances, the revaluation of intercompany loans can have a material impact on other (expense) income, net. We expect these impacts may be volatile in the future, although our largest intercompany loans do not have a U.S. dollar cash impact for the consolidated group because they are either 1) U.S. dollar loans or 2) we elect to hedge certain non-U.S. dollar loans with cross-currency swaps and forward contracts. A hypothetical 10% change in currency exchange rates was applied to total net monetary assets denominated in currencies other than the functional currencies at the balance sheet dates to compute the impact these changes would have had on our income before taxes in the near term. The balances are inclusive of the notional value of any cross-currency swaps designated as cash flow hedges. A hypothetical decrease in exchange rates of 10% against the functional currency of our subsidiaries would have resulted in an increase of $6.0 million and $15.8 million, on our (loss) income before income taxes for the years ended June 30, 2021 and 2020, respectively.

Details of the price risk we face are disclosed in the Principal Risks and Uncertainties section of this Directors' Report. Credit risk disclosures are included in Note 25 in this report's accompanying consolidated financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Risks Related to Our Business

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

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

- investments in our business in the current period intended to generate longer-term returns, where the costs in the near term will not be offset by revenue or cost savings until future periods, if at all
- the effects of the COVID-19 pandemic on our customers, suppliers, business, and operations
- variations in the demand for our products and services, in particular during our second fiscal quarter, which may be driven by seasonality, performance issues in some of our businesses and markets, or other factors
- currency and interest rate fluctuations, which affect our revenue, costs, and fair value of our assets and liabilities
- our hedging activity
- our ability to attract and retain customers and generate purchases
- shifts in revenue mix toward less profitable products and brands
- the commencement or termination of agreements with our strategic partners, suppliers, and others
- our ability to manage our production, fulfillment, and support operations

- costs to produce and deliver our products and provide our services, including the effects of inflation and the rising costs of raw materials such as paper
- our pricing and marketing strategies and those of our competitors
- expenses and charges related to our compensation arrangements with our executives and employees
- costs and charges resulting from litigation
- changes in our effective income tax rate or tax-related benefits or costs
- costs to acquire businesses or integrate our acquired businesses
- financing costs
- impairments of our tangible and intangible assets including goodwill
- the results of our minority investments and joint ventures

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

The COVID-19 pandemic has had, and may continue to have, a major adverse impact on our operations, financial results, customers, markets, and employees, and future pandemics or other large-scale events could have similar major adverse impacts.

The COVID-19 pandemic has negatively impacted our business in a number of material ways including material declines in demand for our products and services, leading to major adverse effects on our revenue, earnings, cash flows, and other financial results. Although we are seeing increased signs of recovery in many of our markets, we cannot predict what new variants of the COVID-19 virus may emerge, whether there will be additional waves of increased infection rates, how long the pandemic and its impacts on economic activity and our business, operations, and markets will continue, or whether the pandemic will lead to a prolonged economic downturn. Accordingly, it is possible that we could see additional or continuing negative impacts on our business and financial results in the future. In addition, if another pandemic or other event occurs that limits commerce on a large scale, such as climate change or war, our business, operations, and financial results could be materially impacted.

We need to hire and retain talented personnel in key roles in order to be successful, and we face intense competition for talent.

If we are unable to recruit, retain, and motivate our employees in senior management and key roles such as technology, marketing, data science, and production, then we may not be able to execute on our strategy and grow our business as planned. Our current management and employees may cease their employment with us at any time with minimal advance notice, and we are seeing increased competition for talent that is making it more difficult for us to retain the employees we have and to recruit new employees

If we are not successful in transforming the Vistaprint business, then we could lose market share and our financial results could be adversely impacted.

The Vistaprint business is undertaking a multi-year transformation, and we are investing heavily to rebuild Vistaprint's technology infrastructure, improve our customer experience, and recruit new talent. If our investments do not have the effects we expect, the new technology infrastructure does not perform well or is not as transformational as we expect, or the transformation is otherwise unsuccessful, then we could fail to attract new and repeat customers, Vistaprint's reputation and brand could be damaged, and our revenue and earnings could fail to grow or could decline.

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

A primary component of our business strategy is to promote and strengthen our brands to attract new and repeat customers, and we face significant competition from other companies in our markets who also seek to establish strong brands. To promote and strengthen our brands, we must incur substantial marketing expenses and establish a relationship of trust with our customers by providing a high-quality customer experience, which requires us to invest substantial amounts of our resources.

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

We are a global company with production facilities, offices, and localized websites in many countries across six continents, and we manage our businesses and operations in a decentralized, autonomous manner. We are subject to a number of risks and challenges that relate to our global operations, decentralization, expansion, and complexity including, among others:

- difficulty managing operations in, and communications among, multiple businesses, locations, and time zones
- challenges of ensuring speed, nimbleness, and entrepreneurialism in a large and complex organization
- difficulty complying with multiple tax laws, treaties, and regulations and limiting our exposure to onerous or unanticipated taxes, duties, tariffs, and other costs
- our failure to improve and adapt our financial and operational controls and systems to manage our decentralized businesses and comply with our obligations as a public company
- the challenge of complying with disparate laws in multiple countries, such as local regulations that may impair our ability to conduct our business as planned, protectionist laws that favor local businesses, and restrictions imposed by local labor laws
- the challenge of maintaining management's focus on our strategic and operational priorities and minimizing lower priority distractions
- disruptions caused by political and social instability that may occur in some countries
- exposure to corrupt business practices that may be common in some countries or in some sales channels and markets, such as bribery or the willful infringement of intellectual property rights
- difficulty repatriating cash from some countries
- difficulty importing and exporting our products across country borders and difficulty complying with customs regulations in the many countries where we sell products
- disruptions or cessation of important components of our international supply chain
- failure of local laws to provide a sufficient degree of protection against infringement of our intellectual property

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

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

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

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

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

Acquisitions and strategic investments may be disruptive to our business, may fail to achieve our goals, and can negatively impact our financial results.

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

An acquisition, minority investment, or joint venture may fail to achieve our goals and expectations and may have a negative impact on our business and financial results in a number of ways including the following:

- The business we acquired or invested in may not perform or fit with our strategy as well as we expected.

- Acquisitions and minority investments can be costly and can result in increased expenses including impairments of goodwill and intangible asserts if financial goals are not achieved, assumptions of contingent or unanticipated liabilities, amortization of certain acquired assets, and increased tax costs, In addition. we may overpay for acquired businesses.

- The management of our acquired businesses, minority investments, and joint ventures may be more expensive or may take more resources than we expected. In addition, continuing to devote resources to a struggling business can take resources away from other investment areas and priorities.

- We may not be able to retain customers and key employees of the acquired businesses. In particular, it can be challenging to motivate the founders who built a business to continue to lead the business after they sell it to us.

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

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

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

Our various businesses rely on a variety of marketing methods to attract new and repeat customers including drawing visitors to our websites, promoting our products and services through search engines such as Google and Bing, email, direct mail, advertising banners and other online links, broadcast media and streaming platforms, social media platforms, and telesales. If search engines or social media platforms modify their algorithms or terminate their relationships with us, if fewer customers click through to our websites, if our direct mail marketing campaigns are not effective, or if the costs of attracting customers using any of our current methods significantly increase, then our ability to efficiently attract new and repeat customers would be reduced, our revenue and net income could decline, and our business and results of operations would be harmed.

Developing and deploying our mass customization platform is costly and resource-intensive, and we may not realize all of the anticipated benefits of the platform.

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

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

Our profitability has historically been highly seasonal. Our second fiscal quarter includes the majority of the holiday shopping season and accounts for a disproportionately high portion of our earnings for the year, primarily due to higher sales of home and family products such as holiday cards, calendars, photo books, and personalized gifts. In addition, our National Pen business has historically generated nearly all of its profits during the December quarter. Lower than expected sales during the second quarter have a disproportionately large impact on our operating results and financial condition for the full fiscal year. In addition, if our manufacturing and other operations are unable to keep up with the high volume of orders during our second fiscal quarter or we experience inefficiencies in our production, then our costs may be significantly higher, and we and our customers can experience delays in order fulfillment and delivery and other disruptions.

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

We have entered into derivatives to manage our exposure to interest rate and currency movements. If we do not accurately forecast our results of operations, execute contracts that do not effectively mitigate our economic exposure to interest rates and currency rates, elect to not apply hedge accounting, or fail to comply with the complex accounting requirements for hedging, our results of operations and cash flows could be volatile, as well as negatively impacted. Also, our hedging objectives may be targeted at improving our non-GAAP financial metrics, which could result in increased volatility in our GAAP results. Since some of our hedging activity addresses long-term exposures, such as our net investment in our subsidiaries, the gains or losses on those hedges could be recognized before the offsetting exposure materializes to offset them, potentially causing volatility in our cash or debt balances and therefore our leverage.

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

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

- fire, natural disasters, or extreme weather, which could be exacerbated by climate change
- pandemic or other public health crisis
- 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
- inadequate capacity in our systems and infrastructure to cope with periods of high volume and demand

Any interruptions to our systems or operations could result in lost revenue, increased costs, negative publicity, damage to our reputations and brands, and an adverse effect on our business and results of operations. Building redundancies into our infrastructure, systems, and supply chain to mitigate these risks may require us to commit substantial financial, operational, and technical resources.

We face intense competition, and our competition may continue to increase.

The markets for our products and services are intensely competitive, highly fragmented, and geographically dispersed. The competitive landscape for e-commerce companies and the mass customization market continues to change as new e-commerce businesses are introduced, established e-commerce businesses enter the mass customization market, and traditional “brick and mortar” businesses establish an online presence. Competition may result in price pressure, increased advertising expense, reduced profit margins, and loss of market share and brand recognition, any of which could substantially harm our business and financial results. Some of our current and potential competitors have advantages over us, including longer operating histories, greater brand recognition or loyalty, more focus on a given subset of our business, significantly greater financial, marketing, and other resources, or willingness to operate at a loss while building market share.

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

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

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

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

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

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

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

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

Our senior secured credit facility that governs our Term Loan B and revolving credit and the indenture that governs our 7.0% senior unsecured notes due 2026, which we collectively refer to as our debt documents, contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit how we conduct our business, grow in accordance with our strategy, compete effectively, or take advantage of new business opportunities, including restrictions on our ability to:

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

A default under any of our debt documents would have a material, adverse effect on our business.

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

- Our lenders could declare all outstanding principal and interest to be due and payable, and we and our subsidiaries may not have sufficient assets to repay that indebtedness.
- Our secured lenders could foreclose against the assets securing their borrowings.
- Our lenders under our revolving credit facility could terminate all commitments to extend further credit under that facility.
- We could be forced into bankruptcy or liquidation.

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

As of June 30, 2021, our total debt was $1,764.9 million.

Subject to the limits contained in our debt documents, we may be able to incur substantial additional debt from time to time, and 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
- placing us at a disadvantage compared to other, less leveraged competitors
- increasing our cost of borrowing

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 if we cannot make scheduled payments on our debt, we will be in default.

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

Borrowings under our credit facility are at variable rates of interest and expose us to interest rate risk, and any interest rate swaps we enter into in order to reduce interest rate volatility may not fully mitigate our interest rate risk. If interest rates were to increase, our debt service obligations on the variable rate indebtedness would increase even if the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. As of June 30, 2021, 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 $4 million over the next 12 months.

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

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

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

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

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

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

If we were required to screen the content that our customers incorporate into our products, our costs could significantly increase, which would harm our results of operations.

Because of our focus on automation and high volumes, many 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 the machine-learning tools we have developed to aid our content review fail to find instances of intellectual property infringement or objectionable or illegal content in customer orders, we could be required to increase the amount of manual screening we perform, which could significantly increase our costs, and we could be required to pay substantial penalties or monetary damages for any failure in our screening process.

Our failure to collect indirect taxes in all jurisdictions where we are required to do so could expose us to tax liabilities.

The application of sales, value added or other consumption taxes (indirect taxes) to e-commerce businesses such as Cimpress is a complex and evolving issue. If a government entity claims that we should have been collecting indirect taxes on the sale of our products in a jurisdiction where we have not been doing so, then we could incur substantial tax liabilities for past sales. For example, some of our businesses may not currently collect sales tax in all U.S. states where they sell products. Many state governments in the United States have imposed or are seeking to impose sales tax collection responsibility on out-of-state, online retailers, and the U.S. Supreme Court ruling in South Dakota v. Wayfair, Inc. et al. enabled states to adopt laws requiring remote sellers to collect and remit sales tax, even in states in which the seller has no physical presence. To the extent that individual states adopt similar legislation, this could significantly increase the collection and compliance burden on Cimpress businesses operating in the U.S.

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

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

A change in tax laws, treaties or regulations, or their interpretation, of any country in which we operate could 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. There are currently multiple initiatives for comprehensive tax reform underway in key jurisdictions where we have operations, and we cannot predict whether any other specific legislation will be enacted or the terms of any such legislation.

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

We operate pursuant to written transfer pricing agreements among Cimpress plc and its subsidiaries, which establish transfer prices for various services performed by our subsidiaries for other Cimpress group companies. If two or more affiliated companies are located in different countries, the tax laws or regulations of each country generally will require that transfer prices be consistent with those between unrelated companies dealing at arm's length. With the exception of certain jurisdictions where we have obtained rulings or advance pricing agreements, our transfer pricing arrangements are not binding on applicable tax authorities. 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.

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 Ireland. There can be no assurance that the courts of Ireland would recognize or enforce judgments of U.S. courts obtained against us or our directors or officers based on the civil liabilities provisions of the U.S. federal or state securities laws or that the courts of Ireland would hear actions against us or those persons based on those laws. There is currently no treaty between the U.S. and Ireland providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters, and Irish common law rules govern the process by which a U.S. judgment will be enforced in Ireland. Therefore, a final judgment for the payment of money rendered by any U.S. federal or state court based on civil liability, whether or not based solely on U.S. federal or state securities laws, would not automatically or necessarily be enforceable in Ireland.

In addition, because most of our assets are located outside of the United States and some of our directors and management reside outside of the United States, it could be difficult for investors to place a lien on our assets or those of our directors and officers 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.

Our past purchases of our ordinary shares could subject our shareholders to Dutch withholding tax.

Cimpress' publicly traded parent company was historically subject to Dutch tax laws, including the 15% Dutch withholding tax that may be levied on dividends and similar distributions made by Cimpress to its shareholders, and purchased a number of our ordinary shares. 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, 2021 and we expect that we will not become a PFIC in the foreseeable future. However, whether we are treated as a PFIC depends on questions of fact as to our assets and revenues that can only be determined at the end of each tax year. Accordingly, we cannot be certain that we will not be treated as a PFIC in future years.

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

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

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

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

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

Approximately 85% of our ordinary shares are held by our top 10 shareholders, and we may repurchase shares in the future (subject to the restrictions in our debt documents), which could further increase the concentration of our share ownership. Because of this reduced liquidity, the trading of relatively small quantities of shares by our shareholders could disproportionately influence the price of those shares in either direction. The price for our shares could, for example, decline precipitously if a large number of our ordinary shares were sold on the market without commensurate demand, as compared to a company with greater trading liquidity that could better absorb those sales without adverse impact on its share price.

DIRECTORS' INTERESTS IN SHARES

No director or any member of their immediate families had any interest in shares or debentures of any subsidiary. The interests of the directors and secretary who were in office at June 30, 2021 in the ordinary share capital of Cimpress plc at June 30, 2021 and 2020 were as follows:

	As of June 30, 2021 (1)			As of June 30, 2020 (1)		
Directors and Secretary	**Shares**	**Options (2)**	**Other Share Units (3)**	**Shares**	**Options (2)**	**Other Share Units (3)**
Robert S. Keane (4)	2,235,644	—	354,932	2,245,616	105,240	279,932
Sophie A. Gasperment	696	—	6,753	—	—	6,969
John J. Gavin, Jr. (5)	32,725	—	6,239	32,029	—	6,455
Zachary S. Sternberg (6)	2,374,803	—	5,128	2,374,247	—	5,076
Scott J. Vassalluzzo (7)	71,579	5,298	6,239	71,023	5,298	6,187
Matthew F. Walsh	542	—	14,644	875	—	6,423

(1) All interests declared as of June 30, 2021 and 2020 are in the ordinary shares of €0.01 par value of Cimpress plc.
(2) Amounts consist of outstanding options.
(3) Amounts consist of outstanding restricted share units (RSUs) and performance share units (PSUs). As of June 30, 2021 and 2020, the number of shares subject to PSUs included in the table above assumes the issuance of one share for each PSU but based on actual performance the amount delivered can range from zero shares to a maximum of 2.5 times the number of shares, respectively.
(4) Of the ordinary shares at June 30, 2021, 800 are held directly by the director. The remaining ordinary shares at June 30, 2021 and all of the ordinary shares at June 30, 2020 are held indirectly.
(5) All of the ordinary shares at June 30, 2021 and 2020 are held indirectly by the director.
(6) Of the ordinary shares, 15,899 at June 30, 2021 and 15,343 at June 30, 2020 are held directly by the director. The remaining ordinary shares are held indirectly.
(7) Of the ordinary shares, 69,405 at June 30, 2021 and 68,849 at June 30, 2020 are held directly by the director. The remaining ordinary shares are held indirectly.

SUBSIDIARY COMPANIES AND BRANCHES

Information regarding our subsidiaries in provided in Note 27, *List of Subsidiaries*, to the consolidated financial statements accompanying this report. There are no foreign branches of Cimpress plc.

DIRECTORS' COMPLIANCE STATEMENT

The directors acknowledge that they are responsible for securing compliance by the Company with its relevant obligations as defined in the Companies Act (the "Relevant Obligations").

The directors further confirm that a compliance policy statement has been drawn up and that appropriate arrangements and structures have been put in place which, in the directors' opinion, are designed to secure material compliance with the Company's Relevant Obligations. For the year ended June 30, 2021, the Company has conducted a review of the arrangements and structures in place. In discharging their responsibilities under Section 225 of the Companies Act, the directors relied on advice of persons who the directors believe have the requisite knowledge and experience to advise the Company on compliance with its Relevant Obligations.

SIGNIFICANT EVENTS SINCE YEAR END

Subsequent events have been evaluated through October 29, 2021, the date this report was approved by the Board of Directors. See Note 31 to the consolidated financial statements, included in this Irish Annual Report, for additional information.

DIRECTORS AND SECRETARY

Directors	Date Appointed	Date Resigned
Robert S. Keane	August 13, 2019	Not applicable
Sophie A. Gasperment	December 3, 2019	Not applicable
John J. Gavin, Jr.	December 3, 2019	Not applicable
Zachary S. Sternberg	December 3, 2019	Not applicable
Scott J. Vassalluzzo	December 3, 2019	Not applicable
Secretary		
Matthew F. Walsh	November 21, 2019	Not applicable

On September 15, 2021, the Board of Directors appointed Dessislava Temperley as a Director.

ACQUISITION OR DISPOSAL OF OWN SHARES

Own shares held by the Company (par value €0.01 per share) (1)	Number	Value
Value in thousands		
Balance as of June 30, 2020	18,194,952	$ 1,376,496
Movements associated with long-term incentive programs	(150,235)	(7,901)
Balance as of June 30, 2021	18,044,717	$ 1,368,595

(1) The shares presented here are held by Cimpress plc.

The movements in shares during the year were due to the exercise of share options and vesting of restricted share units held by employees and directors. The shares held by Cimpress remain in treasury as of June 30, 2021. We held 18,044,717 of our own shares as of June 30, 2021, representing 2% of our outstanding called up share capital as of that date.

DIVIDENDS

No dividends have been paid on the ordinary shares to date, and we do not expect to pay cash dividends thereon in the foreseeable future. We anticipate that we will retain all earnings, if any, to support our operations and investments in our business. Any future determination as to the payment of dividends will be at the sole discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements and other factors our board of directors deems relevant.

ACCOUNTING RECORDS

The directors are responsible for ensuring that Cimpress plc keeps accounting records and appropriate accounting systems. To achieve this, the directors have appointed a Chief Financial Officer who makes regular reports to the Board of Directors and ensures compliance with the requirements of Section 281 to 285 of the Companies Act. The measures taken by the directors to secure compliance with the Company's obligation to keep accounting records are the use of appropriate systems and procedures and the employment of competent persons. The accounting records are kept at the registered office of the Company, which is Building D, Xerox Technology Park, Dundalk, Co. Louth, Ireland. The company also has a location in the United States at 170 Data Drive, Waltham MA, 02541.

AUDIT COMMITTEE

In accordance with Section 167 of the Companies Act, the Company has an established Audit Committee which makes regular reports to the Board of Directors. The Audit Committee oversees financial reporting and related matters. As of June 30, 2021, the non-executive directors that make up our Audit Committee are John J. Gavin Jr. (Chairperson), Zachary S. Sternberg, and Scott J. Vassalluzzo.

DISCLOSURE OF INFORMATION TO THE AUDITOR

In accordance with the provisions of section 330 of the Companies Act, each of the persons who are directors at the date of approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the statutory auditor is unaware; and
- The director has taken all steps that he/she needs to have taken as a director in order to make himself/herself aware of any relevant audit information and to ensure that the statutory auditor is aware of such information.

AUDITOR

The statutory auditors, PricewaterhouseCoopers Ireland (PwC), have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

POLITICAL DONATIONS

No political contributions that require disclosure under Irish law were made during the years ended June 30, 2021 and 2020.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs are expensed as incurred and consist of costs related to enhancing our manufacturing engineering and technology capabilities. Research and development expense for the years ended June 30 2021 and 2020 was $49,254 and $49,201, respectively.

NON-FINANCIAL STATEMENT

The European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (S.I. 360/2017) (as amended) require us to disclose certain non-financial information in the Directors' Report accompanying our financial statements.

A description of our business model can be found under "Background" beginning on page 1 of this Directors' Report and a description of our risk factors, including those related to environmental, social and governance issues can be found under "Principal Risks" on pages 24-35 of this Directors' Report. The following is a summary of our key policies, actions, and key performance indicators for environmental matters; social and employee matters; human rights; health and safety; supply chain matters; and anti-bribery and anti-corruption. These policies and actions aim to ensure that we manage risk in these areas and achieve our environmental, social and governmental goals.

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

Social and Environmental Responsibility

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

- **Environmental** - We regularly evaluate ways to minimize the impact of our operations on the environment. In terms of combating climate change, we have established and centrally fund a company-wide carbon emissions reduction program to lower the emissions associated with our operations at a rate slightly exceeding the 1.5°C target pathway, and expect to achieve carbon neutrality by 2040. This commitment expands upon our previous 2°C target, established in alignment with the 2015 United Nations Global Change Conference (COP21 "Paris Climate Accord"), and now includes the emissions from our supply chain (Scope 3). Our plan includes investments in energy-reducing infrastructure and equipment, renewable energy sourcing, and examination of our substrate and logistics choices for further opportunities to reduce total emissions. We are on track to meet this commitment, and we seek to make further improvements each year going forward for the foreseeable future.

  The table below reflects our Scope 1 and Scope 2 energy usage and carbon emissions for the year ended June 30, 2020.

	For the Year Ended June 30, 2020			
Key Performance Indicator	**Consumption**	**Units**	**Emissions (Scope 1&2)**	**Units**
Energy Source				
Natural Gas	29,236	MWh	5,906	tCO2e
Diesel	24	cubic meter	64	tCO2e
Electricity	112,357	MWh	18,975	tCO2e

  We have converted the vast majority of the paper we print on in our Cimpress-owned production facilities to FSC-certified paper (FSC® C143124, FSC® C125299), the leading certification of responsible forestry practices. This certification confirms that the paper we print on comes from responsibly managed forests that meet high environmental and social standards. Currently, over 85% of the paper that we print on in our facilities is FSC-certified, and we seek to move that to 100% over time. We have also committed to influencing our third-party suppliers to materially expand their use of responsibly forested paper for the products that they customize on our behalf, as well as using either FSC-certified corrugate or packaging materials containing recycled content from post-consumer sources to help ensure our packaging does not contribute to deforestation.

  We also have committed to improve the profile of our plastic-based packaging and products in line with the targets set by the New Plastics Economy Global Commitment, co-sponsored by the United Nations Environment Programme. This includes a focus on reduced plastic usage, increased recyclability, and support of products that contain recycled materials.

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

- **Team member health and safety** - We require safe working conditions at all times to ensure our team members and other parties are protected, and require legal compliance at a minimum at all times. We require training on – and compliance with – safe work practices and procedures at all manufacturing facilities to ensure the safety of team members and visitors to our plant floors. Given the global impacts of the COVID-19 pandemic, we have held our team member health and safety as a top priority, and have implemented measures such as remote working for members who are able to and increased safety measures at our manufacturing and customer service centers including additional cleaning and sanitary protocols.

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

- **Anti-Bribery and Anti-Corruption** - Our policy in this regard, as set out in our Code of Conduct, is that we do not offer, give or accept anything of value (or allow others to do so on our behalf) in exchange for a favorable business decision, a business advantage or as a reward to an individual for a favorable business decision or a business advantage given in the past. Cimpress maintains comprehensive anti-bribery and anti-corruption policies. Our Code of Conduct is communicated to each employee and certain business partners. Cimpress maintains an independent help line that allows its employees and business partners to raise concerns regarding bribery or corruption.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and financial statements in accordance with Irish law.

Irish law requires the directors to prepare Group and Parent Company financial statements for each financial year that give a true and fair view of the Group and Parent Company's assets, liabilities and financial position as of the end of the year and of the profit or loss of the Group and Parent Company for the financial year. Under that law, the directors have prepared the Group financial statements in accordance with U.S. accounting standards, as defined in Section 279(1) of the Companies Act, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of the Companies Act or of any regulations made thereunder, and the Company financial statements in accordance with Irish Generally Accepted Accounting Practice (accounting standards issued by the UK Financial Reporting Council, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland) and Irish law.

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as of the end of the financial year and the profit or loss of the Group and Parent Company for the financial year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Group and Parent Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Group and Parent Company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (www.cimpress.com). Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

GOING CONCERN

The financial statements included herein have been prepared on a going concern basis and key considerations for this evaluation have been outlined in Note 2 to the consolidated financial statements, included in this Irish Annual Report, for additional information.

On behalf of the board

/s/ Robert S. Keane

Robert S. Keane
Director

/s/ John J. Gavin, Jr.

John J. Gavin, Jr.
Director

October 29, 2021

Independent auditors' report to the members of Cimpress Plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Cimpress Plc's consolidated financial statements and company financial statements (the "financial statements") give a true and fair view of the group's and the company's assets, liabilities and financial position as at June 30, 2021 and of the group's loss and cash flows for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), as defined in Section 279 of the Companies Act 2014, to the extent that the use of those principles in the preparation of consolidated financial statements does not contravene any provision of Part 6 of the Companies Act 2014;
- the company financial statements have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law); and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise:

- the Consolidated Balance Sheet as at June 30, 2021;
- the Company Balance Sheet as at June 30, 2021;
- the Consolidated Profit and Loss Account and Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended;
- the Company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

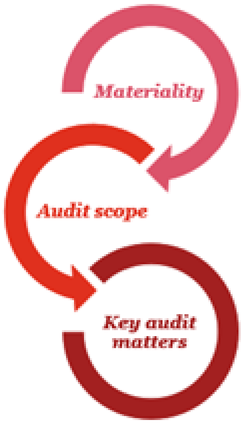
We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

<table>
<tr><td rowspan="3">
</td><td>Materiality
a. $13 million (2020: $13 million) - Consolidated financial statements
b. Based on circa 0.5% of Revenue.
c. $29 million (2020: $30 million) - Company financial statement
d. This represents circa 1% of net assets of the Company. Financial statement line items that do not eliminate on consolidation have been audited to overall materiality for the consolidated financial statements.</td></tr>
<tr><td>Audit scope
a. We conducted audit work in 11 reporting components. We paid particular attention to these components due to their size or characteristics and to ensure appropriate audit coverage. An audit on the full financial information of 2 components was performed, an audit of specific balances was performed at 5 components and specified procedures were performed at the remaining 4 components. In aggregate, the audit work performed on reporting components accounted for in excess of 85% of group revenues, 70% of group expenses and 95% of group total assets.</td></tr>
<tr><td>Key audit matters
a. Goodwill - Impairment Assessments - Druck and Exaprint Reporting Units.</td></tr>
</table>

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	*How our audit addressed the key audit*
Goodwill - Impairment Assessments - Druck and Exaprint Reporting Units As described in Note 2 'Summary of Significant Accounting Policies' and Note 12 'Goodwill and Acquired Intangibles' to the consolidated financial statements, the goodwill balance was $727 million as of June 30, 2021. During the third quarter of fiscal year 2021, management evaluated whether any triggering events existed across each of its reporting units to determine whether an impairment analysis was necessary. Management identified triggering events for the Druck, Easyflyer and Exaprint reporting units. Management performed a quantitative assessment of goodwill of the Druck, Easyflyer and Exaprint reporting units and compared the carrying value to the estimated fair value. For each reporting unit, the estimated fair value of the reporting unit exceeded the related carrying value and management concluded that no impairment existed. Management used the income approach, specifically the discounted cash flow method, to derive the fair value. This approach calculates fair value by estimating the after-tax cash flows attributable to a reporting unit and then discounting the after-tax cash flows to a present value using a risk-adjusted discount rate. The cash flow projections in the fair value analysis are considered Level 3 inputs, and management's key assumptions include revenue growth rates and operating margins. We determined the impairment assessment over Druck and Exaprint to be a key audit matter due to the materiality of the balances and the significant judgement exercised by management in selecting the appropriate assumptions to use for revenue growth rates, operating margins and discount rates in developing the fair value of the reporting units.	We tested the controls relating to management's goodwill impairment assessment including controls over the significant assumptions used in assessing the fair value of the Druck and Exaprint reporting units. We evaluated the appropriateness of the discounted cash flow models, tested the completeness, accuracy and relevance of underlying data used in the models and evaluated the reasonableness of management's significant assumptions related to the revenue growth rates, operating margins and discount rates. In assessing the reasonableness of management's significant assumptions related to the revenue growth rates and operating margins we considered the current and past performance of the reporting units and the consistency of the assumptions with external market and industry data. We also considered whether those assumptions were consistent with evidence obtained in other areas of the audit. We also assessed the appropriateness of the related disclosures within the financial statements.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We conducted audit work in 11 reporting components. We paid particular attention to these components due to their size or characteristics and to ensure appropriate audit coverage. An audit on the full financial information of 2 components was performed, an audit of specific balances was performed at 5 components and specified procedures were performed at the remaining 4 components. The audit work performed on reporting components accounted for in excess of 85% of group revenues, 70% of group expenses and 95% of group total assets.

In determining our audit scope, we first focused on individual reporting components and determined the type of work that needed to be performed at the reporting components by us, as the Irish group engagement team, PwC US as the global engagement team or other component auditors within other PwC network firms. The Group team was responsible for the scope and direction of the audit process. We allocated materiality levels and issued instructions to each component auditor. Where the work was performed by component auditors, we determined the level of involvement the Group team needed to have to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole. In addition to the audit report from each of the component auditors, we received detailed memoranda of examinations on work performed and relevant findings which supplemented our understanding of the component. The supervision of the component teams included a combination of regular calls with the senior members of the component audit teams and review of detailed memoranda of examinations on work performed by component teams. In addition to this, the Group engagement team reviewed certain of the audit working papers of significant components. This, together with additional procedures performed at the group level, gave us evidence we needed for our opinion on the financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	***Company financial statements***
Overall materiality	$13 million (2020: $13 million).	$29 million (2020: $30 million).
How we determined it	Based on circa 0.5% of Revenue.	Based on circa 1% of net assets of the Company.
Rationale for benchmark applied	We considered this benchmark to be the most appropriate given the volatility of earnings. We also considered the reasonableness of the amount by reference to materiality levels calculated via alternative benchmarks.	We applied this benchmark as the Company's main activity is the management of investments in subsidiaries.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $1 million (group audit) (2020: $1 million) and $1 million (company audit) (2020: $1 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group and company's ability to continue to adopt the going concern basis of accounting included:

> Obtaining management's going concern assessment for the going concern period of twelve months from the date on which the financial statements are authorised for issue, including review of management's cash flow forecasts.

> Assessing the group and company balance sheet at 30 June 2021, including the net current liability position of the group

> Assessing the key assumptions underpinning management's forecasts;

> Evaluating the Group and Company's historic performance against key assumptions within management's forecasts;

> Performing our own independent sensitivity analysis to assess further downside scenarios;

> Considering the Group's current financial and liquidity position including the debt and credit facilities in place, covenant requirements, and debt and credit maturity dates as disclosed in note 17 to the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's or the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Directors' Report and Financial Statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.
With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 (excluding the information included in the "Non Financial Statement" as defined by that Act on which we are not required to report) have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report (excluding the information included in the "Non Financial Statement" on which we are not required to report) for the year ended 30 June 2021 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.
- Based on our knowledge and understanding of the group and company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report (excluding the information included in the "Non Financial Statement" on which we are not required to report).

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 40, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the company financial statements to be readily and properly audited.
- The Company Balance Sheet is in agreement with the accounting records.

Other exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Prior financial year Non Financial Statement

We are required to report if the company has not provided the information required by Regulation 5(2) to 5(7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 in respect of the prior financial year. We have nothing to report arising from this responsibility.

/s/ Damian Byrne

Damian Byrne
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
October 29, 2021

Cimpress plc

2021 FINANCIAL STATEMENTS

Registered Office:	Dundalk, Ireland
Address:	Building D, Xerox Technology Park, Dundalk, Ireland

CIMPRESS PLC
INDEX TO FINANCIAL STATEMENTS

CIMPRESS PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT
(in thousands, except per share data)

	Note	Year Ended June 30, 2021	Year Ended June 30, 2020
Revenue		$ 2,575,960	$ 2,481,358
Cost of sales		1,299,888	1,248,871
Gross profit		1,276,072	1,232,487
Technology and development expense		253,060	253,252
Marketing and selling expense		648,391	574,041
General and administrative expense		195,652	183,054
Amortization of acquired intangible assets		53,818	51,786
Restructuring expense		1,641	13,543
Impairment of goodwill and acquired intangible assets		—	100,842
Income from operations		123,510	55,969
Other (expense) income, net	6	(11,835)	22,874
Interest payable and similar expense, net	6	(119,368)	(75,840)
Loss on early extinguishment of debt	17	(48,343)	—
(Loss) Income before income taxes		(56,036)	3,003
Income tax expense (benefit)	7	18,642	(80,731)
Net (loss) income		(74,678)	83,734
Add: Net income attributable to noncontrolling interest		(2,772)	(630)
Net (loss) income attributable to Cimpress plc		$ (77,450)	$ 83,104
Basic net (loss) income per share	8	$ (3.00)	$ 3.07
Diluted net (loss) income per share	8	$ (3.00)	$ 3.00

The accompanying notes are an integral part of these consolidated financial statements.

CIMPRESS PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in thousands)

	Year Ended June 30,	
	2021	2020
Net (loss) income	$ (74,678)	$ 83,734
Other comprehensive income (loss):		
Foreign currency translation gain, net of hedges	5,397	10,933
Net unrealized gain (loss) on derivative instruments designated and qualifying as cash flow hedges	10,336	(33,213)
Loss (gain) from shareholders' equity (deficit) to net (loss) income on derivative instruments	(4,089)	5,774
Unrealized loss on pension benefit obligation	(336)	(1,195)
Total recognized (loss) income for the year	(63,370)	66,033
Add: Recognized (income) expense attributable to non-controlling interests	(4,404)	(391)
Total recognized (loss) income for the year attributable to Cimpress plc	$ (67,774)	$ 65,642

The accompanying notes are an integral part of these consolidated financial statements.

CIMPRESS PLC
CONSOLIDATED BALANCE SHEET

(in thousands)

	Note	June 30, 2021	June 30, 2020
Assets			
Non-current assets			
Intangible assets:			
Capitalized software		$ 87,690	$ 71,465
Goodwill	12	726,979	621,904
Other intangible assets	12	186,744	209,228
Tangible assets:			
Property, plant and equipment	11	328,679	338,659
Operating lease assets	22	87,626	156,258
Other assets:			
Deferred tax assets	7	149,618	143,471
Marketable securities, noncurrent	2	50,713	—
Other assets, including derivatives	13	35,414	25,506
Total non-current assets		1,653,463	1,566,491
Current assets			
Inventory	2	70,044	80,179
Marketable securities	2	152,248	—
Investments, including derivatives	13	3,037	10,500
Debtors:			
Trade receivables	14	50,679	34,596
Prepaid expenses and other current assets	15	69,467	78,109
Cash at bank and in-hand		183,023	45,021
Restricted cash		537	86
Total current assets		529,035	248,491
Total assets		2,182,498	1,814,982
Creditors (amounts falling due within a year)			
Accounts payable		199,831	163,891
Accrued expenses	16	216,592	199,579
Deferred revenue		48,320	39,130
Current portion of long-term debt	17	9,895	17,933
Current operating leases liabilities	22	26,551	41,772
Other current liabilities	16	103,515	15,474
Total current liabilities		604,704	477,779
Net current liabilities		(75,669)	(229,288)
Total assets less current liabilities		1,577,794	1,337,203
Creditors (amounts falling due after more than one year)			
Long-term debt	17	1,732,511	1,415,657
Long-term operating lease liabilities	22	66,222	128,963
Other non-current liabilities	16	123,845	94,143
Total non-current liabilities		1,922,578	1,638,763
Total liabilities		2,527,282	2,116,542
Provisions for liabilities	16	33,468	45,715
Net liabilities		$ (378,252)	$ (347,275)

CIMPRESS PLC
CONSOLIDATED BALANCE SHEET (CONTINUED)
(in thousands)

	Note	June 30, 2021	June 30, 2020
Capital and reserves			
Called up share capital presented as equity	18	$ 544	$ 544
Share premium account	19	9,578	9,578
Other reserves	19	(4,186,969)	(4,234,477)
Profit and loss account		3,727,475	3,807,974
Deficit attributable to owners of Cimpress plc		(449,372)	(416,381)
Redeemable noncontrolling interests	21	71,120	69,106
Total shareholders' deficit		$ (378,252)	$ (347,275)

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors' and signed on its behalf on October 29, 2021.

/s/ Robert S. Keane

Robert S. Keane
Director

/s/ John J. Gavin, Jr.

John J. Gavin, Jr.
Director

CIMPRESS PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(in thousands)

		Attributable to owners of the Company							
				Other Reserves					
	Note	Called up share capital	Share premium account	Other	Accumulated Other Comprehensive Loss	Profit and loss account	Total	Redeemable Noncontrolling Interest	Total equity
Balance as of June 30, 2019		$ —	$ —	$ (325,753)	$ (79,857)	$ 537,422	$ 131,812	$ 63,182	$ 194,994
Issuance of ordinary shares due to share option exercises, net of shares withheld for taxes	19	—	—	(40,906)	—	—	(40,906)	—	(40,906)
Restricted share units vested, net of shares withheld for taxes	19	—	—	(605)	—	—	(605)	—	(605)
Grant of restricted share awards	19	—	—	(187)	—	—	(187)	—	(187)
Share based compensation expense	19	—	—	34,810	—	—	34,810	—	34,810
Purchase of ordinary shares	18	—	—	(627,056)	—	—	(627,056)	—	(627,056)
Issuance of deferred ordinary shares	18	—	—	28	—	—	28	—	28
Merger of Cimpress plc and Cimpress N.V. on December 3, 2019		544	3,199,376	(3,199,920)	—	—	—	—	—
Capital reduction approved by Irish High Court		—	(3,189,798	—	—	3,189,798	—	—	—
Net income		—	—	—	—	83,104	83,104	630	83,734
Adoption of new accounting standard	2	—	—	—	—	3,143	3,143	—	3,143
Issuance of warrants	19	—	—	22,432	—	—	22,432	—	22,432
Noncontrolling interest accretion to redemption value	21	—	—	—	—	(5,493)	(5,493)	5,493	—
Net unrealized loss on derivative instruments designated and qualifying as cash flow hedges	10	—	—	—	(27,440)	—	(27,440)	—	(27,440)
Foreign currency translation, net of hedges		—	—	—	11,172	—	11,172	(239)	10,933
Unrealized loss on pension benefit obligation, net of tax		—	—	—	(1,195)	—	(1,195)	—	(1,195)
Distribution to noncontrolling interest	21	—	—	—	—	—	—	(3,955)	(3,955)
Acquisition of noncontrolling interest	21	—	—	—	—	—	—	3,995	3,995
Balance as of June 30, 2020		$ 544	$ 9,578	$(4,137,157)	$ (97,320)	$3,807,974	$(416,381)	$ 69,106	$ (347,275)

The accompanying notes are an integral part of these consolidated financial statements.

CIMPRESS PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
(in thousands)

		Attributable to owners of the Company							
				Other Reserves					
	Note	Called up share capital	Share premium account	Other	Accumulated Other Comprehensive Loss	Profit and loss account	Total	Noncontrolling Interest	Total equity
Balance as of June 30, 2020		$ 544	$ 9,578	$(4,137,157)	$ (97,320)	$ 3,807,974	$ (416,381)	$ 69,106	$ (347,275)
Issuance of ordinary shares due to share option exercises, net of shares withheld for taxes	19	—	—	(2,281)	—	—	(2,281)	—	(2,281)
Restricted share units vested, net of shares withheld for taxes	19	—	—	(5,757)	—	—	(5,757)	—	(5,757)
Share based compensation expense	19	—	—	37,226	—	—	37,226	—	37,226
Net loss		—	—	—	—	(77,450)	(77,450)	2,772	(74,678)
Noncontrolling interest accretion to redemption value	21	—	—	—	—	(3,049)	(3,049)	3,049	—
Net unrealized loss on derivative instruments designated and qualifying as cash flow hedges	10	—	—	—	14,891	—	14,891	—	14,891
Foreign currency translation, net of hedges		—	—	—	3,765	—	3,765	1,632	5,397
Unrealized loss on pension benefit obligation, net of tax		—	—	—	(336)	—	(336)	—	(336)
Distribution to noncontrolling interest	21	—	—	—	—	—	—	(4,746)	(4,746)
Acquisition of noncontrolling interest	21	—	—	—	—	—	—	4,370	4,370
Purchase of noncontrolling interest	21	—	—	—	—	—	—	(5,063)	(5,063)
Balance as of June 30, 2021		$ 544	$ 9,578	$(4,107,969)	$ (79,000)	$ 3,727,475	$ (449,372)	$ 71,120	$ (378,252)

The accompanying notes are an integral part of these consolidated financial statements.

CIMPRESS PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

	Year Ended June 30,	
	2021	**2020**
Operating activities		
Net (loss) income	$ (74,678)	$ 83,734
Adjustments for:		
Depreciation and amortization	173,212	167,943
Impairment of goodwill (Note 12)	—	100,842
Share-based compensation expense (Note 19)	37,034	34,874
Impairment of long-lived assets (Note 8)	19,882	—
Deferred taxes (Note 7)	(10,545)	(106,603)
Loss on early extinguishment of debt	48,343	—
Unrealized gain (loss) on derivatives not designated as hedging instruments included in net income	17,323	7,731
Effect of exchange rate changes on monetary assets and liabilities denominated in non-functional currency	(7,278)	(802)
Other non-cash items	7,041	11,229
Changes in working capital, excluding the effect of acquisitions:		
Accounts receivable	(11,474)	26,659
Inventory	16,382	(18,328)
Prepaid expenses and other assets	(2,606)	11,946
Accounts payable	29,367	(17,547)
Accrued expenses and other liabilities	23,218	36,766
Net cash provided by operating activities	265,221	338,444
Investing activities		
Purchases of property, plant and equipment	(38,524)	(50,467)
Proceeds from the sale of subsidiaries, net of transaction costs and cash divested	—	(1,124)
Business acquisition, net of cash acquired (Note 4)	(53,410)	(4,272)
Software and website development expenditures	(60,937)	(43,992)
Purchases of marketable securities (Note 2)	(203,581)	—
Proceeds from sale of assets	5,696	1,644
(Payments for) proceeds from settlement of derivatives designated as hedging instruments	(3,291)	29,791
Other investing activities	(269)	1,556
Net cash used in investing activities	(354,316)	(66,864)
Financing activities		
Proceeds from borrowings of long-term debt (Note 17)	665,682	1,281,490
Proceeds from Term Loan B (Note 17)	1,149,751	—
Proceeds from issuance of senior notes (Note 17)	—	210,500
Proceeds from issuance of second lien notes (Note 17)	—	271,568
Proceeds from issuance of warrants (Note 17)	—	22,432
Payments of debt (Note 17)	(1,242,606)	(1,337,334)
Payments for early redemption of second lien notes (Note 17)	(309,000)	
Payments of debt issuance costs (Note 17)	(11,963)	(22,570)
Payments of purchase consideration included in acquisition-date fair value	(1,205)	(358)
Payments of withholding taxes in connection with equity awards	(5,757)	(41,709)
Payments of finance lease obligations	(8,000)	(9,511)

The accompanying notes are an integral part of these consolidated financial statements.

CIMPRESS PLC
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
(in thousands)

	Year Ended June 30,	
	2021	2020
Financing activities (continued)		
Purchase of noncontrolling interests (Note 21)	(5,063)	—
Distribution to noncontrolling interest (Note 21)	(4,747)	(3,955)
Purchase of ordinary shares	—	(627,056)
Proceeds from issuance of shares	(2,280)	6
Other financing activities	(684)	(1,758)
Net cash provided by (used in) financing activities	224,128	(258,255)
Effect of exchange rate changes on cash	2,969	(3,583)
Net increase (decrease) in cash and cash equivalents	138,002	9,742
Cash and cash equivalents at beginning of period	45,021	35,279
Cash and cash equivalents at end of period	$ 183,023	$ 45,021
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 116,977	$ 72,906
Income taxes	27,870	13,520
Non-cash investing and financing activities:		
Property and equipment acquired under financial leases	6,996	1,605
Amounts accrued related to business acquisitions	45,025	2,289

The accompanying notes are an integral part of these consolidated financial statements.

1. Description of the Business

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

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

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of Cimpress plc, 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 cannot exercise significant influence, and the related equity securities do not have a readily determinable fair value, are accounted for using the cost method and are included in other assets 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.

Going Concern

Throughout fiscal year 2021, the COVID-19 pandemic had a negative impact on most of our businesses, but we've experienced improving trends in customer demand throughout the fiscal year. We evaluated our liquidity position as of the date of the issuance of these consolidated financial statements. As of June 30, 2021, we remain in compliance with all covenants applicable to our outstanding debt, which is outlined in additional detail in Note 17. Based on this evaluation, management believes, despite the ongoing impact of COVID-19 on our business and current net liability position, that our financial position, net cash provided by operations combined with our cash and cash equivalents, marketable securities and borrowing availability under our revolving credit facility, will be sufficient to fund our current obligations, capital spending, debt service requirements and working capital requirements over at least the next twelve months from the issuance date of this report.

The financial statements have been prepared on the going concern basis of accounting, which assumes that the Company and Group will continue in operational existence for the foreseeable future.

At June 30, 2021, we had $183,023 of cash and cash equivalents, $203,000 of marketable securities, net current liabilities of $75,669 and $1,764,856 of debt, excluding debt issuance costs and debt premiums and discounts. During the year ended June 30, 2021, we financed our operations and strategic investments through internally generated cash flows from operations and debt financing. We expect to finance our future operations through our cash, investments, operating cash flow and borrowings under our debt arrangements.

Cash at bank and in-hand

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 $537 and $86 as of June 30, 2021 and 2020, respectively, and are included in other assets in the accompanying consolidated balance sheets.

For bank accounts that are overdrawn at the end of a reporting period, including any net negative balance in our notional cash pool, we reclassify these overdrafts to short-term debt on our consolidated balance sheets. Book overdrafts that result from outstanding checks in excess of our bank balance are reclassified to other current liabilities. We did not have a bank overdraw for the year ended June 30, 2021, while for the year ended June 30, 2020, we reclassified an overdraw of $3,768 to short-term debt within our consolidated balance sheets and presented the overdraw within financing activities in our consolidated statement of cash flows. As of June 30, 2021 and 2020, we did not record a book overdraft.

Marketable Securities

We hold certain investments that are classified as held-to-maturity (HTM) as we have the intent and ability to hold them to their maturity dates. Our policy is to invest in the following permitted classes of assets: overnight money market funds invested in U.S. Treasury securities and U.S. government agency securities, U.S Treasury securities-specifically U.S Treasury bills, notes, and bonds, U.S. government agency securities, bank time deposits, commercial paper, corporate notes and bonds, and medium term notes. We generally invest in securities with a maturity of two years or less. As the investments are classified as held-to-maturity they are recorded at amortized cost and interest income is recorded as it is earned within interest (expense) income.

We will continue to assess our securities for impairment when the fair value is less than amortized cost to determine if any risk of credit loss exists. As our intent is to hold the securities to maturity, we must assess whether any credit losses related to our investments are recoverable, and determine if it is more likely than not that we will be required to sell the security before recovery of its amortized cost basis. For the year ended June 30, 2021 we did not record an allowance for credit losses and we recognized no impairments for these marketable securities.

The following is a summary of the held-to-maturity securities by type as of June 30, 2021 and as of June 30, 2020 we held no marketable securities:

	Amortized cost	Unrealized losses	Fair value
June 30, 2021			
Commercial paper	$ 74,463	$ (28)	$ 74,435
Corporate debt securities	128,498	(147)	128,351
Total	$ 202,961	$ (175)	$ 202,786

The following table summarizes the net carrying amount and fair value of the held-to maturity securities by contractual maturity.

	Amortized cost	Fair value
Due within one year or less		
Commercial paper and corporate debt securities	$ 152,248	$ 152,163
Due after one year through two years		
Corporate debt securities	50,713	50,623
Total	$ 202,961	$ 202,786

Accounts Receivable

Accounts receivable includes amounts due from customers. 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 net realizable value using the first-in, first-out method. Costs to produce 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 any of the years presented 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 and third-party consultants 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, which is generally over a three year period. 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, 2021 and 2020, was $47,560, $40,753, respectively, resulting in accumulated amortization of $231,482 and $180,993 at June 30 2021 and 2020, respectively.

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 using the income approach to value the trade names, customer relationships and customer network and a replacement cost approach to value developed technology and our print network. 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. We 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. 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 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. We did not recognize any impairment or abandonment charges for acquired intangible assets in any of the periods presented.

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. Assets acquired 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.

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 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 a reporting unit's goodwill exceeds its implied fair value, then we record an impairment loss equal to the difference. Refer to Note 12 for additional information.

Debt Issuance Costs

Costs associated with the issuance of debt instruments are capitalized and amortized over the term of the respective financing arrangement on a straight-line basis through the maturity date of the related debt instrument. We evaluate all changes to our debt arrangements, to determine whether the changes represent a modification or extinguishment to the old debt arrangement. If a debt instrument is deemed to be modified, we capitalize all new lenders fees and expense all third-party fees. If we determine that an extinguishment of one of our debt instruments has occurred, the unamortized financing fees associated with the extinguished instrument are expensed. For the revolving loans associated with our senior secured credit facility, all lender and third-party fees are capitalized, and in the event an amendment reduces the committed capacity under the revolving loans, we expense a portion of any unamortized fees on a pro-rata basis in proportion to the decrease in the committed capacity.

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 cross-currency swap contracts. In a cash flow hedging relationship, the effective and ineffective portion of the change in the fair value of the hedging derivative is initially recorded in accumulated other comprehensive (loss) income. 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. For derivatives designated as cash flow hedges, we present the settlement amount of these contracts within cash from investing activities in our consolidated statement of cash flows, if the hedged item continues after contract settlement.

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 and currency forward contracts. In hedging the currency exposure of a net investment in a foreign operation, the effective and ineffective portion of gains and losses on the hedging instruments is recognized in accumulated other comprehensive (loss) income as part of currency translation adjustment. 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 (expense) income, 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.

Shareholders' Equity (Deficit)

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 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 as consideration for some of our acquisition transactions. Upon issuance of treasury shares we determine the cost using the average cost method.

Warrants

We bifurcate and separately account for a detachable warrant as a separate equity instrument. The value assigned to the warrants was determined based on a relative fair value allocation between the warrants and related debt. The fair value of the warrants was determined using a Monte Carlo valuation and applying a discount for the lack of marketability for the warrants. We present the allocated value for the warrants within other reserves in our consolidated balance sheet. Refer to Note 19 for additional details.

Revenue Recognition

We generate revenue primarily from the sale and shipment of customized manufactured products. We also generate revenue, to a much lesser extent (and primarily in our Vistaprint business) from digital services, website design and hosting, professional design services, and email marketing services, as well as a small percentage from order referral fees and other third-party offerings. Revenues are recognized when control of the promised products or services is transferred to the customer in an amount that reflects the consideration we expect to be entitled to in exchange for those products or services. Shipping revenues are recognized when control of the related products is transferred to the customer. For design service arrangements, we recognize revenue when the services are complete. A portion of this revenue relates to design contests in which we have determined that we are the principal in the arrangement as we satisfy our contractual performance obligation to provide the customer with the benefit of our platform and network of designer. And we also offer one-to-one design services that leverages our network of designers in which we have concluded that we are the agent to these transactions.

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

We have elected to recognize shipping and handling activities that occur after transfer of control of the products as fulfillment activities and not as a separate performance obligation. Accordingly, we recognize revenue for our single performance obligation upon the transfer of control of the fulfilled orders, which generally occurs upon delivery to the shipping carrier. If revenue is recognized prior to completion of the shipping and handling activities, we accrue the costs of those activities. We do have some arrangements whereby the transfer of control, and thus revenue recognition, occurs upon delivery to the customer. If multiple products are ordered together, each product is considered a separate performance obligation, and the transaction price is allocated to each performance obligation based on the standalone selling price. Revenue is recognized upon satisfaction of each performance obligation. We generally determine the standalone selling prices based on the prices charged to our customers.

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

We record deferred revenue when cash payments are received in advance of our satisfaction of the related performance obligation. The satisfaction of performance obligations generally occurs shortly after cash payment and we expect to recognize our deferred revenue balance as revenue within three months subsequent to June 30, 2021.

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

We have elected to expense incremental direct costs as incurred, which primarily includes sales commissions, since our contract periods generally are less than one year and the related performance obligations are satisfied within a short period of time.

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 presented as a separate financial statement line within our consolidated statement of operations.

For jurisdictions in which there are statutorily required minimum benefits for involuntary terminations, or severance benefits documented in an employee manual or labor contract, we evaluate these benefits as ongoing benefit arrangements. We recognize the liability for these arrangements when it is probable that the employee would be entitled to the benefits and the amounts can be reasonably estimated.

Advertising Expense

Our advertising costs are primarily expensed as incurred and included in marketing and selling expense. Advertising expense for the years ended June 30 2021 and 2020, was $333,665 and $302,449, 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 2021 and 2020 was $49,254 and $49,201, 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 calculate 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. Stranded income tax effects in accumulated other comprehensive income or loss are released on an item-by-item basis based on when the applicable derivative is recognized in earnings. We account for investment tax credits using the “deferral” method, under which the tax benefit from an investment tax credit is deferred and amortized over the book life of the related property.

During the three months ended December 31, 2020, the tax on Global Intangible Low-Taxed Income (“GILTI”) provision of the Tax Cuts and Jobs Act became applicable to our operations. Companies subject to GILTI have the option to account for the GILTI tax as a period cost if and when incurred, or to recognize deferred taxes for temporary differences, including outside basis differences, expected to reverse as GILTI. We elected to account for GILTI as a period cost, as incurred. We do not expect GILTI to have a material impact on our consolidated financial statements.

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. Transaction gains and losses and remeasurement of assets and liabilities denominated in currencies other than an entity’s functional currency are included in other (expense) income, net in our consolidated statements of operations.

Compensation Expense

Share-based Compensation

Compensation expense for all share-based awards is measured at fair value on the date of grant and recognized over the requisite service period. We recognize the impact of forfeitures as they occur. The fair value of share options is determined using the Black-Scholes valuation model, or lattice model for share options with a market condition or subsidiary share options. The fair value of RSUs is determined based on 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. For awards that are ultimately settleable in cash, we treat them as liability awards and mark the award to market each reporting period recognizing any gain or loss in our statements of operations. For awards with a performance condition vesting feature, compensation cost is recorded if it is probable that the performance condition will be achieved.

We have issued PSUs, and we calculate the fair value at grant which is fixed throughout the vesting period. The fair value is determined using a Monte Carlo simulation valuation model. As the PSUs include both a service and market condition the related expense is recognized using the accelerated expense attribution method over the requisite service period for each separately vesting portion of the award. For PSUs that meet the service vesting condition, the expense recognized over the requisite service period will not be reversed if the market condition is not achieved.

Total share-based compensation expense was $37,034 and $34,874 for the years ended June 30 2021 and 2020, respectively.

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 do not have any customers that accounted for greater than 10% of our accounts receivable as of June 30, 2021 and 2020. We do not have any customers that accounted for greater than 10% of our revenue for the years ended June 30, 2021 and 2020.

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.

Lease Accounting

We determine if an arrangement contains a lease at contract inception. We consider an arrangement to be a lease if it conveys the right to control an identifiable asset for a period of time. 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 lease term, excluding renewal periods.

Lease right-of-use ("ROU") assets and liabilities for operating and finance leases are recognized based on the present value of the future lease payments over the lease term at lease commencement date. As most of our leases do not provide an implicit interest rate, we use our incremental borrowing rate based on the information available at the lease commencement date. Our incremental borrowing rate approximates the interest rate on a collateralized basis for the economic environments where our leased assets are located, and is established by considering the credit spread associated with our existing debt arrangements, as well as observed market rates for instruments with a similar term to that of the lease payments. ROU assets also include any lease payments made at or before the lease commencement, as well as any initial direct costs incurred. Lease incentives received from the lessor are recognized as a reduction to the ROU asset.

Our initial determination of the lease term is based on the facts and circumstances that exist at lease commencement. The lease term may include the effect of options to extend or terminate the lease when it is reasonably certain that those options will be exercised. We consider these options reasonably certain to be exercised based on our assessment of economic incentives, including the fair market rent for equivalent properties under similar terms and conditions, costs of relocating, availability of comparable replacement assets, and any related disruption to operations that would be experienced by not renewing the lease.

Finance leases are accounted for as an acquisition of an asset and incurrence of an obligation. Assets held under finance 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 finance lease obligation is recorded at the present value of the minimum lease payments at inception of the lease.

Operating leases are included in operating lease assets and current and non-current operating lease liabilities in the consolidated balance sheets. Finance lease assets are included in property, plant, and equipment, net, and the related liabilities are included in other current liabilities and other liabilities in the consolidated balance sheets.

Variable lease payments are excluded from the operating lease assets and liabilities and are recognized as expense in the period in which the obligation is incurred. Variable lease payments primarily include index-based rent escalation associated with some of our real estate leases, as well as property taxes and common area maintenance payments for most real estate leases, which are determined based on the costs incurred by the lessor. We also make variable lease payments for certain print equipment leases that are determined based on production volumes.

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 finance 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.

We have subleased a small amount of our equipment and real estate lease portfolio to third parties, making us the lessor. Most of these subleases meet the criteria for operating lease classification and the related sublease income is recognized on a straight-line basis over the lease term within the consolidated statement of operations. To a lesser extent, we have leases in which we are the lessees, classify the leases as finance leases and have subleased the asset under similar terms, resulting in their classification as direct financing leases. For direct financing leases, we recognize a sublease receivable within prepaid expenses and other current assets and other assets in the consolidated balance sheets.

Recently Issued or Adopted Accounting Pronouncements

New Accounting Standards Adopted

In December 2019, the FASB issued Accounting Standards Update No. 2019-12 "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes" (ASU 2019-12), which modifies certain aspects of income tax accounting. We early adopted the standard on July 1, 2020. For the year ended June 30, 2021, adopting ASU 2019-12 resulted in a $2,771 increased tax expense in our consolidated financial statements, related to the intraperiod allocation rules. Under the intraperiod allocation rules, an entity generally allocates total income tax expense or benefit by first determining the amount attributable to continuing operations and then allocating the remaining tax expense or benefit to items other than continuing operations. An exception existed that required an entity with a loss from continuing operations to consider all components when determining the benefit from continuing operations. ASU 2019-12 removes this exception.

In June 2016, the FASB issued Accounting Standards Update No. 2016-13 "Financial Instruments—Credit Losses (Topic 326)" (ASU 2016-13), which introduces a new accounting model for recognizing credit losses on certain financial instruments based on an estimate of current expected credit losses. We adopted the standard on its effective date of July 1, 2020. The standard did not have a material impact on our consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04 "Reference Rate Reform ("ASC 848"): Facilitation of the Effects of Reference Rate Reform on Financial Reporting", which contains optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform. We adopted the standard on October 1, 2020. We elected to amend our hedge documentation, without dedesignating and redesignating, for all outstanding cash flow hedges by applying two practical expedients. We elected the expedient in ASC 848-50-25-2 to assert probability of the hedged interest payments regardless of any expected modification in terms related to reference rate reform. In addition, we elected to continue the method of assessing effectiveness as documented in the original hedge documentation and elected to apply the expedient in ASC 848-50-35-17, so that the reference rate on the hypothetical derivative matches the reference rate on the hedging instrument. The standard did not have a material impact on our consolidated financial statements.

Issued Accounting Standards to be Adopted

In May 2021, the FASB issued Accounting Standards Update No. 2021-04 "Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)" (ASU 2021-04), which provides authoritative guidance for the accounting for modifications or exchanges of freestanding equity-classified written call options (for example, warrants) that remain equity classified after modification or exchange. The standard is effective for us on July 1, 2022, and early adoption is permitted. We are assessing the impact on our consolidated financial statements.

3. Segment Information

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

As of June 30, 2021, we have numerous operating segments under our management reporting structure which are reported in the following five reportable segments:

- *Vistaprint* - Includes the operations of our global Vistaprint websites and our Webs-branded business, which is managed with the Vistaprint-branded digital business. Also included is our Vistaprint Corporate Solutions business which serves medium-sized businesses and large corporations, our 99designs business which was acquired on October 1, 2020, as well as a legacy revenue stream with retail partners and franchise businesses.

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

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

- *National Pen* - Includes the global operations of our National Pen business, which manufactures and markets custom writing instruments and promotional products, apparel and gifts.

- *All Other Businesses* - Includes a collection of businesses grouped together based on materiality. With the exception of BuildASign, which is a larger and profitable business, the All Other Businesses reportable segment consists of two smaller businesses that we continue to manage at a relatively modest operating loss and the addition of a newly acquired company that provides supply chain expertise and sells into a growing product category.
    - BuildASign is an internet-based provider of canvas-print wall décor, business signage and other large-format printed products, based in Austin, Texas. In the fourth quarter of fiscal year 2021, we closed a small acquisition under BuildASign in a new product category.

- Printi is an online printing leader in Brazil, which offers a superior customer experience with transparent and attractive pricing, reliable service and quality.
- YSD is a startup operation that provides end-to-end mass customization solutions to brands and intellectual property owners in China, supporting multiple channels including retail stores, websites, WeChat and e-commerce platforms to enhance brand awareness and competitiveness and develop new markets.

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

The expense value of our PSU awards is based on a Monte Carlo fair value analysis and is required to be expensed on an accelerated basis. In order to ensure comparability in measuring our businesses' results, we allocate the straight-line portion of the fixed grant value to our businesses. Any expense in excess of the amount as a result of the fair value measurement of the PSUs and the accelerated expense profile of the awards is recognized within central and corporate costs.

Our definition of segment EBITDA is GAAP operating income excluding certain items, such as depreciation and amortization, expense recognized for contingent earn-out related charges including the changes in fair value of contingent consideration and compensation expense related to cash-based earn-out mechanisms dependent upon continued employment, share-based compensation related to investment consideration, certain impairment expense, and restructuring charges. We include insurance proceeds that are not recognized within operating income. We do not allocate non-operating income, including realized gains and losses on currency hedges, to our segment results.

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

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

	Year Ended June 30,	
	2021	**2020**
Revenue:		
Vistaprint	$ 1,428,254	$ 1,337,291
PrintBrothers	421,766	417,921
The Print Group	275,534	275,214
National Pen	313,528	299,474
All Other Businesses	192,038	173,789
Total segment revenue	2,631,120	2,503,689
Inter-segment eliminations (1)	(55,160)	(22,331)
Total consolidated revenue	$ 2,575,960	$ 2,481,358

(1) Refer to the "Revenue by Geographic Region" tables below for detail of the inter-segment revenue within each respective segment.

	Year Ended June 30, 2021					
	Vistaprint	PrintBrothers	The Print Group	National Pen	All Other	Total
Revenue by Geographic Region:						
North America	$ 938,727	$ —	$ —	$ 154,857	$ 171,398	$1,264,982
Europe	350,270	420,946	258,230	106,004	—	1,135,450
Other	136,919	—	—	20,762	17,847	175,528
Inter-segment	2,338	820	17,304	31,905	2,793	55,160
Total segment revenue	1,428,254	421,766	275,534	313,528	192,038	2,631,120
Less: inter-segment elimination	(2,338)	(820)	(17,304)	(31,905)	(2,793)	(55,160)
Total external revenue	$1,425,916	$ 420,946	$ 258,230	$ 281,623	$ 189,245	$2,575,960

	Year Ended June 30, 2020					
	Vistaprint	PrintBrothers	The Print Group	National Pen	All Other	Total
Revenue by Geographic Region:						
North America	$ 928,668	$ —	$ —	$ 154,632	$ 153,795	$1,237,095
Europe	325,239	416,987	269,220	112,046	—	1,123,492
Other	77,204	—	—	24,990	18,577	120,771
Inter-segment	6,180	934	5,994	7,806	1,417	22,331
Total segment revenue	1,337,291	417,921	275,214	299,474	173,789	2,503,689
Less: inter-segment elimination	(6,180)	(934)	(5,994)	(7,806)	(1,417)	(22,331)
Total external revenue	$1,331,111	$ 416,987	$ 269,220	$ 291,668	$ 172,372	$2,481,358

The following table includes segment EBITDA by reportable segment, total income from operations and total (loss) income before income taxes:

	Year Ended June 30,	
	2021	2020
Segment EBITDA:		
Vistaprint	$ 324,715	$ 366,334
PrintBrothers	43,144	39,373
The Print Group	43,126	51,606
National Pen	11,644	7,605
All Other Businesses	31,707	17,474
Total segment EBITDA	454,336	482,392
Central and corporate costs	(135,398)	(140,398)
Depreciation and amortization	(173,212)	(167,943)
Proceeds from insurance	(122)	—
Earn-out related charges	—	54
Certain impairments and other adjustments (1)	(20,453)	(104,593)
Restructuring-related charges	(1,641)	(13,543)
Total income from operations	123,510	55,969
Other (expense) income, net	(11,835)	22,874
Interest expense, net	(119,368)	(75,840)
Loss on early extinguishment of debt	(48,343)	—
(Loss) income before income taxes	$ (56,036)	$ 3,003

(1) For the year ended June 30, 2021, certain impairments and other adjustments includes lease impairment and abandonment charges for two leased locations totaling $19,882. Refer to Note 22 for additional details. For the year ended June 30, 2020, certain impairments and other adjustments includes impairments of goodwill defined by ASC 350 - "Intangibles - Goodwill and Other" of $100,842, as well as losses of $1,520 recognized for fair value adjustments to the disposal group related to our VIDA sale.

	Year Ended June 30, 2021	Year Ended June 30, 2020
Depreciation and amortization:		
Vistaprint	$ 58,513	$ 59,029
PrintBrothers	22,089	21,010
The Print Group	27,066	24,769
National Pen	25,123	23,654
All Other Businesses	19,811	23,755
Central and corporate costs	20,610	15,726
Total depreciation and amortization	$ 173,212	$ 167,943

	Year Ended June 30, 2021	Year Ended June 30, 2020
Purchases of property, plant and equipment:		
Vistaprint	$ 12,332	$ 15,986
PrintBrothers	3,609	4,315
The Print Group	11,847	17,136
National Pen	3,603	5,016
All Other Businesses	5,466	4,242
Central and corporate costs	1,667	3,772
Total purchases of property, plant and equipment	$ 38,524	$ 50,467

	Year Ended June 30, 2021	Year Ended June 30, 2020
Capitalization of software and website development costs:		
Vistaprint	$ 28,297	$ 18,381
PrintBrothers	1,465	990
The Print Group	1,603	1,484
National Pen	3,115	3,290
All Other Businesses	3,746	3,684
Central and corporate costs	22,711	16,163
Total capitalization of software and website development costs	$ 60,937	$ 43,992

Enterprise Wide Disclosures:

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

	Year Ended June 30, 2021	Year Ended June 30, 2020
United States	$ 1,182,883	$ 1,251,531
Germany (1)	350,281	351,348
Other (2)	1,042,796	878,479
Total revenue	$ 2,575,960	$ 2,481,358

	Year Ended June 30, 2021	Year Ended June 30, 2020
Physical printed products and other (3)	$ 2,477,158	$ 2,431,367
Digital products/services (4)	98,802	49,991
Total revenue	$ 2,575,960	$ 2,481,358

(1) Our revenues within the German market exceeded 10% of our total consolidated revenue. Therefore, we have presented Germany as a significant geographic area.

(2) Our other revenue includes Ireland, our country of domicile.

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

(4) Digital products/service revenue includes revenue associated with design services and for the year ended June 30, 2021 includes revenue from our 99designs business which was acquired on October 1, 2020. Refer to Note 4 for additional details.

The following table sets forth long-lived assets by geographic area:

	June 30, 2021	June 30, 2020
Long-lived assets (1):		
United States	$ 107,868	$ 161,853
Netherlands	75,996	82,897
Canada	60,779	67,367
Switzerland	68,880	58,013
Italy	47,776	46,317
Jamaica	20,550	21,563
Australia	21,298	19,695
France	25,417	23,917
Japan	14,891	15,430
Other	96,063	94,922
Total	$ 539,518	$ 591,974

(1) Excludes goodwill of $726,979 and $621,904, intangible assets, net of $186,744 and $209,228, deferred tax assets of $149,618 and $143,496, and marketable securities, non-current of $50,713 and zero as of June 30, 2021 and June 30, 2020, respectively.

4. Acquisitions

Acquisition of 99designs, Inc.

On October 1, 2020, we acquired 99designs, Inc. and its subsidiaries ("99designs"), a global creative platform for graphic design. We acquired all outstanding shares of the company for a purchase price of $90,000, subject to a post-closing adjustment based on acquired cash, debt, and working capital as of the closing date. We paid $45,000 in cash at closing and will pay the remaining purchase consideration, including the post-closing adjustment, on February 15, 2022. The acquisition is managed within our Vistaprint business and provides a global platform that connects designers and clients, making it easier for small businesses to access both professional design services and marketing products in one place. We expect the synergies achieved through integration with the 99designs designer network to provide significant benefits to our Vistaprint business.

The table below details the consideration transferred to acquire 99designs:

Cash consideration (paid at closing)	$ 45,000
Fair value of deferred payment	43,381
Final post closing adjustment	310
Total purchase price	$ 88,691

We 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, which is primarily attributable to the synergies that we expect to achieve through the acquisition. The goodwill balance has been attributed to the Vistaprint reporting unit and a portion of such goodwill balance is deductible for tax purposes. Additionally, we identified and valued 99designs intangible assets which include their trade name, designer network, and developed technology.

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

	Amount	Weighted Average Useful Life in Years
Tangible assets acquired and liabilities assumed:		
Cash and cash equivalents	$ 8,603	n/a
Accounts receivable, net	494	n/a
Prepaid expenses and other current assets	787	n/a
Property, plant and equipment, net	73	n/a
Other assets	142	n/a
Accounts payable	(220)	n/a
Accrued expenses	(6,299)	n/a
Deferred revenue	(5,806)	n/a
Other liabilities	(625)	n/a
Identifiable intangible assets:		
Trade name	1,550	2 years
Developed technology	13,400	3 years
Designer network	5,800	7 years
Goodwill	70,792	n/a
Total purchase price	$ 88,691	n/a

99designs has been included in our consolidated financial statements starting on its acquisition date. The revenue and earnings of 99designs included in our consolidated financial statements for the year ended June 30, 2021 are not material, and therefore no proforma financial information is presented. We used our now amended senior secured credit facility to finance the acquisition. In connection with the acquisition, we incurred $1,183 in general and administrative expenses during the year ended June 30, 2021, primarily related to legal, financial, and other professional services.

Other Acquisition

On April 23, 2021 we completed a tuck-in acquisition of a fast growing company with an attractive product capability as part of our BuildASign business, acquiring approximately 81% of the company's shares for the total consideration of $18,535. We recognized the assets, liabilities and noncontrolling interest on the basis of their fair values at the date of the acquisition, resulting in goodwill of $14,208 which is not deductible for tax purposes. This acquisition will be presented within our All Other Businesses segment. The revenue and earnings included in our consolidated financial statements for the year ended June 30, 2021 are not material. We utilized proceeds from our now amended senior secured credit facility to finance the acquisition.

5. Restructuring Charges

Restructuring costs include one-time employee termination benefits, acceleration of share-based compensation, write-off of assets and other related costs including third-party professional and outplacement services. The restructuring charges included in our consolidated statement of operations for the years ended June 30, 2021 and 2020,were $1,641 and $13,543, respectively.

During the year ended June 30, 2021 we recognized restructuring charges of of $1,641, primarily due to organizational changes within The Print Group segment totaling $1,966 intended to streamline certain activities. This was partially offset by changes in estimate related to prior period actions of $325. We do not expect any material charges to be incurred in future periods related to each of these initiatives.

During the year ended June 30, 2020, we recognized restructuring charges of $13,543, consisting of charges of $5,734 within our Vistaprint reportable segment as we evolved our organizational structure, including our reorganization of the technology team. We also recognized $3,532 in charges within our central and corporate costs, due to the coordinated reorganization of technology teams with our Vistaprint business. We also incurred charges of $3,211, $535, and $475 in our National Pen, All Other Businesses and The Print Group reportable segments, respectively during the year ended June 30, 2020, for various cost reduction measures primarily in response to the pandemic. These restructuring actions were completed during fiscal year 2020.

The following table summarizes the restructuring activity during the years ended June 30, 2021 and 2020:

	Severance and Related Benefits	Other Restructuring Costs	Total
Accrued restructuring liability as of June 30, 2019	$ 3,045	$ 167	$ 3,212
Restructuring charges	13,193	350	13,543
Cash payments	(8,647)	(440)	(9,087)
Non-cash charges (1)	(1,622)	—	(1,622)
Accrued restructuring liability as of June 30, 2020	5,969	77	6,046
Restructuring charges	998	643	1,641
Cash payments	(6,565)	—	(6,565)
Non-cash charges (1)	—	(720)	(720)
Accrued restructuring liability as of June 30, 2021	$ 402	$ —	$ 402

(1) Non-cash charges primarily include the write-off of property, plant and equipment, net, which was recognized as part of the actions taken in The Print Group segment during the year ended June 30, 2021, and also includes the acceleration of share based compensation expenses for the year ended June 30, 2020.

6. Other Income, Net and Interest Expense, Net

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

	Year Ended June 30,	
	2021	2020
(Losses) gains on derivatives not designated as hedging instruments (1)	$ (20,728)	$ 20,564
Currency-related gains (losses), net (2)	8,523	2,309
Other gains	370	1
Total other (expense) income, net	$ (11,835)	$ 22,874

(1) Primarily relates to both realized and unrealized gains and losses on derivative currency forward and option contracts and interest rate swaps not designated as hedging instruments, including losses of $3,422 for the year ended June 30, 2021, related to certain interest rate swap contracts that were de-designated from hedge accounting during the year due to their ineffectiveness, which had an immaterial impact in the comparative periods. As of June 30, 2021 we have redesignated several of our previously dedesignated hedge contracts. Refer to Note 10 for additional information.

(2) We have significant non-functional currency intercompany financing relationships that we may change at times and are subject to currency exchange rate volatility. The currency-related (losses) gains, net are primarily driven by this intercompany activity for the periods presented. In addition, we have certain cross-currency swaps designated as cash flow hedges which hedge the remeasurement of certain intercompany loans; both are presented in the same component above. Unrealized losses related to cross-currency swaps were $7,211 for the year ended June 30, 2021 as compared to unrealized gains of $929 for the year ended June 30, 2020.

The following table summarizes the components of interest expense, net:

	Year Ended June 30,	
	2021	2020
Interest payable and similar expenses	$ 121,209	$ 78,611
Less: interest receivable and similar income	(1,841)	(2,771)
Interest payable and similar expense, net	$ 119,368	$ 75,840

7. Income Taxes

The following is a summary of our income (loss) before income taxes by geography:

	Year Ended June 30,	
	2021	2020
U.S.	$ 2,546	$ (58,765)
Non-U.S.	(58,582)	61,768
Total	$ (56,036)	$ 3,003

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

	Year Ended June 30,	
	2021	2020
Current:		
U.S. Federal	$ (93)	$ (16,269)
U.S. State	546	213
Non-U.S.	27,944	22,622
Total current	28,397	6,566
Deferred:		
U.S. Federal	(1,573)	12,980
U.S. State	(31)	3,213
Non-U.S.	(8,151)	(103,490)
Total deferred	(9,755)	(87,297)
Total	$ 18,642	$ (80,731)

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

	Year Ended June 30,	
	2021	2020
U.S. federal statutory income tax rate	21.0 %	21.0 %
State taxes, net of federal effect	3.6	(130.1)
Tax rate differential on non-U.S. earnings	(21.8)	(408.4)
Swiss tax reform	—	(3,779.0)
Compensation related items	0.2	(420.7)
U.S. tax reform	—	(372.6)
Goodwill impairment	—	759.1
Change in valuation allowance	(30.8)	1,277.5
Irish foreign tax credit	10.0	262.3
Tax on repatriated earnings	(4.4)	154.1
Gain/loss on sale of subsidiary	—	(189.2)
Notional interest deduction (Italy)	1.6	(47.9)
Patent box (Italy)	—	(24.2)
Tax credits and incentives	4.0	(88.3)
Non-US tax rate changes	1.4	81.7
Business and withholding taxes	(0.4)	28.7
Uncertain tax positions	(1.1)	28.8
Nondeductible interest expense	(19.4)	157.4
Other non-deductible expenses	0.6	47.5
Tax on unremitted earnings	(1.0)	31.4
Changes to derivative instruments	1.8	—
Other	1.4	(77.4)
Effective income tax rate	(33.3)%	(2,688.3)%

For the year ended June 30, 2021, our effective tax rate was below our U.S. federal statutory tax rate primarily due to non-deductible interest expense and losses in certain jurisdictions for which we cannot recognize a tax benefit. The jurisdictions that have the most significant impact to our non-U.S. tax provision include Australia, Canada, France, Germany, India, Ireland, Italy, the Netherlands, Spain and Switzerland. The applicable tax rates in these jurisdictions range from 10% to 30%. The total tax rate benefit from operating in non-U.S. jurisdictions is included in the line “Tax rate differential on non-U.S. earnings” in the above tax rate reconciliation table.

For the year ended June 30, 2021, our effective tax rate was (33.3)% as compared to the prior year effective tax rate of (2,688.3)%. The increase in our effective tax rate as compared to the prior year is primarily due to Swiss Tax Reform benefits of $113,482 in the year ended June 30, 2020. Also, in addition to decreased pre-tax profits and a less favorable mix of earnings year over year, we recognized tax benefits of $2,143 related to excess tax benefits from share based compensation, as compared to $15,705 in fiscal year 2020. During the year ended June 30, 2021 we recognized a tax benefit of $6,700 for the release of our valuation allowance in India as a result of increased profitability. Additionally in fiscal year 2020, we recognized tax benefits of $11,188 for the re-measurement of U.S. tax losses that were carried back to tax years with higher U.S. federal tax rates under the US CARES Act and tax expense of $41,900 to record a full valuation allowance against our U.S. deferred tax assets and a portion for our Irish deferred tax assets. The change in judgment to no longer recognize the deferred tax assets was driven by decreased profits due to impacts of the COVID-19 pandemic and goodwill impairments.

On October 25, 2019, the canton of Zurich enacted tax law changes by publishing the results of its referendum to adopt the Federal Act on Tax Reform and AHV Financing (TRAF), which we refer to as Swiss Tax Reform. Swiss Tax Reform was effective as of January 1, 2020 and included the abolishment of various favorable federal and cantonal tax regimes. Swiss Tax Reform provided transitional relief measures for companies that lost the tax benefit of a ruling, including a "step-up" for amortizable goodwill, equal to the amount of future tax benefit they would have received under their existing ruling, subject to certain limitations. We recognized a tax benefit of $113,482 to establish new Swiss deferred tax assets related to transitional relief measures and to remeasure our existing Swiss deferred tax assets and liabilities. We do not expect to realize the majority of this benefit until fiscal year 2025 through fiscal year 2030.

Significant components of our deferred income tax assets and liabilities consisted of the following at June 30, 2021 and 2020:

	June 30, 2021	June 30, 2020
Deferred tax assets:		
Swiss tax reform amortizable goodwill	$ 124,372	$ 127,965
Net operating loss carryforwards	73,534	62,374
Leases	31,363	33,078
Depreciation and amortization	9,136	4,308
Accrued expenses	9,538	6,253
Share-based compensation	11,192	9,482
Credit and other carryforwards	39,109	29,216
Derivative financial instruments	8,226	6,739
Other	5,774	7,551
Subtotal	312,244	286,966
Valuation allowance	(113,917)	(91,575)
Total deferred tax assets	198,327	195,391
Deferred tax liabilities:		
Depreciation and amortization	(28,187)	(41,017)
Leases	(24,920)	(30,433)
Investment in flow-through entity	(5,003)	(3,550)
Tax on unremitted earnings	(6,877)	(6,203)
Italy tax suspension reserve	(4,528)	—
Other	(6,627)	(4,502)
Total deferred tax liabilities	(76,142)	(85,705)
Net deferred tax assets	$ 122,185	$ 109,686

In assessing the realizability of deferred tax assets, we consider whether it is more likely than not that some 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 in certain jurisdictions (mainly the United States, Ireland, Brazil, China, Japan and France) for which management has determined we cannot recognize the related deferred tax assets based on trailing three-year pre-tax profit or loss adjusted for permanent book versus tax differences. Also, Cimpress plc generated $5,587 of Irish foreign tax credit carryforwards which do not expire, but for which management has determined it is more likely than not that these will not be utilized upon future repatriation. Other increases in our valuation allowance include increased U.S. research and development credits of $3,209 and acquired net operating losses of $5,424. The increase in valuation allowance was offset by the release of Indian valuation allowance of $6,700.

We have recorded a full valuation allowance against $8,226 of deferred tax asset related to derivative financial instruments for which management has determined that it is more likely than not that the deferred tax asset 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 on the balance sheet. Additionally, we have recorded valuation allowances of $25,389 and $3,805 against deferred tax assets related to U.S. research and development credits and U.S. capital loss carryforwards, respectively, for which management has determined that it is more likely than not that these will not be utilized within the applicable carryforward periods available under local law.

We have not recorded a valuation allowance against $14,235 of deferred tax asset associated with prior year tax losses generated in Switzerland. Management believes there is sufficient positive evidence in the form of historical and future projected profitability to conclude that it is more likely than not that all of the losses in Switzerland will be utilized against future taxable profits within the available carryforward period. Our assessments are reliant on the attainment of our future operating profit goals. Failure to achieve these operating profit goals may change our assessment of these deferred tax assets, and such change would result in 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.

Based on the weight of available evidence at June 30, 2021, 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 on a quarterly basis.

A reconciliation of the beginning and ending amount of the valuation allowance for the year ended June 30, 2021 is as follows:

Balance at June 30, 2020	$	93,828
Charges to earnings (1)		14,961
Charges to other accounts (2)		5,128
Balance at June 30, 2021	$	113,917

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(1) Amount is primarily related to increased U.S. and non-U.S. net operating losses, increased U.S. research and development credits, increased Irish foreign tax credits, and release of India valuation allowance.

(2) Amount is primarily related to increase in deferred tax assets on non-U.S. net operating losses due to currency exchange rate changes, acquired net operating losses recorded in purchase accounting, and unrealized losses on derivative financial instruments included in Accumulated Other Comprehensive Loss.

As of June 30, 2021, we had gross U.S. federal and apportioned state net operating losses of $12,124 and $25,179, respectively, that expire on various dates from fiscal year 2024 through fiscal year 2041 or with unlimited carryforward. We also had gross non-U.S. net operating loss carryforwards of $422,072, a significant amount of which begin to expire in fiscal year 2024, with the remaining amounts expiring on various dates from fiscal year 2022 through fiscal year 2030 or with unlimited carryforward. In addition, we had $30,693 of tax credit carryforwards primarily related to U.S. federal and state research and development credits, which expire on various dates beginning in fiscal year 2031 or with unlimited carryforward. We also had $18,118, $7,934 and $3,291 of U.S. federal, apportioned state, and non-U.S. capital loss carryforwards, respectively. The U.S. capital losses expire in fiscal year 2025 and the non-U.S. capital losses have unlimited carryforward. Lastly, we had $8,030 of Irish foreign tax credits with unlimited carryforward. The benefits of these carryforwards are dependent upon the generation of taxable income in the jurisdictions where they arose.

We consider the following factors, among others, in evaluating our plans for indefinite reinvestment of our subsidiaries' earnings: (i) the forecasts, budgets and financial requirements of both our parent company and its subsidiaries, both for the long term and for the short term; (ii) the ability of Cimpress plc to fund its operations and obligations with earnings from other businesses within the global group without incurring substantial tax costs; and (iii) the tax consequences of any decision to reinvest earnings of any subsidiary. As of June 30, 2021, no tax provision has been made for $43,401 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 $10,000 to $11,000 at that time. A cumulative deferred tax liability of $6,877 has been recorded attributable to undistributed earnings 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 with no tax cost. Accordingly, there has been no provision for income or withholding taxes on these earnings.

We currently benefit from various income tax holidays in certain jurisdictions. The tax holidays expire on various dates through August 2022. When the tax holidays expire, we will be subject to tax at rates ranging from 15% to 30%. As a result of the tax holidays, our net income was higher by $181 for fiscal year 2021.

A reconciliation of the gross beginning and ending amount of unrecognized tax benefits is as follows:

Balance June 30, 2019	$ 4,721
Additions based on tax positions related to the current tax year	7,147
Additions based on tax positions related to prior tax years	769
Reductions based on tax positions related to prior tax years	(102)
Reductions due to audit settlements	(52)
Reductions due to lapse of statute of limitations	(71)
Cumulative translation adjustment	(4)
Balance June 30, 2020	12,408
Additions based on tax positions related to the current tax year	1,428
Additions based on tax positions related to prior tax years	887
Reductions based on tax positions related to prior tax years	(51)
Reductions due to audit settlements	(83)
Reductions due to lapse of statute of limitations	(229)
Cumulative translation adjustment	19
Balance June 30, 2021	$ 14,379

For the year ended June 30, 2021, the amount of unrecognized tax benefits (exclusive of interest) that, if recognized, would impact the effective tax rate is $1,307. 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, 2021 and 2020, were $1,014 and $384, respectively. It is reasonably possible that a further change in unrecognized tax benefits in the range of $300 to $310 may occur within the next twelve months related to the settlement of one or more audits or the lapse of applicable statutes of limitations. We believe we have appropriately provided for all tax uncertainties.

We conduct business in a number of tax jurisdictions and, as such, are required to file income tax returns in multiple jurisdictions globally. The years 2014 through 2020 remain open for examination by the United States Internal Revenue Service ("IRS") and the years 2015 through 2020 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 certain jurisdictions globally. We believe that our income tax reserves are adequately maintained taking into consideration both the technical merits of our tax return positions and ongoing developments in our income tax audits. However, the final determination of our tax return positions, if audited, is uncertain and therefore there is a possibility that final resolution of these matters could have a material impact on our results of operations or cash flows.

8. Earnings Per Share

Net (Loss) Income Per Share Attributable to Cimpress plc

Basic net (loss) income per share attributable to Cimpress plc is computed by dividing net (loss) income attributable to Cimpress plc by the weighted-average number of ordinary shares outstanding for the respective period. Diluted net (loss) income per share attributable to Cimpress plc gives effect to all potentially dilutive securities, including share options, restricted share units (“RSUs”), warrants, and performance share units ("PSUs"), 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,	
	2021	2020
Weighted average shares outstanding, basic	25,996,572	27,180,744
Weighted average shares issuable upon exercise/vesting of outstanding share options/RSUs/RSAs/warrants (1)	—	592,542
Shares used in computing diluted net income (loss) per share attributable to Cimpress plc (2)	25,996,572	27,773,286
Weighted average anti-dilutive shares excluded from diluted net (loss) income per share attributable to Cimpress plc	494,329	1,325

(1) In the periods in which a net loss is recognized, the impact of share options, RSUs and warrants is not included as they are anti-dilutive.

(2) On May 1, 2020, we entered into a financing arrangement with Apollo Global Management, Inc., which included 7-year warrants with a strike price of $60 that have a potentially dilutive impact on our weighted average shares outstanding. For the years ended June 30 2021 and 2020, the weighted average anti-dilutive effect of the warrants was 368,933 and 73,719 shares, respectively. Refer to Note 17 for additional details about the arrangement.

9. Fair Value Measurements

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, 2021			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Currency forward contracts	$ 1,679	$ —	$ 1,679	$ —
Total assets recorded at fair value	$ 1,679	$ —	$ 1,679	$ —
Liabilities				
Interest rate swap contracts	$ (25,193)	$ —	$ (25,193)	$ —
Cross-currency swap contracts	(9,914)	—	(9,914)	—
Currency forward contracts	(19,651)	—	(19,651)	—
Currency option contracts	(3,080)	—	(3,080)	—
Total liabilities recorded at fair value	$ (57,838)	$ —	$ (57,838)	$ —

	June 30, 2020			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Interest rate swap contracts	$ 4,462	$ —	$ 4,462	$ —
Currency forward contracts	7,949	—	7,949	—
Currency option contracts	1,429	—	1,429	—
Total assets recorded at fair value	$ 13,840	$ —	$ 13,840	$ —
Liabilities				
Interest rate swap contracts	$ (39,520)	$ —	$ (39,520)	$ —
Cross-currency swap contracts	(4,746)	—	(4,746)	—
Currency forward contracts	(8,519)	—	(8,519)	—
Currency option contracts	(38)	—	(38)	—
Total liabilities recorded at fair value	$ (52,823)	$ —	$ (52,823)	$ —

During the years ended June 30, 2021 and 2020, there were no significant transfers in or out of Level 1, Level 2 and Level 3 classifications.

The valuations of the derivatives intended to mitigate our interest rate and currency risk are determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each instrument. This analysis utilizes observable market-based inputs, including interest rate curves, interest rate volatility, or spot and forward exchange rates, and reflects the contractual terms of these instruments, including the period to maturity. We incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparties' nonperformance risk in the fair value measurements. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements.

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to appropriately reflect both our own nonperformance risk and the respective counterparties' nonperformance risk in the fair value measurement. However, as of June 30, 2021, 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.

As of June 30, 2021 and June 30, 2020, the carrying amounts of our cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximated their estimated fair values. As of June 30, 2021 and June 30, 2020, the carrying value of our debt, excluding debt issuance costs and debt premiums and discounts, was $1,764,856 and $1,482,177, respectively, and the fair value was $1,767,209 and $1,450,719, respectively. Our debt at June 30, 2021 includes variable-rate debt instruments indexed to LIBOR that resets periodically, as well as 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.

As of June 30, 2021 our held-to-maturity marketable securities are held at an amortized cost of $202,961 and the fair value was $202,786, and we did not hold any such securities as of June 30, 2020. The securities are valued using quoted prices for identical assets in active markets, which fall into Level 1 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.

10. Derivative Financial Instruments

We use derivative financial instruments, such as interest rate swap contracts, cross-currency swap contracts, and currency forward and option contracts, to manage interest rate and foreign currency exposures. Derivatives are recorded in the consolidated balance sheets at fair value. If the derivative is designated as a cash flow hedge or net investment hedge, then the change in the fair value of the derivative is recorded in accumulated other comprehensive loss and subsequently reclassified into earnings in the period the hedged forecasted transaction affects earnings. Additionally, any ineffectiveness associated with an effective and designated hedge is recognized within accumulated other comprehensive loss.

The change in the fair value of derivatives not designated as hedges is recognized directly in earnings as a component of other (expense) income, net.

Hedges of Interest Rate Risk

We enter into interest rate swap contracts to manage variability in the amount of our known or expected cash payments related to a portion of our debt. Our objective in using interest rate swaps is to add stability to interest expense and to manage our exposure to interest rate movements. We designate our interest rate swaps as cash flow hedges. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for us making fixed-rate payments over the life of the contract agreements without exchange of the underlying notional amount. Realized gains or losses from interest rate swaps are recorded in earnings as a component of interest expense, net.

Amounts reported in accumulated other comprehensive loss related to interest rate swap contracts will be reclassified to interest expense, net as interest payments are accrued or made on our variable-rate debt. As of June 30, 2021, we estimate that $10,942 will be reclassified from accumulated other comprehensive loss to interest expense during the twelve months ending June 30, 2022. As of June 30, 2021, we had fourteen outstanding interest rate swap contracts indexed to USD LIBOR, three of which are not highly effective and are therefore not designated for hedge accounting. These hedges have varying start dates and maturity dates through April 2028.

Interest rate swap contracts outstanding:	Notional Amounts
Contracts accruing interest as of June 30, 2021	$ 500,000
Contracts with a future start date	330,000
Total	$ 830,000

Hedges of Currency Risk

Cross-Currency Swap Contracts

From time to time, we execute cross-currency swap contracts designated as cash flow hedges or net investment hedges. Cross-currency swaps involve an initial receipt of the notional amount in the hedge currency in exchange for our reporting currency based on a contracted exchange rate. Subsequently, we receive fixed rate payments in our reporting currency in exchange for fixed rate payments in the hedged currency over the life of the contract. At maturity, the final exchange involves the receipt of our reporting currency in exchange for the notional amount in the hedged currency.

Cross-currency swap contracts designated as cash flow hedges are executed to mitigate our currency exposure to the interest receipts as well as the principal remeasurement and repayment associated with certain intercompany loans denominated in a currency other than our reporting currency, the U.S. dollar. As of June 30, 2021, we had two outstanding cross-currency swap contracts designated as cash flow hedges with a total notional amount of $120,874, both maturing during June 2024. We entered into the two cross-currency swap contracts to hedge the risk of changes in one Euro-denominated intercompany loan entered into with one of our consolidated subsidiaries that has the Euro as its functional currency.

Amounts reported in accumulated other comprehensive loss will be reclassified to other (expense) income, net as interest payments are accrued or paid and upon remeasuring the intercompany loan. As of June 30, 2021, we estimate that $2,488 of income will be reclassified from accumulated other comprehensive loss to interest expense, net during the twelve months ending June 30, 2022.

Other Currency Contracts

We execute currency forward and option contracts in order to mitigate our exposure to fluctuations in various currencies against our reporting currency, the U.S. dollar.

As of June 30, 2021, we had four currency forward contracts designated as net investment hedges with a total notional amount of $118,203, maturing during various dates through April 2023. We entered into these contracts to hedge the risk of changes in the U.S. dollar equivalent value of a portion of our net investment in two consolidated subsidiaries that have the Euro as their functional currency. Amounts reported in accumulated other comprehensive loss are recognized as a component of our cumulative translation adjustment.

We have elected to not apply hedge accounting for all other currency forward and option contracts. During the years ended June 30, 2021 and 2020, we have experienced volatility within other (expense) income, net in our consolidated statements of operations from unrealized gains and losses on the mark-to-market of outstanding currency forward and option contracts. We expect this volatility to continue in future periods for contracts for which we do not apply hedge accounting. Additionally, since our hedging objectives may be targeted at non-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, 2021, we had the following outstanding currency derivative contracts that were not designated for hedge accounting and were used to hedge fluctuations in the U.S. dollar value of forecasted transactions or balances denominated in Australian Dollar, British Pound, Canadian Dollar, Danish Krone, Euro, Indian Rupee, Japanese Yen, Mexican Peso, New Zealand Dollar, Norwegian Krone, Philippine Peso, Swiss Franc and Swedish Krona:

Notional Amount	Effective Date	Maturity Date	Number of Instruments	Index
$499,084	September 2019 through June 2021	Various dates through October 2024	596	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, 2021 and June 30, 2020. Our derivative asset and liability balances will fluctuate with interest rate and currency exchange rate volatility.

	June 30, 2021							
	Asset Derivatives				Liability Derivatives			
	Balance Sheet line item	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
Derivatives designated as hedging instruments								
Derivatives in cash flow hedging relationships								
Interest rate swaps	Other current assets / other assets	$ —	$ —	$ —	Other current liabilities / other liabilities	$ (23,527)	$ 176	$ (23,351)
Cross-currency swaps	Other assets	—	—	—	Other liabilities	(9,914)	—	(9,914)
Derivatives in net investment hedging relationships								
Currency forward contracts	Other assets	—	—	—	Other current liabilities / other liabilities	(11,379)	—	(11,379)
Total derivatives designated as hedging instruments		$ —	$ —	$ —		$ (44,820)	$ 176	$ (44,644)
Derivatives not designated as hedging instruments								
Interest rate swaps	Other assets	$ —	$ —	$ —	Other liabilities	$ (1,842)	$ —	$ (1,842)
Currency forward contracts	Other current assets / other assets	1,796	(117)	1,679	Other current liabilities / other liabilities	(11,510)	3,238	(8,272)
Currency option contracts	Other current assets / other assets	—	—	—	Other current liabilities / other liabilities	(3,315)	235	(3,080)
Total derivatives not designated as hedging instruments		$ 1,796	$ (117)	$ 1,679		$ (16,667)	$ 3,473	$ (13,194)

	June 30, 2020							
	Asset Derivatives				Liability Derivatives			
	Balance Sheet line item	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
Derivatives designated as hedging instruments								
Derivatives in cash flow hedging relationships								
Interest rate swaps	Other current assets / other assets	$ —	$ —	$ —	Other liabilities	$ (31,161)	$ —	$ (31,161)
Cross-currency swaps	Other assets	4,462	—	4,462	Other liabilities	(4,746)	—	(4,746)
Derivatives in net investment hedging relationships								
Currency forward contracts	Other assets	—	—	—	Other current liabilities / other liabilities	(6,829)	—	(6,829)
Total derivatives designated as hedging instruments		$ 4,462	$ —	$ 4,462		$ (42,736)	$ —	$ (42,736)
Derivatives not designated as hedging instruments								
Interest rate swaps	Other assets	$ —	$ —	$ —	Other liabilities	$ (8,359)	$ —	$ (8,359)
Currency forward contracts	Other current assets / other assets	9,702	(1,753)	7,949	Other current liabilities / other liabilities	(2,136)	446	(1,690)
Currency option contracts	Other current assets / other assets	1,699	(270)	1,429	Other current liabilities / other liabilities	(38)	—	(38)
Total derivatives not designated as hedging instruments		$ 11,401	$ (2,023)	$ 9,378		$ (10,533)	$ 446	$ (10,087)

The following table presents the effect of our derivative financial instruments designated as hedging instruments and their classification within comprehensive (loss) income for the years ended June 30, 2021 and 2020:

	Amount of Net Gain (Loss) on Derivatives Recognized in Comprehensive Income	
	Year Ended June 30,	
	2021	2020
Derivatives in cash flow hedging relationships		
Interest rate swaps	$ 3,340	$ (28,259)
Cross-currency swaps	6,996	3,689
Derivatives in net investment hedging relationships		
Currency forward contracts	(19,052)	21,240
Total	$ (8,716)	$ (3,330)

The following table presents reclassifications out of accumulated other comprehensive loss for the years ended June 30, 2021 and 2020:

	Amount of Net Gain (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income		
	Year Ended June 30,		
	2021	2020	
Derivatives in cash flow hedging relationships			
Interest rate swaps	$ 6,967	$ 3,041	Interest expense, net
Cross-currency swaps	(10,950)	4,583	Other (expense) income, net
Total before income tax	(3,983)	7,624	(Loss) income before income taxes
Income tax	(106)	(1,850)	Income tax expense (benefit)
Total	$ (4,089)	$ 5,774	

The following table presents the adjustment to fair value recorded within the consolidated statements of operations for the years ended June 30, 2021 and 2020 for derivative instruments for which we did not elect hedge accounting and de-designated derivative financial instruments that no longer qualify as hedging instruments.

	Amount of Gain (Loss) Recognized in Net (Loss) Income		Affected line item in the Statement of Operations
	Year Ended June 30,		
	2021	2020	
Currency contracts	$ (24,235)	$ 20,882	Other (expense) income, net
Interest rate swaps	3,507	(318)	Other (expense) income, net
Total	$ (20,728)	$ 20,564	

11. Property, Plant and Equipment

Property, plant and equipment and movement in the balance consist of the following:

Cost basis:	Land and buildings	Machinery and production equipment	Computer software and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
Balance at June 30, 2020	$ 296,257	$ 426,896	$ 160,674	$ 47,983	$ 10,798	$ 942,608
Additions	498	27,392	4,577	514	24,674	57,655
Acquisitions	443	2,345	126	71	44	3,029
Disposals	(6,074)	(42,370)	(50,581)	(11,299)	(101)	(110,425)
Impairments	(4,712)	—	—	(1,187)	(1,685)	(7,584)
Other movements (1)	(2,929)	4,706	(390)	652	(1,643)	396
Transfers to (from) CIP	2,820	19,149	2,047	648	(25,055)	(391)
Exchange differences	7,453	15,216	3,288	976	210	27,143
Balance at June 30, 2021	293,756	453,334	119,741	38,358	7,242	912,431
Accumulated depreciation:						
Balance at June 30, 2020	(116,660)	(303,645)	(145,937)	(37,707)	—	(603,949)
Depreciation	(17,964)	(41,310)	(8,581)	(3,202)	—	(71,057)
Acquisitions	(437)	—	(70)	(59)	—	(566)
Disposals	5,205	36,994	50,471	11,278	—	103,948
Impairments	1,279	—	—	804	—	2,083
Other movements (1)	2,075	861	(36)	28	—	2,928
Exchange differences	(3,214)	(10,375)	(2,785)	(765)	—	(17,139)
Balance at June 30, 2021	(129,716)	(317,475)	(106,938)	(29,623)	—	(583,752)
Property, plant and equipment, net, at June 30, 2021	$ 164,040	$ 135,859	$ 12,803	$ 8,735	$ 7,242	$ 328,679

(1) Other movements primarily includes the reclassification of assets between property, plant and equipment and capitalized software.

Cost basis:	Land and buildings	Machinery and production equipment	Computer software and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
Balance at June 30, 2019	$ 424,470	$ 417,261	$ 158,222	$ 46,237	$ 11,970	$ 1,058,160
Additions	3,650	7,814	4,976	382	36,423	53,245
Acquisitions	185	18,030	339	952	—	19,506
Disposals	(2,006)	(17,600)	(6,105)	(800)	(674)	(27,185)
Adjustments	(139,595)	(12,059)	865	(270)	894	(150,165)
Transfers to (from) CIP	12,866	19,899	3,408	1,916	(38,089)	—
Exchange differences	(3,313)	(6,449)	(1,031)	(434)	274	(10,953)
Balance at June 30, 2020	296,257	426,896	160,674	47,983	10,798	942,608
Accumulated depreciation:						
Balance at June 30, 2019	(117,365)	(275,128)	(140,692)	(34,220)	—	(567,405)
Depreciation	(18,605)	(40,598)	(11,148)	(4,314)	—	(74,665)
Acquisitions	(21)	(8,618)	(206)	(217)	—	(9,062)
Disposals	1,480	15,381	5,898	720	—	23,479
Adjustments	15,817	3,883	(692)	8	—	19,016
Exchange differences	2,034	1,435	903	316	—	4,688
Balance at June 30, 2020	(116,660)	(303,645)	(145,937)	(37,707)	—	(603,949)
Property, plant and equipment, net, at June 30, 2020	$ 179,597	$ 123,251	$ 14,737	$ 10,276	$ 10,798	$ 338,659

Depreciation expense, inclusive of assets under finance leases, totaled $71,057 and $74,665 for the years ended June 30, 2021 and 2020, respectively.

12. Goodwill and Acquired Intangibles

The carrying amount of goodwill by reportable segment as of June 30, 2021 and June 30, 2020 was as follows:

	Vistaprint	PrintBrothers	The Print Group	All Other Businesses	Total
Balance as of June 30, 2019	$ 145,961	$ 124,089	$ 198,363	$ 216,033	$ 718,880
Acquisitions (1)	—	6,879	—	—	6,879
Impairment (2)	—	—	(40,391)	(26,017)	(100,842)
Adjustments (3)	3,919	—	—	(3,919)	—
Effect of currency translation adjustments (4)	966	(1,204)	(2,775)	—	(3,013)
Balance as of June 30, 2020	$ 150,846	$ 129,764	$ 155,197	$ 186,097	$ 621,904
Acquisitions (1)	70,792	—	—	14,208	85,000
Effect of currency translation adjustments (4)	3,509	7,543	9,023	—	20,075
Balance as of June 30, 2021	$ 225,147	$ 137,307	$ 164,220	$ 200,305	$ 726,979

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(1) In fiscal year 2021, we acquired 99designs, which is included in our Vistaprint reportable segment, and an immaterial acquisition included within our All Other Businesses reportable segment. In fiscal year 2020, we recognized goodwill related to an immaterial acquisition within our PrintBrothers reportable segment. Refer to Note 4 for additional information.

(2) During the third quarter of fiscal year 2020 we recognized an impairment of goodwill; please refer below for further detail.

(3) Due to changes in the composition of our reportable segments during the first quarter of fiscal year 2020, we reclassified the goodwill associated with our Vistaprint Corporate Solutions reporting unit from All Other Businesses to our Vistaprint reportable segment.

(4) Related to goodwill held by subsidiaries whose functional currency is not the U.S. dollar.

Impairment Review

Fiscal Year 2021 Annual Impairment Test

Our goodwill accounting policy establishes an annual goodwill impairment test date of May 31. As described below, we identified triggering events during the third quarter of fiscal year 2021 that required an interim period impairment analysis for three of our reporting units in response to disruptions associated with the prolonged impacts of the COVID-19 pandemic. For our annual impairment assessment, we performed a qualitative test for all nine reporting units with goodwill, which focused on comparing key performance indicators between the pandemic-related financial models used in our quantitative test during the prior year assessment, to the actual performance through our annual test date. For the three reporting units that were tested based on the third quarter triggering event, we evaluated any new information since March 2021 and assessed if any facts and circumstances have changed since that assessment that would provide any indication of impairment, and noted no such indicators.

For each of our remaining six reporting units, we compared our current performance and projections as compared to the prior year models. We assessed key financial metrics as compared to the prior year projections in addition to assessing any changes to long term forecasts versus the prior year. Our goodwill analysis requires significant judgment, including the identification of reporting units and the amount and timing of expected future cash flows. While we believe our assumptions are reasonable, actual results could differ from our projections. Lastly, we considered macroeconomic factors, as well as the headroom between our estimated fair value and carrying value from our prior year impairment analysis. Based on the analysis performed, we concluded that there was no indication of impairment for any of these reporting units.

Fiscal Year 2021 Triggering Event

During the third quarter of fiscal year 2021, we evaluated whether any triggering events exist across each of our reporting units to determine whether an impairment analysis is necessary. We identified triggering events for our Druck, Easyflyer (the carrying value of goodwill in this reporting unit is not material) and Exaprint reporting units, due in part to the reemergence of new pandemic-related lockdowns and restrictions in certain European countries which has resulted in a more prolonged reduction to cash flows when compared to the cash flows forecasted in our most recent impairment analysis that was performed during the third quarter of fiscal 2020.

As required, prior to performing the quantitative goodwill impairment test, we first evaluated the recoverability of long-lived assets as the change in expected long-term cash flows is indicative of a potential impairment. We performed the recoverability test using undiscounted cash flows for the asset groups of all three reporting units and concluded that no impairment of long-lived assets exists.

After performing the long-lived assets recoverability test, we performed a quantitative assessment of goodwill of the three reporting units and compared the carrying value to the estimated fair value. For each reporting unit, the estimated fair value of the reporting unit exceeded the related carrying value and we concluded that no impairment exists. We used the income approach, specifically the discounted cash flow method, to derive the fair value. This approach calculates fair value by estimating the after-tax cash flows attributable to a reporting unit and then discounting the after-tax cash flows to a present value using a risk-adjusted discount rate. We selected this method as being the most meaningful in preparing our goodwill assessment as we believe the income approach most appropriately measures our income producing assets. We considered using the market approach but concluded it was not appropriate in valuing these particular reporting units given the lack of relevant market comparisons available.

The cash flow projections in the fair value analysis are considered Level 3 inputs, and consist of management's estimates of revenue growth rates and operating margins, taking into consideration historical results, as well as industry and market conditions. The discount rate used in the fair value analysis is based on a weighted average cost of capital.

Although some of our businesses are experiencing prolonged impacts from the pandemic that we expect will have a negative impact on near-term cash flows, we believe that these negative impacts are temporary. We did not identify triggering events for the reporting units that are performing better than previously estimated or maintained significant headroom in our most recent analysis.

Fiscal Year 2020

During the third quarter of fiscal year 2020, nearly all of our businesses had experienced significant declines in revenue during the month of March, due to the disruptions associated with the COVID-19 pandemic. As a result, we concluded that a triggering event existed for all ten reporting units with goodwill, which required us to perform an impairment test in the current quarter. We estimated the near-term financial impacts of this economic disruption and utilized different scenarios that evaluate outcomes that would indicate more or less severe demand declines, as well as different time horizons for the post-pandemic recovery period.

For seven of our reporting units, a significant level of headroom existed between the estimated fair value and carrying value of the reporting units at our May 31, 2019 test date, and significant headroom remained after considering the deterioration in cash flow due to COVID-19 or the reporting unit was recently acquired, resulting in no indication of impairment. For three of our reporting units, we identified triggering events that extend beyond the near-term impacts of the pandemic, which include reductions to the long-term profitability outlooks for our Exaprint, National Pen and VIDA reporting units. As a result of the considerations noted, we concluded it was more likely than not that the fair value of each of these three reporting units are below each of their respective carrying amount.

Our goodwill impairment test resulted in impairment charges to our Exaprint reporting unit, included within The Print Group reportable segment, the National Pen reporting unit, and our VIDA reporting unit, included within our All Other Business reportable segment. Based on the goodwill impairment test performed, we recognized the following impairment charges during the three months ended March 31, 2020:

- A partial impairment of the goodwill of our Exaprint reporting unit of $40,391
- A full impairment of the goodwill of our National Pen reporting unit of $34,434
- A full impairment of the goodwill of our VIDA reporting unit of $26,017

Intangible Assets

Cost basis:	Balance as of June 30, 2020	Acquisitions	Effect of Currency Translation Adjustments	Balance as of June 30, 2021
Trade name	$ 144,168	$ 3,825	$ 4,354	$ 152,347
Developed technology	84,171	10,129	5,605	99,905
Customer relationships	190,329	1,606	7,359	199,294
Customer network and other	15,847	5,178	1,276	22,301
Print network	24,743	—	1,438	26,181
Total intangible assets at cost	$ 459,258	$ 20,738	$ 20,032	$ 500,028
Accumulated amortization:	Balance as of June 30, 2020	Amortization	Effect of Currency Translation Adjustments	Balance as of June 30, 2021
Trade name	$ (45,571)	$ (12,137)	$ (1,724)	$ (59,432)
Developed technology	(56,764)	(11,876)	(2,615)	(71,255)
Customer relationships	(123,857)	(23,838)	(4,715)	(152,410)
Customer network and other	(11,696)	(2,523)	(211)	(14,430)
Print network	(12,142)	(3,444)	(171)	(15,757)
Total intangible assets accumulated amortization	$ (250,030)	$ (53,818)	$ (9,436)	$ (313,284)
Net intangible assets	$ 209,228			$ 186,744

Cost basis:	Balance as of June 30, 2019	Acquisitions	Effect of Currency Translation Adjustments	Balance as of June 30, 2020
Trade name	$ 145,908	$ —	$ (1,740)	$ 144,168
Developed technology	84,980	316	(1,125)	84,171
Customer relationships	191,719	—	(1,390)	190,329
Customer network and other	15,970	—	(123)	15,847
Print network	25,014	—	(271)	24,743
Total intangible assets at cost	$ 463,591	$ 316	$ (4,649)	$ 459,258
Accumulated amortization:	**Balance as of June 30, 2019**	**Amortization**	**Effect of Currency Translation Adjustments**	**Balance as of June 30, 2020**
Trade name	$ (35,199)	$ (10,931)	$ 559	$ (45,571)
Developed technology	(48,653)	(8,349)	238	(56,764)
Customer relationships	(97,392)	(28,011)	1,546	(123,857)
Customer network and other	(10,150)	(1,658)	112	(11,696)
Print network	(9,496)	(2,837)	191	(12,142)
Total intangible assets accumulated amortization	$ (200,890)	$ (51,786)	$ 2,646	$ (250,030)
Net intangible assets	$ 262,701			$ 209,228

Acquired intangible assets amortization expense for the years ended June 30 2021 and 2020 was $53,818 and $51,786, respectively. Estimated intangible assets amortization expense for each of the five succeeding fiscal years and thereafter is as follows:

2022	$ 50,749
2023	41,425
2024	27,263
2025	15,103
2026	10,827
Thereafter	41,377
	$ 186,744

13. Other Assets, Including Derivatives

Other non-current assets are summarized as follows:

	June 30,	
	2021	2020
Deposits	$ 3,749	$ 4,416
Derivatives designated as hedging instruments	2,408	5,838
Other assets	29,257	15,252
Total non-current investments, including derivatives	$ 35,414	$ 25,506

Other current assets consist of derivatives not designated as hedging instruments. As of June 30, 2021 and 2020, the balance of derivatives not designated as hedging instruments was $3,037 and $10,500, respectively.

14. Debtors

	June 30, 2021	June 30, 2020
Trade debtors	$ 60,083	$ 44,247
Allowance for doubtful accounts	(9,404)	(9,651)
Total trade and other receivables, net	$ 50,679	$ 34,596

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

15. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets are summarized as follows:

	June 30, 2021	June 30, 2020
Prepaid expenses	$ 32,574	$ 41,609
VAT and other indirect taxes	17,780	13,883
Other current assets	19,113	22,617
Total other current assets	$ 69,467	$ 78,109

16. Provisions and Creditors

The components of Provisions as of June 30, 2021 and 2020 were as follows:

Provisions for liabilities:	June 30, 2021	June 30, 2020
Deferred tax liabilities	$ 27,430	$ 33,811
Restructuring provision	402	6,046
Sales return reserve	5,636	5,166
Intellectual property tax reserve	—	692
Total provisions	$ 33,468	$ 45,715

The following table summarizes the deferred tax liabilities activity during the years ended June 30, 2021 and 2020:

Deferred tax liabilities as of June 30, 2019	$ 44,531
Additions to the provision	2,254
Netting with deferred tax asset	(5,315)
Use of the provision	(6,592)
Impact of currency exchange rates	(1,067)
Deferred tax liabilities as of June 30, 2020	33,811
Additions to the provision	423
Netting with deferred tax asset	(1,063)
Use of the provision	(7,628)
Impact of currency exchange rates	1,887
Deferred tax liabilities as of June 30, 2021 (1)	$ 27,430

(1) The deferred tax liability balance is included in the other non-current liabilities line in our consolidated balance sheet.as of June 30, 2021.

The following table summarizes the sales return reserve activity during the years ended June 30, 2021 and 2020:

Sales return reserve as of June 30, 2019	$ 5,413
Sales returns	(50,471)
Additions to the provision	50,224
Sales return reserve as of June 30, 2020	5,166
Sales returns	(66,001)
Additions to the provision	66,471
Sales return reserve as of June 30, 2021	$ 5,636

Refer to Note 5 for the presentation of our restructuring provision activity for the years ended June 30, 2021 and 2020. The components of Creditors as of June 30, 2021 and 2020 were as follows:

	June 30,	
Creditors:	**2021**	**2020**
Amounts falling due within one year:		
Accrued expenses	$ 170,474	$ 127,171
Deferred revenue	48,320	39,130
Social security payable	11,443	8,109
Income tax payable	8,555	10,837
Value added tax payable	37,519	34,933
Other tax payable	15,997	20,761
Current portion of long-term debt	9,895	17,933
Current operating lease liabilities	26,551	41,772
Current portion of finance lease obligations	32,314	8,055
Short-term derivative liabilities	20,530	3,521
Other (1)	50,706	1,666
	$ 432,304	$ 313,888

(1) The increase in other creditor balances is driven by the deferred payment related to the 99designs acquisition totaling $44,423 due in February 2022. Refer to Note 4 for additional details.

Amounts falling due after more than one year:	
Long-term debt	$ 1,732,511
Long-term operating lease liabilities	66,222
Long-term finance lease obligations	18,528
Long-term derivative liabilities	41,074
Other tax payable	9,156
Other	55,087
	$ —

Accrued expenses included the following:

	June 30,	
	2021	2020
Compensation costs	$ 73,861	$ 67,307
Advertising costs	35,093	14,746
Production costs	2,399	7,012
Shipping costs	5,636	5,080
Purchases of property, plant and equipment	4,210	1,685
Professional costs	1,110	3,452
Interest payable	9,401	8,359
Other	36,216	19,530
Total accrued expenses	$ 167,926	$ 127,171

17. Debt

	June 30, 2021	June 30, 2020
7.0% Senior notes due 2026	$ 600,000	$ 600,000
Senior secured credit facility	1,152,021	570,483
12.0% Senior secured notes due 2025	—	300,000
Other	12,835	11,694
Debt issuance costs and debt premiums (discounts)	(22,450)	(48,587)
Total debt outstanding, net	1,742,406	1,433,590
Less: short-term debt (1)	9,895	17,933
Long-term debt	$ 1,732,511	$ 1,415,657

(1) Balances as of June 30, 2021 and June 30, 2020 are inclusive of short-term debt issuance costs, debt premiums and discounts of $3,435 and $10,362, respectively.

Our Debt

Our various debt arrangements described below contain customary representations, warranties and events of default. As of June 30, 2021, we were in compliance with all covenants under the Restated Credit Agreement and the indenture governing our 2026 Notes.

Senior Secured Credit Facility

On May 17, 2021, we entered into an amended and restated senior secured credit agreement ("Restated Credit Agreement") consisting of the following:

- A senior secured Term Loan B with a maturity date of May 17, 2028 (the “Term Loan B”), consisting of:
    - a $795,000 tranche that bears interest at LIBOR (with a LIBOR floor of 0.50%) plus 3.50%, and

    - a €300,000 EUR tranche that bears interest at EURIBOR (with a EURIBOR floor of 0%) plus 3.50%; and
- A $250,000 senior secured revolving credit facility with a maturity date of May 17, 2026 (the "Revolving Credit Facility"). Borrowings under the Revolving Credit Facility bear interest at LIBOR (with a LIBOR floor of 0%) plus 2.50% to 3.00% depending on the Company's First Lien Leverage Ratio, a net leverage calculation, as defined in the Restated Credit Agreement.

We utilized the proceeds from the Term Loan B to redeem all of the $300,000 principal of our Second Lien Notes and to repay amounts under our previous credit facility including the $150,000 Term Loan A and amounts drawn under our revolving credit facility due in 2024.

The Restated Credit Agreement contains covenants that restrict or limit certain activities and transactions by Cimpress and our subsidiaries, including, but not limited to, the incurrence of additional indebtedness and liens; certain fundamental organizational changes; asset sales; certain intercompany activities; and certain investments and restricted payments, including purchases of the Company's ordinary shares and payment of dividends. In addition, if any loans made under the Revolving Credit Facility are outstanding on the last day of any fiscal quarter, then we are subject to a financial maintenance covenant that the First Lien Leverage Ratio calculated as of the last day of such quarter does not exceed 3.25 to 1.00.

As of June 30, 2021, we have borrowings under the Restated Credit Agreement of $1,152,021 consisting of the Term Loan B, which amortizes over the loan period, with a final maturity date of May 17, 2028. We have no outstanding borrowings under our Revolving Credit Facility as of June 30, 2021.

As of June 30, 2021, the weighted-average interest rate on outstanding borrowings under the Restated Credit Agreement was 4.66%, inclusive of interest rate swap rates. We are also required to pay a commitment fee on unused balances of 0.35% to 0.45% depending on our First Lien Leverage Ratio. We have pledged the assets and/or share capital of a number of our subsidiaries as collateral for our debt as of June 30, 2021.

Second Lien Notes and Warrants

We utilized the proceeds from our Restated Credit Agreement to pay down the $300,000 in aggregate principal of 12% Senior Secured Notes due 2025 (the "Second Lien Notes"). The warrants we issued in conjunction with the Second Lien Notes are detachable and therefore will remain. The 7-year warrants allow the holders to purchase 1,055,377 ordinary shares of Cimpress, representing approximately 3.875% of our outstanding diluted ordinary shares at the time of issuance. Refer to Note 19 for additional details.

Senior Unsecured Notes

We have issued $600,000 in aggregate principal of 7.0% Senior Notes due 2026 (the "2026 Notes"), which are unsecured. At any time on or after June 15, 2021, we may redeem some or all of the 2026 Notes at the redemption prices specified in the indenture that governs the 2026 Notes, plus accrued and unpaid interest to, but not including, the redemption date. As of June 30, 2021, we have not redeemed any of the 2026 Notes.

Debt Issuance Costs

During the years ended June 30 2021 and 2020, we capitalized debt issuance costs related to the Restated Credit Agreement, issuance of additional 2026 Notes, and issuance of Second Lien Notes of $12,200 and $23,208, respectively.

Amortization expense and the write-off of costs related to debt amendments and modifications are included in interest expense, net in the consolidated statements of operations and amortized over the term of the related instrument. For the years ended June 30, 2021 and 2020, we amortized $5,757 and $3,240, respectively. We wrote off $17,072 in unamortized debt issuance costs related to the former credit facility and Second Lien Notes which are recognized in loss on extinguishment of debt. As part of the transaction we capitalized $10,560 of third-party and lender fees associated with the issuance of the Term Loan B which will be amortized over the seven year term of the loan and $313 of fees associated with the modification of the revolver, due to the reduction in commitment, which will be amortized over the five year term of the revolver.

Unamortized debt issuance costs and debt premiums (discounts) were $22,450 and $48,587 as of June 30, 2021 and 2020, respectively.

Loss on Extinguishment

Due to our entering into the Restated Credit Agreement in May 2021 and redemption of our Second Lien Notes, we recorded a loss on extinguishment of $48,343 which was presented separately in the consolidated statements of operations as part of loss on early extinguishment of debt. This includes a loss of $39,400 for the redemption of our Second Lien Notes, which was impacted by a lower carrying value due in part to the allocation of value to the warrants which remain outstanding, as well as the early redemption fee of $9,000 that was paid upon redemption.

Other Debt

Other debt consists primarily of term loans acquired through our various acquisitions or used to fund certain capital investments. As of June 30, 2021 and June 30, 2020, we had $12,835 and $11,694, respectively, outstanding for those obligations that are payable through January 2026.

18. Called Up Share Capital

Authorised

100,000,000 preferred shares, nominal value €0.01 each, 100,000,000 ordinary shares, nominal value of €0.01 each, and 25,000 deferred ordinary shares, nominal value of €1.00 each as of June 30, 2021.

	June 30, 2021	June 30, 2020
Allotted and fully paid - presented as equity:		
Preferred shares, nominal value €0.01 each, none issued and outstanding	$ —	$ —
Ordinary shares, nominal value €0.01 per share, 100,000,000 shares authorized; 44,080,627 shares issued; 26,035,910 and 25,885,675 shares outstanding, respectively	516	516
Deferred ordinary shares, nominal value €1.00 per share, 25,000 shares authorized, issued and outstanding	28	28
Total	$ 544	$ 544

19. Shareholders' Deficit

Treasury shares

On November 25, 2019, we announced that our Board had approved a new share repurchase program under which we may repurchase up to 5,500,000 of our issued and outstanding ordinary shares on the open market (including block trades), through privately negotiated transactions, or in one or more self-tender offers. This repurchase program expired on May 22, 2021, and during the year ended June 30, 2021 we did not repurchase any shares under this program.

Warrants

In conjunction with our issuance of the Second Lien Notes in fiscal year 2020, we also issued 7-year warrants, to purchase 1,055,377 ordinary shares of Cimpress, representing approximately 3.875% of our outstanding diluted ordinary shares. The warrants are accounted for as equity, as they are redeemable only in our own shares, with an exercise price of $60 per share. The warrants may be exercised by cash payment or through cashless exercise by the surrender of warrant shares having a value equal to the exercise price of the portion of the warrant being exercised.

The fair value used for the warrants in this allocation was calculated using the Monte Carlo valuation model. The valuation of the notes and warrants resulted in a carrying value allocated to the warrants of $22,432, which, in addition to be being accounted for as an equity instrument recorded in additional paid in capital, was included as a discount to the Second Lien Notes. As of June 30, 2021 the warrants remain outstanding.

Share-based awards

On November 25, 2020, our shareholders approved our 2020 Equity Incentive Plan, or the 2020 Plan. Upon approval, we ceased granting any new awards under any of our prior equity plans that had shares available for future grant, consisting of our 2016 Performance Equity Plan, 2011 Equity Incentive Plan, and 2005 Non-Employee Directors' Share Option Plan. We will make future equity awards under the 2020 Plan. The maximum number of ordinary shares to be issued under the 2020 Plan is 3,500,000 plus an additional number of ordinary shares equal to the number of PSUs currently outstanding under the 2016 Performance Equity Plan that expire, terminate or are otherwise surrendered, canceled or forfeited. The 2020 Plan allows us to grant share options, share appreciation rights, restricted shares, restricted share units, other share-based awards, and dividend equivalent rights to our employees, officers, non-employee directors, consultants, and advisors.

As noted above, all future awards will be granted under our 2020 Plan. Our 2016 Performance Equity Plan previously allowed us to grant PSUs to our employees, officers, non-employee directors, consultants, and advisors. The 2011 Equity Incentive Plan previously allowed 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. Our 2005 Non-Employee Directors' Share Option Plan previously allowed us to grant share options to our non-employee directors upon initial appointment as a director and annually thereafter in connection with our annual general meeting of shareholders if they continued to serve as a director at such time.

As of June 30, 2021, 2,710,926 ordinary shares were available for future awards under our 2020 Plan. For PSUs, we assumed that we would issue ordinary shares equal to 250% of the outstanding PSUs, which is the maximum potential share issuance. Treasury shares have historically been used in fulfillment of our share-based awards.

Performance share units

PSU awards entitle the recipient to receive Cimpress ordinary shares between 0% and 250% of the number of units, based upon continued service to Cimpress and the achievement of a compounded annual growth rate target based on Cimpress' three-year moving average share price. Awards with a grant date prior to fiscal year 2020 and all awards granted to our Chief Executive Officer and Board of Directors will be assessed annually in years 6 - 10 following the grant date and awards with a grant date in or after fiscal year 2020 (other than to the CEO and Board) will be assessed annually in years 4 - 8 following the grant date. The fair value of the PSUs is based on a Monte Carlo simulation, and the resulting expense is recognized on an accelerated basis over the requisite service period.

A summary of our PSU activity and related information for the fiscal year ended June 30, 2021 is as follows:

	PSUs	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Outstanding at the beginning of the period	1,034,197	$ 133.89	
Granted	228,132	129.25	
Vested and distributed	—	—	
Forfeited	(103,613)	117.40	
Outstanding at the end of the period	1,158,716	$ 134.45	$ 125,616

The weighted average fair value of PSUs granted during the fiscal years ended June 30, 2021 and 2020, was $129.25 and $142.90, respectively. The total intrinsic value of PSUs outstanding at the fiscal years ended June 30, 2021 and 2020 was $125,616 and $78,951, respectively. As of June 30, 2021 the number of shares subject to PSUs included in the table above assumes the issuance of one share for each PSU, but based on actual performance that amount delivered can range from zero shares to a maximum of 2,896,790 shares.

Restricted share units

The fair value of an RSU award is equal to the fair market value of our ordinary shares on the date of grant and the expense is recognized on a straight-line basis over the requisite service period. RSUs generally vest over 4 years.

A summary of our RSU activity and related information for the fiscal year ended June 30, 2021 is as follows:

	RSUs	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Unvested at the beginning of the period	177,233	$ 47.06	
Granted	453,916	93.64	
Vested and distributed	(180,494)	47.92	
Forfeited	(16,266)	96.03	
Unvested at the end of the period	434,389	$ 93.54	$ 47,092

The weighted average fair value of RSUs granted during the fiscal years ended June 30, 2021 and 2020 was $93.64 and $46.94, respectively. The total intrinsic value of RSUs vested during the fiscal years ended June 30, 2021 and 2020 was $17,231 and $1,905, respectively.

Share options

We have previously granted 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 vested over 3 years for non-employee directors and over 4 years for employees.

The fair value of each option award subject only to service period vesting is estimated on the date of grant using the Black-Scholes option pricing model and is recognized as expense on a straight-line basis over the requisite service period. 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.

We did not grant any share options in fiscal year 2021. A summary of our share option activity and related information for the year ended June 30, 2021 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	110,538	$ 55.27	1.0	
Granted	—	—		
Exercised	(105,240)	54.02		
Forfeited/expired	—	—		
Outstanding at the end of the period	5,298	80.01	3.8	$ 150
Exercisable at the end of the period	5,298	$ 80.01	3.8	$ 150

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, 2021. The total intrinsic value of options exercised during the fiscal years ended June 30, 2021 and 2020, was $5,460 and $92,582, respectively.

Share-based compensation

Total share-based compensation costs were $37,034 and $34,874, for the years ended June 30, 2021 and 2020, respectively, and we elected to recognize the impact of forfeitures as they occur. Share-based compensation costs capitalized as part of software and website development costs were $1,338 and $1,157 for the years ended June 30 2021 and 2020, respectively. As of June 30, 2021, there was $61,127 of total unrecognized compensation cost related to non-vested, share-based compensation arrangements. This cost is expected to be recognized over a weighted average period of 2.5 years.

20. Employees' Savings Plans

Defined contribution plans

We maintain certain government-mandated and defined contribution plans throughout the world. Our most significant defined contribution retirement plans are in the U.S. and comply with Section 401(k) of the Internal Revenue Code. We offer eligible employees in the U.S. the opportunity to participate in one of these plans and match most employees' eligible contributions at various rates subject to service vesting as specified in each of the related plan documents. This matching program was temporarily suspended from March 2020 through December 31, 2020 and was reinstated on January 1, 2021.

We expensed $12,228 and $10,710 for our government-mandated and defined contribution plans in the years ended June 30, 2021 and 2020, respectively.

Defined benefit plan

We currently have a defined benefit plan that covers substantially all of our employees in Switzerland. Our Swiss plan is a government-mandated retirement fund with benefits generally earned based on years of service and compensation during active employment; however, the level of benefits varies within the plan. Eligibility is determined in accordance with local statutory requirements. Under this plan, both we and certain of our employees with annual earnings in excess of government determined amounts are required to make contributions into a fund managed by an independent investment fiduciary. Employer contributions must be in an amount at least equal to the employee's contribution. Minimum employee contributions are based on the respective employee's age, salary, and gender. As of June 30 2021 and 2020, the plan had an unfunded net pension obligation of approximately $2,883, and $2,743, respectively, and plan assets which totaled approximately $4,128 and $3,403, respectively. For the years ended June 30, 2021 and 2020, we recognized expense totaling $667 and $399, respectively, related to our Swiss plan.

21. Noncontrolling Interest

For some of our subsidiaries, we own a controlling equity stake, and a third party or key member of the business' management team owns a minority portion of the equity. The balance sheet and operating activity of these entities are included in our consolidated financial statements and we adjust the net income in our consolidated statement of 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. We recognize redeemable noncontrolling interests at fair value on the sale or acquisition date and adjust to the redemption value on a periodic basis with the offset to retained earnings in the consolidated balance sheet. If the formulaic redemption value exceeds the fair value of the noncontrolling interest, then the accretion to redemption value is offset to the net (income) loss attributable to noncontrolling interest in our consolidated statement of operations.

Redeemable Noncontrolling Interests

PrintBrothers

Members of the PrintBrothers management team hold a minority equity interest ranging from 11% to 12% in each of the three businesses within the segment. The put options associated with the redeemable noncontrolling interest are exercisable beginning in 2021, while the associated call options become exercisable in 2026. During the second quarter of fiscal year 2021, we repurchased equity interests ranging from 0.56% to 1.15% in each of the three businesses for a total of $5,063. During the year ended June 30, 2021, the redemption value of a PrintBrothers business increased above the carrying value due to growth in the fourth quarter of fiscal year 2021 as we've lapped the earliest periods that were more negatively impacted by the pandemic, resulting in an adjustment to the redeemable noncontrolling interest of $2,035, which was recognized as an adjustment to retained earnings.

All Other Businesses

On October 1, 2018, we acquired approximately 99% of the outstanding equity interests of BuildASign LLC. The remaining 1% is considered a redeemable noncontrolling equity interest, as it is redeemable for cash based on future financial results through put and call rights and not solely within our control. During the year ended June 30, 2021, the redemption value increased above the carrying value due to continued strong financial performance, resulting in an adjustment to the redeemable noncontrolling interest of $1,072, which was recognized as an adjustment to retained earnings.

On April 23, 2021, we acquired 81% of the outstanding equity interests of a US-based company that provides supply chain expertise and sells into a growing product category. The remaining 19% is considered a redeemable noncontrolling equity interest as it is redeemable for cash based on future financial results through put and call rights and not solely within our control. On the acquisition date, we recognized the redeemable noncontrolling interest at fair value of $4,370. As of June 30, 2021, the redemption value was less than the carrying value, and therefore no adjustment was required. Refer to Note 4 for additional details.
The following table presents the reconciliation of changes in our redeemable noncontrolling interests:

	Redeemable noncontrolling interests
Balance as of June 30, 2019	$ 63,182
Acquisition of noncontrolling interest (1)	3,995
Accretion to redemption value recognized in retained earnings (2)	5,493
Net income attributable to noncontrolling interest	630
Distribution to noncontrolling interest (3)	(3,955)
Foreign currency translation	(239)
Balance as of June 30, 2020	69,106
Acquisition of noncontrolling interest (1)	4,370
Accretion to redemption value recognized in retained earnings (2)	3,049
Net income attributable to noncontrolling interest	2,772
Distribution to noncontrolling interest (3)	(4,746)
Purchase of noncontrolling interest	(5,063)
Foreign currency translation	1,632
Balance as of June 30, 2021	$ 71,120

(1) During fiscal year 2020, we acquired majority equity interests related to two immaterial businesses within our PrintBrothers reportable segment and in fiscal year 2021, we acquired the majority equity interest in an immaterial business within our All Other reportable segment.

(2) Accretion of redeemable noncontrolling interests to redemption value recognized in retained earnings is the result of the redemption amount estimated to be greater than carrying value but less than fair value. Refer above for additional details.

(3) Distributions to noncontrolling interests include contractually required profit sharing payments made annually to the minority interest holders in one of the PrintBrothers businesses.

22. Leases

We lease certain machinery and plant equipment, office space, and production and warehouse facilities under non-cancelable operating leases that expire on various dates through 2034. Our finance leases primarily relate to machinery and plant equipment.

The following table presents the classification of right-of-use assets and lease liabilities as of June 30, 2021 and 2020:

Leases	Consolidated Balance Sheet Classification	June 30, 2021	June 30, 2020
Assets:			
Operating right-of-use assets	Operating lease assets, net (1)	$ 87,626	$ 156,258
Finance right-of-use assets	Property, plant, and equipment, net (2)	35,384	20,842
Total lease assets		$ 123,010	$ 177,100
Liabilities:			
Current:			
Operating lease liabilities	Operating lease liabilities, current (1)	$ 26,551	$ 41,772
Finance lease liabilities	Other current liabilities (2)	32,314	8,055
Non-current:			
Operating lease liabilities	Operating lease liabilities, non-current	66,222	128,963
Finance lease liabilities	Other liabilities	18,528	18,617
Total lease liabilities		$ 143,615	$ 197,407

(1) The decrease in operating lease assets and liabilities is due primarily to the Waltham lease modifications described below.

(2) The increase in finance lease assets and liabilities is due primarily to the lease modification described below within the "Other Lease Modification" section.

The following table represents the lease expenses for the years ended June 30, 2021 and 2020:

	Year Ended	
	June 30, 2021	June 30, 2020
Operating lease expense (1)	$ 36,803	$ 43,058
Finance lease expense:		
Amortization of finance lease assets	5,557	5,766
Interest on lease liabilities	211	698
Variable lease expense	7,846	10,775
Less: sublease income	(2,309)	(3,545)
Net operating and finance lease cost	$ 48,108	$ 56,752

(1) The decrease in operating lease expense for the fiscal year ended June 30, 2021 is driven primarily by the Waltham lease modification described below.

Future minimum lease payments under non-cancelable leases as of June 30, 2021 were as follows:

Payments Due by Period	Operating lease obligations	Finance lease obligations	Total lease obligations
Less than 1 year	$ 29,527	$ 32,873	$ 62,400
2 years	25,125	6,738	31,863
3 years	20,377	5,511	25,888
4 years	12,397	4,326	16,723
5 years	7,270	2,181	9,451
Thereafter	6,899	1,293	8,192
Total	101,595	52,922	154,517
Less: present value discount	(8,822)	(2,080)	(10,902)
Lease liability	$ 92,773	$ 50,842	$ 143,615

Other information about leases is as follows:

Lease Term and Discount Rate	June 30, 2021	June 30, 2020
Weighted-average remaining lease term (years):		
Operating leases	4.28	6.18
Finance leases (1)	10.71	4.61
Weighted-average discount rate:		
Operating leases	3.17 %	2.83 %
Finance leases	3.93 %	2.62 %

(1) The increase to finance leases' weighted-average lease term is largely due to the reclassification of an operating lease to a finance lease upon giving notice to a landlord to exercise our purchase option under an existing lease. Refer to the "Other Lease Modification" section below for more details.

Our leases have remaining lease terms of 1 year to 14 years, inclusive of renewal or termination options that we are reasonably certain to exercise.

	Year Ended	
Supplemental Cash Flow Information	June 30, 2021	June 30, 2020
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating leases (1)	$ 47,327	$ 40,777
Operating cash flows from finance leases	211	698
Financing cash flows from finance leases	8,001	9,511

(1) The operating lease cash flows included $8,761 of termination fees for the Waltham lease modification as described below.

Waltham Lease Modification

On January 6, 2021, we entered into an arrangement that modifies the lease agreement for our Waltham, Massachusetts office location, which results in us retaining a small portion of the previously leased office space in exchange for a reduction to our monthly rent payments for the space we no longer lease. As part of the agreement, we were required to pay a termination fee of $8,761 in two equal installments. The first payment was made on January 6, 2021, and the remaining amount was paid on April 1, 2021. The termination fee is inclusive of the rent that would have otherwise been paid on the leased space through June 2021 while it remained vacant. We separately entered into a lease agreement for a new office location in Waltham, Massachusetts which commenced on June 1, 2021. Prior to the amendment, the total remaining lease commitments through September 2026 were $64,811. Under the modified lease term, combined with the new lease arrangement, the total lease commitments through September 2026 will be $20,183, excluding the termination penalties included above.

Due to the partial termination of the lease, we recorded a decrease to the operating lease liabilities of $47,801 to reflect the reduced lease payments, including the termination penalties. We also recorded a decrease to the operating lease asset of $46,645 based on the proportionate decrease in the right-of-use asset, which resulted in a gain of $1,156, recognized in general and administrative expense on the consolidated statement of operations for the year ended June 30, 2021.

Due to our plans to no longer occupy the remaining leased office space and instead market the space to be subleased, we identified a triggering event with regards to the modified right-of-use asset. Therefore, we performed a discounted cash flow analysis that considered market-based rent assumptions, which resulted in an impairment of the right-of-use asset of $7,489 which was recognized in general and administrative expense on the consolidated statement of operations for the year ended June 30, 2021. Additionally, we recorded an impairment to general and administrative expense for abandoned assets related to the vacated space totaling $4,483, which included $2,787 in subtenant allowances, $1,312 in leasehold improvements, and $384 in furniture and fixtures.

Other Lease Modification

During the quarter ended March 31, 2021, we identified a triggering event due to a change in our intended use of the right-of-use asset of another one of our leased facilities, as we have committed to plans to exit the space and instead market it to be subleased or sold. We assessed the lease for impairment and performed a discounted cash flow analysis using current market-based rent assumptions, which resulted in an impairment of $7,420 that was recognized in general and administrative expense on the consolidated statement of operations for the year ended June 30, 2021. This impairment resulted in a decrease to the right of use asset totaling $5,280 and to the related leasehold improvements included within property, plant and equipment totaling $2,140. Additionally, we recorded an impairment for abandoned equipment in the amount of $1,680 that was recognized in general and administrative expense for the year ended June 30, 2021.

On June 1, 2021, we gave notice to the landlord of one of our leased facilities to exercise our purchase option under the existing lease, which triggered a remeasurement event as the purchase option is now considered reasonably certain of occurring. We also executed a letter of intent during the current quarter to sell the building to an unrelated third-party, which would occur simultaneously with our exercise of the purchase option. The lease was previously recognized as an operating lease and our intent to now purchase the leased facility resulted in a modification of the lease and reclassification to a finance lease. The modification increased our lease liability to include the estimated purchase option amount, which remains subject to change as the purchase option amount is based on fair market value with an embedded floor. This modification resulted in an increase to the lease liability and asset of $8,201 and recognition of a finance lease asset of $15,860 and a corresponding liability of $23,959.

23. Commitments and Contingencies

Purchase Obligations

At June 30, 2021, we had unrecorded commitments under contract of $245,149, including third-party web services of $95,497, inventory and third-party fulfillment purchase commitments of $55,530, software of $47,694, advertising of $13,047, production and computer equipment purchases of $14,722, professional and consulting fees of $7,438, and other unrecorded purchase commitments of $11,221.

Debt

The required principal payments due during the next five fiscal years and thereafter under our outstanding long-term debt obligations at June 30, 2021 are as follows:

2022	$ 13,330
2023	15,614
2024	15,247
2025	13,718
2026	612,527
Thereafter	1,094,420
Total	$ 1,764,856

Other Obligations

We deferred payments for several of our acquisitions resulting in the recognition of a liability of $45,025 in aggregate as of June 30, 2021. As of June 30, 2021, this balance includes the deferred payment related to the 99designs acquisition in the amount of $44,423 due in February 2022. Refer to Note 4 for additional details.

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. For all legal matters, 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.

24. Capital Expenditure Commitments

We had $14,722 in contractually committed capital expenditures authorized by the directors of the Company as of June 30, 2021, while there were no contractually committed capital expenditures for the year ended June 30, 2020.

25. Concentrations of Credit Risk

We monitor the creditworthiness of our customers to which we grant credit terms in the normal course of business. We do not have any customers that accounted for greater than 10% of our accounts receivable as of June 30, 2021 and 2020. We do not have any customers that accounted for greater than 10% of our revenue for the years ended June 30, 2021 and 2020.

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.

26. Employees

Employee costs, including those costs for temporary positions, included in profit and loss during the years ended June 30, 2021 and 2020 consisted of the following:

	Year Ended June 30,	
	2021	2020
Wages and salaries	$ 565,438	$ 529,118
Social security costs	44,526	31,454
Retirement benefits	14,327	10,222
Other benefits	42,208	29,674
Total employee benefit expenses (1)	$ 666,499	$ 600,468

(1) Employee benefit expenses presented here do not include share-based compensation expense.

During the years ended June 30, 2021 and 2020, we capitalized $49,377 and $43,992, respectively, of employee costs for the development of software.

The average number of personnel employed during the years ended June 30, 2021 and 2020, including those filling temporary positions, was:

	Year Ended June 30,	
	2021	2020
Production	6,500	5,963
Technology and development	1,659	1,530
Marketing and selling	4,834	5,162
General and administrative	1,080	926
Average number of personnel employed	14,073	13,581

27. List of Subsidiaries

The following is a list of the subsidiaries principally affecting the Group's statutory financial statements as of June 30, 2021.

Subsidiary	Ownership Percentage in Subsidiary	Jurisdiction of Incorporation
99designs GmbH (2)	100%	Germany
99designs, Inc.	100%	Delaware, USA
99Designs Pty Ltd	100%	Australia
Araprint B.V. (1)	88%	The Netherlands
Build A Sign LLC	99%	Delaware, USA
Cimpress Australia Pty Limited	100%	Australia
Cimpress Deutschland GmbH (2)	100%	Germany
Cimpress España, S.L.	100%	Spain
Cimpress France SARL	100%	France
Cimpress India Private Limited	100%	India
Cimpress Investments B.V. (1)	100%	The Netherlands
Cimpress Ireland Limited	100%	Ireland
Cimpress Italy S.r.l.	100%	Italy
Cimpress Jamaica Limited	100%	Jamaica
Cimpress Japan Co., Ltd.	100%	Japan
Cimpress Philippines Incorporated	100%	Philippines
Cimpress Schweiz GmbH	100%	Switzerland
Cimpress Security Israel Ltd.	100%	Israel
Cimpress Technology Czech Republic s.r.o.	100%	Czechia
Cimpress Tunisie SARL	100%	Tunisia
Cimpress UK Limited	100%	England and Wales
Cimpress USA Incorporated	100%	Delaware, USA
Cimpress USA Manufacturing Incorporated	100%	Delaware, USA
Cimpress Windsor Corporation	100%	Nova Scotia, Canada
Druck.at Druck- und Handelsgesellschaft GmbH	88%	Austria
Drukwerkdeal.nl B.V. (1)	88%	The Netherlands
Drukwerkdeal.nl Productie B.V. (1)	88%	The Netherlands
Exaprint Factory SAS	100%	France
Exaprint SAS	100%	France
FL Print SAS	100%	France
FM Impressos Personalizados Ltda	54%	Brazil
La Mougère SCI	100%	France
Litotipografia Alcione S.r.l.	100%	Italy
National Pen Co. LLC	100%	Delaware, USA

Listing of principal subsidiaries, continued:

Subsidiary	Ownership Percentage in Subsidiary	Jurisdiction of Incorporation
National Pen Promotional Products Limited	100%	Ireland
National Pen Tennessee LLC	100%	Delaware, USA
National Pen Tunisia SARL	100%	Tunisia
NP Corporate Services LLC	100%	Delaware, USA
Pixartprinting S.p.A.	100%	Italy
Printdeal B.V. (1)	88%	The Netherlands
Printi LLC	96%	Delaware, USA
Shanghai Cimpress Technology Company Limited	100%	China
Tradeprint Distribution Limited	100%	England and Wales
Vistaprint B.V. (1)	100%	The Netherlands
Vistaprint Corporate Solutions Incorporated	100%	Delaware, USA
Vistaprint Limited	100%	Bermuda
Vistaprint Manufacturing Texas LLC	100%	Delaware, USA
Vistaprint Netherlands B.V. (1)	100%	The Netherlands
WIRmachenDRUCK GmbH (2)	87%	Germany

(1) These Dutch subsidiaries availed of disclosure exemptions pursuant to Article 2:403 of the Dutch Civil Code and are therefore exempted from the obligation to prepare and disclose audited financial statements.
(2) These German subsidiaries availed of disclosure exemptions pursuant to § 264(3) of the German Commercial Code (HGB) and are therefore exempted from the preparation of notes (Anhang), preparation of the management reporting (Lagebericht), auditing and publishing of individual financial statements in the Federal German Gazette (Bundesanzeiger). For the avoidance of doubt, these companies also make use of the exemptions pursuant to § 291 HGB.

28. Reconciliation of Amounts Reported in our Annual Report on Form 10-K Filed with the SEC

As discussed in Note 1, these consolidated financial statements are prepared using US GAAP to the extent that the use of such principles does not contravene Irish Company Law. We also prepare consolidated financial statements using US GAAP which are included in our Annual Report on Form 10-K as filed with the SEC on August 6, 2021 ("Form 10-K"). The primary differences between these statutory financial statements and our consolidated financial statements included in our Form 10-K are the presentational format of the profit and loss and balance sheet, terminology used, and the inclusion of certain additional disclosures.

US GAAP terminology	Irish Company Law terminology
Accounts receivable	Debtors
Liabilities	Creditors
Operating results	Key performance indicators
Risk factors	Principal risks and uncertainties
Retained earnings	Profit and loss account
Interest expense	Interest payable and similar expenses
Interest income	Interest receivable and similar income

Irish Company Law contains specific requirements for the classification of any liability uncertain as to the amount at which it will be settled or as to the date on which it will be settled.

Irish Company Law requires goodwill to be amortized. However, we do not believe this gives a true and fair view, as not all goodwill declines in value. In addition, since goodwill that does decline in value rarely does so on a straight-line basis, straight-line amortization of goodwill over an arbitrary period does not reflect the economic reality. We therefore do not amortize goodwill.

Subsequent to the filing of the Form 10-K, it was determined that one-to-one design service revenue associated with our 99designs business that we acquired on October 1, 2020 was recognized as if we were the principal to the arrangement, however based on the substance of those arrangements we were the agent due primarily to the lack of price discretion and inventory risk. We have corrected this immaterial error in the report herein, which resulted in a decrease to revenue of $16,552 and an offsetting reduction to cost of sales.

29. Directors' Remuneration

Remuneration for the years ended June 30, 2021 and 2020 is set forth in the table below.

	Year Ended June 30,	
	2021	2020
Emoluments (1)	$ 481	$ 286
Gains by the directors on the exercise of share options (2)	5,460	92,572
Share awards (3)	8,929	11,197
Total	$ 14,870	$ 104,055

(1) Emoluments include salaries, fees, bonuses, retirement benefit contributions, and any income taxes paid on behalf of the directors. No retirement benefit plan contributions were made on behalf of any directors during the years ended June 30, 2021 and June 30, 2020.

(2) During the years ended June 30, 2021 and 2020 the options exercised were indirectly held by Robert S. Keane.

(3) Includes share-based compensation expense associated with RSUs and PSUs that are granted to our directors. Refer to Note 2 for additional information relating to our share-based compensation expense accounting policy.

30. Auditors' Remuneration

The aggregate fees and expenses billed for services rendered by Cimpress plc’s independent auditor PricewaterhouseCoopers, Ireland ("PwC") for the fiscal years ended June 30, 2021 and 2020 to the Group were approved by the Audit Committee of the Board of Directors and are as follows:

	Year Ended June 30,	
	2021	2020
Audit of the group financial statements	$ 287	$ 242
Audit of the financial statements of subsidiary companies	94	128
Tax advisory services	179	66
Other non-audit services	4	53
Total Fees (1)	$ 564	$ 489

(1) Additional fees to affiliates of PricewaterhouseCoopers, Ireland of $4,022 and $4,036 were incurred during the years ended June 30, 2021 and 2020. These amounts reflect fees for professional services, including audit fees payable to PricewaterhouseCoopers LLP in the U.S. for the audit of our consolidated financial statements.

31. Subsequent Events

On October 1, 2021, Cimpress acquired Depositphotos Incorporated for $84,782, subject to post-closing adjustment based on acquired cash, debt, and working capital as of the closing date. Cimpress used its available cash balance to fund the transaction. Depositphotos is a marketplace for high-quality, royalty-free images, videos, vectors, illustrations, and music. Its subsidiary, Crello, is an online graphic design platform where anyone can create visuals for social media and websites. The Despositphotos business will be integrated in and managed within our Vista reportable segment.

32. Approval of Financial Statements

The financial statements were approved by the directors on October 29, 2021.

CIMPRESS PLC
COMPANY BALANCE SHEET
(in thousands)

	Notes	June 30, 2021	June 30, 2020
Non-current assets			
Tangible assets:			
Financial assets	4	$ 3,804,028	$ 3,771,608
Tangible assets - furniture and fixtures		41	63
Other assets:			
Debtors	5	310,455	454,327
Total non-current assets		4,114,524	4,225,998
Current assets			
Debtors	5	158,530	54,306
Total current assets		158,530	54,306
Creditors (amounts falling due within one year)	6	(106,960)	(80,975)
Net current asset (liabilities)		51,570	(26,669)
Total assets less current liabilities		4,166,094	4,199,329
Creditors (amounts falling due after more than one year)	6	(1,236,038)	(1,186,271)
Net assets		$ 2,930,056	$ 3,013,058
Capital and reserves			
Called up share capital presented as equity	7	$ 544	$ 544
Share premium account	8	9,578	9,578
Share-based compensation reserve		61,542	24,384
Other reserves		(124,973)	(121,037)
Profit and loss account	9	2,983,365	3,099,589
Shareholders' funds		$ 2,930,056	$ 3,013,058

The Company's net loss for the years ended June 30, 2021 and 2020 was $116,224 and $90,209, respectively. The accompanying notes are an integral part of these company financial statements.

Approved by the Board of Directors' and signed on its behalf on October 29, 2021.

/s/ Robert S. Keane

Robert S. Keane
Director

/s/ John J. Gavin, Jr.

John J. Gavin, Jr.
Director

CIMPRESS PLC
COMPANY STATEMENT OF CHANGES IN EQUITY
(in thousands)

	Share capital	Share premium account	Share-based compensation reserve	Other reserves	Profit and loss account	Total
Balance, June 30, 2019	$ —	$ —	$ —	$ —	$ —	$ —
Merger of Cimpress plc and Cimpress N.V. on December 3, 2019	544	3,199,376	—	—	—	3,199,920
Post-merger distribution of treasury shares from subsidiary	—	—	—	(1,275,074)	—	(1,275,074)
Treasury shares in reserve	—	—	—	1,275,074	—	1,275,074
Capital reduction approved by Irish High Court	—	(3,189,798)	—	—	3,189,798	—
Net loss for the year	—	—	—	—	(90,209)	(90,209)
Share based compensation	—	—	24,384	—	—	24,384
Issuance of ordinary shares due to share option exercise, net of shares withheld for taxes	—	—	—	(40,913)	—	(40,913)
Restricted share units vested, net of shares withheld for taxes	—	—	—	(350)	—	(350)
Purchase of ordinary shares	—	—	—	(89,483)	—	(89,483)
Issuance of warrants	—	—	—	22,432	—	22,432
Other comprehensive loss	—	—	—	(12,723)	—	(12,723)
Balance, June 30, 2020	544	9,578	24,384	(121,037)	3,099,589	3,013,058
Net loss for the year	—	—	—	—	(116,224)	(116,224)
Share based compensation	—	—	37,158	—	—	37,158
Issuance of ordinary shares due to share option exercise, net of shares withheld for taxes	—	—	—	(2,283)	—	(2,283)
Restricted share units vested, net of shares withheld for taxes	—	—	—	(5,757)	—	(5,757)
Other comprehensive loss	—	—	—	4,104	—	4,104
Balance, June 30, 2021	$ 544	$ 9,578	$ 61,542	$ (124,973)	$ 2,983,365	$ 2,930,056

The accompanying notes are an integral part of these company financial statements.

1. General Information

On December 3, 2019, Cimpress plc (formerly Cimpress Limited), an Irish public limited company completed its previously announced cross-border merger pursuant to which Cimpress N.V., a Dutch public limited company merged with and into Cimpress plc, with Cimpress plc surviving the merger (the "Merger"). On November 18, 2019, Cimpress Limited was re-registered as an Irish public limited company, or plc, and thereafter became known as Cimpress plc. As a result of the Merger, all of Cimpress N.V.'s outstanding ordinary shares, par value €0.01 per share, were exchanged on a one-for-one basis for newly issued ordinary shares, nominal value of €0.01 per share, of Cimpress plc, and Cimpress plc assumed all of Cimpress N.V.'s rights and obligations. The registered office of Cimpress plc is at Building D, Xerox Technology Park, Dundalk, Co. Louth, Ireland, and its telephone number at the registered office is +353-42-938-8500. The registration number of Cimpress plc is 607465.

2. Basis of Preparation

These company financial statements for the Company have been prepared on the going concern basis and in accordance with Irish GAAP (accounting standards issued by the Financial Reporting Council of the UK and the Companies Act). The entity financial statements comply with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Companies Act.

These financial statements have been prepared under the historical cost convention.

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. We believe our most significant estimates are associated with the ongoing evaluation of the recoverability of investment in subsidiaries, share-based compensation, 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.

These financial statements are presented in United States dollars ("U.S. dollar").

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, these entity financial statements have been prepared on a going concern basis.

Disclosure Exemptions for Qualifying Entities Under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. As a qualifying entity, Cimpress plc has availed a number of exemptions from the disclosure requirements of FRS 102 in the preparation of the entity financial statements.

In accordance with FRS 102, the Company has availed of an exemption from the following paragraphs of FRS 102:

- Section 7 and Section 3, paragraph 3.17(d) to present a statement of cash flows;
- Section 11, paragraphs 11.39 to 11.48A and Section 12, paragraphs 12.26 to 12.29A to disclose financial instruments, providing the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated;
- Section 26, paragraphs 26.18(b), 26.19 to 26.21 and 26.23 in respect of certain share-based payments disclosure requirements
- Section 33, paragraph 1A to disclose transactions between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- Section 33, paragraph 33.7 to disclose key management personnel compensation in total.

The Company has also availed of an exemption to not present and file its individual profit and loss account under Section 304 of the Companies Act.

Going Concern

The financial statements have been prepared on the going concern basis of accounting, which assumes that the Company and Group will continue in operational existence for the foreseeable future.

We evaluated our liquidity position as of the date of the issuance of these entity financial statements. We note that the Cimpress plc is the parent company of the larger Cimpress group that has significant liquidity and could support Cimpress plc if necessary. Therefore the Directors are satisfied that the business has the ability to continue on a going concern basis. Additionally, based on our evaluation of our consolidated liquidity position, we believe, despite the ongoing impact of COVID-19 on our business, that our financial position, net cash provided by operations combined with our cash and cash equivalents, borrowing availability under our revolving credit facility will be sufficient to fund our current obligations, capital spending, debt service requirements and working capital requirements over at least the next twelve months from the issuance date of this report.

3. Summary of Significant Accounting Policies

Investment in Subsidiaries

Investment in subsidiaries is recorded at cost, which equaled fair value on the date of the completion of the Merger, based on the market capitalization of Cimpress N.V. This is the Company’s cost basis for its investment in its subsidiaries. The investment is tested for impairment if circumstances or indicators suggest that an impairment may exist.

We have elected to account for our investment in subsidiaries balance at cost less impairment. Our investment in subsidiaries is increased by capital contributions to those subsidiaries, including share-based compensation expense incurred on the subsidiaries' behalf. The balance is decreased by returns of share premium and any impairments of underlying businesses. We test for impairment whenever events or changes in circumstances indicate that the carrying amount of an investment might not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of the subsidiary's underlying business or any other significant adverse change that would indicate that the carrying amount of an investment may not be recoverable.

Derivative Financial Instruments

We record all derivatives on the consolidated balance sheet at fair value. We apply hedge accounting to cash flow hedges that qualify and are designated for hedge accounting treatment. 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 cross-currency swap contracts. In a cash flow hedging relationship, the effective and ineffective portion of the change in the fair value of the hedging derivative is initially recorded in accumulated other comprehensive loss. 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. For derivatives designated as cash flow hedges, we present the settlement amount of these contracts within cash from investing activities in our consolidated statement of cash flows, if the hedged item continues after contract settlement.

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 (expense) income, 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.

Foreign currency

The company's functional and presentation currency is the U.S. Dollar. Transactions denominated in currencies other than the functional currency are translated into U.S. dollars using the spot exchange rates at the dates of the transactions.

Contingencies

Contingent liabilities, arising as a result of past events, are not recognized as a liability if it is not probable that the Company will be required to transfer economic benefits in settlement of the obligation or the amount cannot be reliably measured. Possible but uncertain obligations are not recognized as liabilities but are contingent liabilities. Contingent liabilities are disclosed in the financial statements unless the probability of payment is remote. Contingent liabilities are considered a critical accounting estimate.

Taxation

Income tax expense for the financial year comprises current and deferred tax recognized in the financial year. Current or deferred tax assets and liabilities are not discounted. Current tax is the amount of income tax payable in respect of the taxable profit for the financial year or past financial years. Current tax is measured at the amount of current tax that is expected to be paid using tax rates and laws that have been enacted or substantively enacted by the end of the financial year.

Deferred tax is recognized in respect of all timing differences, which are differences between taxable profits and total comprehensive income as stated in the financial statements except in certain circumstances. Unrelieved tax losses and other deferred tax assets are recognized only when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. These timing differences arise from the inclusion of income and expenses in tax assessments in financial years different from those in which they are recognized in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the end of each financial year end and that are expected to apply to the reversal of the timing difference.

Share-Based Compensation

The Company measures share-based compensation expense at the grant date based on the fair value of the award and recognizes the compensation expense over the requisite service period, which is generally the vesting period. The share-based compensation expense incurred on behalf of subsidiaries of the Company is recognized as an addition to the Investment in subsidiaries balance. Some of our directors are awarded Performance Share Units for their fees.

Called up share capital presented as equity and Share premium

The par value of ordinary shares on issuances is recorded as Called up share capital presented as equity. Amounts received greater than the par value on issuances of the Company's ordinary share capital is recorded in share premium.

4. Financial Assets

The principal directly owned subsidiaries of Cimpress plc are as follows:

Name	Country of Incorporation and Principal Place of Business	Proportion of Ownership Interest at June 30, 2020
Cimpress Investments B.V.	The Netherlands	100%
Cimpress Ireland Limited	Ireland	100%
Cimpress Italy S.r.l.	Italy	100%
Cimpress Security Israel Ltd.	Israel	100%
Cimpress Technologies Private limited	India	100%
Cimpress Technology Czech Republic s.r.o.	Czechia	100%
Cimpress UK Limited	England and Wales	100%
Printdeal B.V.	The Netherlands	88%
Vistaprint B.V.	The Netherlands	100%
Vistaprint Limited	Bermuda	100%
Vistaprint Netherlands B.V.	The Netherlands	100%

The full list of our primary subsidiaries is presented in Note 27 of the consolidated financial statements.

Company's investment in subsidiaries - shares (USD'000)		
At June 30, 2019	$	—
Additions during the period		3,832,632
Contributions to subsidiaries		19,685
Share-based compensation		9,622
Impairment		(94,869)
At June 30, 2020		3,767,070
Contributions to subsidiaries		21,401
Share-based compensation		13,843
At June 30, 2021	$	3,802,314

Throughout fiscal year 2021, the pandemic and related restrictions had a negative impact on most of our businesses, customers and the markets that we serve. We've experienced improving trends in customer demand throughout the fiscal year, and we have experienced stronger recovery in demand in markets where pandemic restrictions have been lifted or are less severe. The improving trends give us confidence that demand will continue to pick up as activity resumes in our markets around the world. We evaluated our investment in subsidiaries for impairment and concluded that no impairment exists for the fiscal year ended June 30, 2021.

During the year ended June 30, 2020, we recognized an impairment of $94,869 due to the more severe decline in revenue driven by the disruptions associated with the COVID-19 pandemic. Although we expect the impacts to be temporary, the negative effects of the pandemic on revenue and profitability triggered an assessment of investment in subsidiaries, as we expected some of our businesses to achieve materially lower financial results than previously expected.

The components of financial assets as of June 30, 2021 and 2020 are presented in the following table.

Financial Assets	June 30, 2021	June 30, 2020
Investment in subsidiaries	$ 3,802,314	$ 3,767,070
Derivative instruments	975	4,462
Other assets	739	76
Total	$ 3,804,028	$ 3,771,608

5. Debtors

	June 30, 2021	June 30, 2020
Amounts falling due within one year:		
Loans advanced to group companies	$ 156,509	$ 52,512
Prepaid assets	1,883	1,637
Other assets	138	157
Total amounts falling due within one year	$ 158,530	$ 54,306
Amounts falling due after one year:		
Loans advanced to group companies	$ 310,455	$ 454,327
Total amounts falling due after one year	$ 310,455	$ 454,327

The long-term related party loan receivable is primarily due from Cimpress Deutschland, GmbH, Cimpress Schweiz GmbH, indirectly wholly owned subsidiaries of Cimpress plc, and Cimpress Italy S.r.l., a wholly owned subsidiary of Cimpress plc. The Cimpress Schweiz GmbH loan bears a variable interest rate based on LIBOR and is payable over a period of 7 years. The Cimpress Deutschland GmbH loan bears interest of 7.00% and is payable over a period of 6.5 years. The Cimpress Italy S.r.l. loan bears a variable interest rate based on EURIBOR and is payable over a period of 5 years.

6. Creditors

	June 30, 2021	June 30, 2020
Amounts falling due within one year:		
Financing arrangements	$ —	$ 6,406
Trade payables and accrued liabilities	106,960	74,569
Total amounts falling due within one year	$ 106,960	$ 80,975
Amounts falling due after one year:		
Financing arrangements	$ 603,421	$ 965,365
Amounts due to group companies	603,861	183,186
Other liabilities	28,756	37,720
Total amounts falling due after one year	$ 1,236,038	$ 1,186,271

Our financing liabilities include borrowings relate to our indenture and senior unsecured notes with the terms summarized below:

Indenture and Senior Unsecured Notes - 7.0% senior unsecured notes due on June 15, 2026 (the "2026 Notes") outstanding as of January 27, 2020. Interest on the 2026 Notes is payable semi-annually on June 15 and December 15 of each year to the holders of record at the close of business on June 1 and December 1, respectively, preceding such interest payment date.

We utilized the proceeds from our Restated Credit Agreement to pay down the $300,000 in aggregate principal of 12% Senior Secured Notes due 2025 (the "Second Lien Notes") that were held on the Cimpress plc entity. Refer to Note 17 within the consolidated report for further detail. The warrants we issued in conjunction with the Second Lien Notes are detachable and therefore will remain. The 7-year warrants allow the holders to purchase 1,055,377 ordinary shares of Cimpress, representing approximately 3.875% of our outstanding diluted ordinary shares at the time of issuance. Refer to Note 19 for additional details.

The long-term related party loan payable is primarily due to Cimpress Windsor Corporation, an indirectly wholly owned subsidiary of Cimpress plc, and Cimpress Italy S.r.l., Cimpress Investments B.V. and Vistaprint Netherlands B.V., wholly owned subsidiaries of Cimpress plc. These loans are payable on demand, with maturity dates from December 2023 through May 2028, bearing interest in the range of 1.86% and 4.25%.

7. Called Up Share Capital Presented as Equity

Authorised

100 ordinary shares, par value of €1.00 each at June 30, 2019. Increased to 100,000,000 ordinary shares, nominal value of €0.01 each, 25,000 deferred ordinary shares, nominal value of €1.00 each, and 100,000,000 preferred shares, nominal value of €0.01 each as of June 30, 2021 and 2020.

	June 30, 2021	June 30, 2020
Allotted and fully paid - presented as equity:		
Ordinary shares, par €1 each, 100 issued and outstanding on June 30, 2019	$ —	$ —
Ordinary shares, nominal value €0.01 per share, 100,000,000 shares authorized; 44,080,627 shares issued; 26,035,910 and 25,885,675 shares outstanding, respectively	516	516
Deferred ordinary shares, nominal value €1.00 per share, 25,000 shares authorized, issued and outstanding	28	28
Total	$ 544	$ 544

As of June 30, 2021, and 2020 we held 18,044,717 and 18,194,952 treasury shares with a nominal value of €0.01 each, respectively. During the year ended June 30, 2020, we received a distribution from our subsidiary of 17,875,280 of our own ordinary shares. This distribution was accounted for as a distribution from a subsidiary with a corresponding adjustment to other reserves.

8. Share Premium Account

As a consequence of the Merger, the Company allotted and issued 44,080,627 ordinary shares of €0.01 each to the shareholders of Cimpress N.V. on December 3, 2019 in consideration of the acquisition by the Company of the entire of the assets and liabilities of Cimpress N.V. In accordance with the requirements of section 71(5) of the Companies Act, any value received by the Company in respect of the allotment of shares in excess of the aggregate par value of such allotted shares shall be credited to the Company's share premium account. The amount so credited to the share premium account was $3,193,119.

Under Irish company law, the Company may only make distributions or purchase its own shares out of distributable profits. In advance of the Merger, on November 21, 2019, the shareholders of the Company approved a special resolution authorizing, subject to the confirmation of the High Court of Ireland, a capital reduction of, and the creation of distributable profits, through the reduction and cancellation of the entire amount standing to the credit of the share premium account (or such lesser amount as may be approved by the board of directors of the Company) (the "Capital Reduction"). On November 21, 2019, the board of directors of the Company approved the Capital Reduction through the reduction and cancellation of the entire amount standing to the credit of the share premium account less €3,000 (the "Reduction Amount").

On January 22, 2020 the High Court of Ireland confirmed the creation of distributable profits of the Company via the Capital Reduction, such that the reserve resulting from the reduction and cancellation of the Reduction Amount would be treated as distributable profits of the Company, and made a related order (the "**Order**"). The Capital Reduction took effect on January 28, 2020, upon the registration with the Irish Registrar of Companies of the Order and of an associated minute approved by the High Court with respect to the company capital of the Company. This resulted in the creation of distributable profits of an amount equal to $3,189,798. This resulted in a transfer of reserves from the share premium account to the profit and loss account of the same amount.

9. Profit and Loss Account

The profit and loss account is composed of the accumulated losses and the distributable profits created through the capital reduction summarized above. Profit and loss account is reduced by the amount paid for purchases of the Company's own shares and dividends paid by the Company.

10. Auditors' Remuneration

As of June 30, 2021, there was no payable recorded for the statutory audit of the parent financial statements to our auditors, PricewaterhouseCoopers, Ireland. Refer to Note 3 in the consolidated financial statements for details of fees and expenses billed for services rendered by Cimpress plc's independent auditor PricewaterhouseCoopers, Ireland.

11. Related Parties

Transactions with Cimpress plc and with other wholly owned subsidiary companies of Cimpress plc are not disclosed as the Company has availed of the exemption available under FRS 102 from presenting such transactions. Accordingly, these company financial statements do not contain disclosures of transactions with such entities.

12. Subsequent Events

Refer to Note 31 in the consolidated financial statements for details of subsequent events.

13. Approval of Financial Statements

The financial statements were approved by the directors on October 29, 2021.